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Claire McCaskill

Missouri State Auditor

December 2005

Review of 2005 Property Tax Rates



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2005

The following report contains certification information on taxing authorities throughout Missouri.

State law requires the Missouri State Auditor to annually check all taxing jurisdictions throughout Missouri as to their compliance with the tax limitation provisions of Missouri's Hancock Amendment and with Section 137.073, RSMo. The following report shows whether or not a taxing jurisdiction has met its constitutional and statutory obligation to set an overall tax rate at a level approved by voters and within the bounds of limits set by Missouri's Constitution and the State Legislature.

IMPORTANT: The State Auditor's Office has no authority to determine or review individual tax assessments. Chapter 138, RSMo governs the appeals process for assessed valuations as they pertain to individual taxpayers.

All individual tax assessment matters are the responsibility of each county assessor and board of equalization. Appeals to the state on tax assessment matters are handled by the Missouri State Tax Commission.

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YELLOW SHEET

2005 PROPERTY TAX RATES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

The State Auditor's Office is required to annually review local property tax rates of all taxing authorities in the state. The primary objectives of this review were to determine whether local governing boards have levied taxes in accordance with state law, and in particular, to determine whether local property tax rates have been adjusted to ensure that property reassessments are revenue neutral. Reassessments of existing property are not intended to increase property tax revenue but to equitably reallocate the existing tax burden based on the relative value of property owned by taxpayers.

For 2005, we received substantiating data and issued a finding on 4,824 property tax rates of 2,718 taxing authorities. Nine taxing authorities levied in excess of the tax rate certified resulting in approximately \$1,060,000 in excess tax levies.

Property taxes are often the main source of revenue for many of Missouri's special purpose political subdivisions and county boards. The bulk of property taxes, however, fund our public schools. General acceptance of these taxes is dependent on fair and equitable assessment practices and public understanding and input regarding the setting of rates. If the tax burden is increased without voter approval, confidence in the fairness and assessment practices is often eroded.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

December 28, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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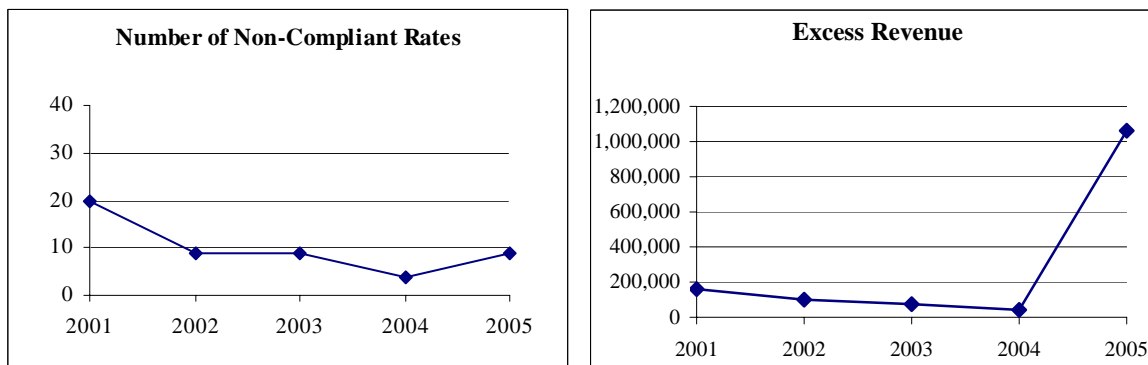
RESULTS

RESULTS

Taxing Authorities Generally Complied with State Property Tax Laws

The State Auditor received substantiating data and reviewed 4,824 property tax rates for 2,718 taxing authorities. Of the rates reviewed, 525 were debt service levies, 154 were new property tax rates approved by voters and, 53 were for existing property tax rates that were increased by voter approval. The remaining 4,092 levies reviewed are general types of levies. Nine taxing authorities (approximately 0.25% of all taxing authorities) levied a non-compliant tax rate. While varying factors contributed to these violations, six of the nine non-compliant rates (67%) and \$1,035,239 of the \$1,061,303 excess revenue levied (98%) were from St. Louis County. See Table 1.2 below for a listing of the non-compliant tax rates levied. Taxing Authorities wholly in St. Louis County were required to use the four-rate system of levying a separate rate for each subclass of property. Uncertainty with the implementation of the four-rate system apparently originates from a lack of statutory guidance on the handling of elections, recoupments, voluntary reductions, and debt service levies which were not addressed by the legislation implementing the four-rate system.

The following graphs illustrate the 5 year history of non-compliant rates and revenue.



Background

The State Auditor's Office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the Auditor. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

Review methodology

The 2005 tax rate ceilings were determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22 of the Missouri Constitution (commonly referred to as the Hancock Amendment). The tax rate ceiling is determined annually and is adjusted to ensure revenue neutrality. The review of the tax rate ceiling is based on the assessed valuation for the entire area taxed by the taxing authority and is not calculated on an individual taxpayer basis.

To ensure taxing authorities do not receive a windfall from reassessment, our review of property tax rates begins with the prior year allowed revenue. This is the maximum amount of revenue a taxing

authority would have received in the prior year. Current year tax levies must be set to yield the same gross revenue as allowed in the prior year, in addition, an adjustment is made for additional revenue permitted for assessment growth that is the lower of, (1) the actual growth rate or, (2) the inflation rate, or (3) five percent. Factors such as new construction and improvements, newly added territory, newly separated territory, and changes from locally assessed to state assessed property also have an effect on the tax rate ceiling calculation. The county uses this rate to collect taxes on all property including new construction and improvements.

Voters may authorize increases beyond the set limits. Voter-approved increases are reviewed for compliance with applicable laws and stated ballot restrictions. The State Auditor's Office also reviews debt service tax rates. A tax levied to meet the annual debt service requirement is generally viewed as reasonable if the revenue to be generated plus the existing fund balance does not exceed the current payment requirements plus a reserve for the following year's payments.

The total assessed valuation of a taxing authority that is submitted by the County Clerk or a representative of the taxing authority is used in the State Auditor's Office review of property taxes. The State Auditor's Office does not review the assessed valuation of individual pieces of property, as Section 138, RSMo governs the appeals process for assessed valuations. Citizens may appeal their individual assessed valuations calculated by the County Assessor to the local Board of Equalization. Citizens not satisfied with the resolution by the Board of Equalization may appeal the decision to the Missouri State Tax Commission. Any decision of the Missouri State Tax Commission may be reviewed by a court of law.

As assessed valuations increase, tax rate ceilings generally decrease depending on the amount of the increase to produce substantially the same amount of revenue as allowed in the prior year. See *Appendixes IA & IB* for a more detailed summary of the changes in assessed valuation, by type of taxing authority and see *Appendixes IIA & IIB* for a more detailed summary of changes in tax rate ceilings, by type of taxing authority.

In addition, *Appendix III* is a map that provides a statewide geographical perspective of county valuation growth due to new construction growth and reassessment from 2004 to 2005. And *Appendix IV*, is a map that reflects the inflationary change in each county's valuation from the previous year. A significant inflationary change generally indicates a major reassessment occurred.

Organization of Report Content

Taxing authorities are listed by primary county and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright, followed by the City of St. Louis). When a taxing authority is located in more than one county, it is listed under the primary county only.

The assessed valuations presented for taxing authorities, except school districts, include all taxable locally assessed and state assessed property. The assessed valuations presented for the school districts include only taxable locally assessed property. The abated portions of property valuations that are not taxable under various economic development programs are omitted from the taxable assessed valuations used to compute the annual tax rate ceiling.

Sales tax rollbacks required by law for some county levies were not reviewed as part of this report. Sales tax (Proposition C) rollbacks for school levies were subjected to a limited review where it appeared the district waived all or part of the rollback without voter approval to generate additional local revenues. *Appendix XII* lists the 469 schools with full or partial waivers of Proposition C (sales tax) reductions. These school districts obtained voter approval to not roll back part or all of the required amount for Proposition C. The list includes 53 schools with partial Proposition C waivers and 416 schools with full Proposition C waivers.

Notable Issues in 2005

No changes in legislation or procedures occurred during 2005, however, there was an increase in non-compliant rates this year. The majority of the taxing authorities levying non-compliant rates were in St. Louis County. It appears there is some confusion with utilizing the four-rate system of levying a separate tax rate for each subclass of property. Taxing authorities in St. Louis County are continuing to learn the four-rate system which was implemented in 2003 by legislation. Questions with the four-rate system include: handling of elections, recoupments, voluntary reductions and debt service.

Taxing authorities in St. Louis County that levy a tax under the four-rate system have questions about how to process elections where voters approve an increase to the tax rate. In the absence of statutory guidance specifically addressing ballots posed under the four-rate system, the State Auditor's Office has reviewed all ballots under the assumption that all elections apply to all property.

There were 42 taxing authorities that recalculated and recouped lost revenues for 66 levies for the prior three years as allowed by the statutes. The majority of recoupment rates stem from a large protest of taxes from St. Louis area commercial property tax payers, which affected most taxing authorities in that county. The legislation implementing the four-rate system has not addressed the recalculation and recoupment of property tax rates that are allowed. As noted in Table 1.2 below, there was a dispute with two of the school districts in St. Louis County that had a recoupment of rates where an election occurred during the recoupment period. This dispute caused by the lack of statutory guidance resulting in both schools levying non-compliant tax rates totaling \$997,307 (92% of non-compliant revenue).

Numerous questions were presented regarding taxing authorities levying a rate(s) under the four-rate system concerning voluntarily reductions. Table 1.1 summarizes voluntary reductions taken under the four-rate system. Although the majority of levies imposed under the four-rate system did not voluntarily reduce their levy, under current statutory guidance available any and all voluntary reductions are allowable.

Table 1.1 Summary of Voluntary Reductions Taken Under the Four-Rate System

Description	# of Levies	Percentage
Voluntarily Rolled Back Each Subclass to Zero	10	4%
Voluntarily Rolled Back to Levy a Single Rate on All Property	48	19%
Voluntarily Rolled Back But Did Not Levy a Single Rate on All Property	49	19%
No Voluntary Reduction Taken on Any Subclass of Property	149	58%
Total	256	100%

Source: Tax Rate Computational Forms Submitted by Taxing Entities

Tax Rates Levied in Excess of the Tax Rate Certified

Table 1.2 lists 9 taxing authorities that levied 11 tax rates in excess of the legally permissible tax levy as provided by state law. Excess revenues collected totaled \$1,061,303.

Table 1.2: Listing of Taxing Authorities Levying an Excess Tax Rate

County	Taxing Authority	Levy Purpose	Assessed Valuation	(1) Certified Rate	Actual Rate Levied	Excess Revenue
Crawford	Steelville Ambulance	General Revenue	54,603,268	0.3108	0.3500	21,404 (2)
Holt	City of Oregon	General Revenue	6,074,477	0.9389	1.0000	3,712 (3)
Moniteau	Jamestown Fire	General Revenue	13,945,589	0.2932	0.3000	948
St. Louis	Brentwood School District	Operating Fund				(4)
	Residential Real Estate		128,361,230	2.9932	3.0463	68,160
	Personal Property		45,981,720	3.3165	3.3715	25,290
St. Louis	City of Crystal Lake Park	General Revenue				
	Commercial Real Estate		133,381	0.3100	0.7000	520
St. Louis	Clayton School District	Operating Fund				(4)
	Residential Real Estate		399,065,690	3.4324	3.5466	455,733
	Commercial Real Estate		397,051,830	3.4127	3.4898	306,127
	Personal Property		103,245,120	3.4133	3.5334	123,997
St. Louis	Kinloch Fire	Dispatch				(5)
	Residential Real Estate		738,070	0.0300	0.0400	74
	Commercial Real Estate		1,296,441	0.0300	0.0400	130
	Personal Property		791,432	0.0300	0.0400	73
St. Louis	Spanish Lake Fire	General Revenue				
	Commercial Real Estate		20,935,960	1.0588	1.2500	40,030
	Spanish Lake Fire	Pension				
	Commercial Real Estate		20,935,960	0.1270	0.1500	4,815
	Spanish Lake Fire	Dispatch				
	Commercial Real Estate		20,935,960	0.0420	0.0500	1,675
St. Louis	Wellston School District	Operating Fund				
	Commercial Real Estate		5,612,470	5.5165	5.6700	8,615
Total						\$1,061,303 (6)

Source: Tax Rate Computational Forms Submitted by Taxing Entities

(1) The Certified Rate column represents the rates determined to be legally permissible based on the information submitted by the taxing authority. The excess tax revenue is computed by multiplying the excess tax rate (actual rate levied – certified rate) by the assessed valuation and dividing by 100.

(2) Also levied an excessive tax rate in 2001 - 2005.

(3) Also levied an excessive tax rate in 1997 – 2005.

(4) Brentwood School District & Clayton School District dispute the State Auditor's implementation of the Missouri Attorney General's (AG) Opinion 107-2003 as applied to the recalculation and recoupment of lost revenues from the 2003 tax rates. Both schools had a voter approved increase to their tax rate that were added to the tax rate ceiling valid on the date of the election as per the AG Opinion 107-2003, but both schools contend that the increase should be added to the revised tax rate that would have been valid on the date of the election.

(5) Also levied an excessive tax rate in 2001, 2003 - 2005.

(6) The ballot passed by the Christian County Senior Services stated, .05 cents and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$0.0005 allowed by the ballot language. The correct interpretation of the ballot language is being disputed by the district. The district levied \$0.0462 in 2005 which resulted in additional revenues of \$330,021.

APPENDIXES

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates				Other (1)
		Number of Tax Rates	With Increases In Assessed Valuation	With Decreases In Assessed Valuation	With No Change In Assessed Valuation	
Ambulance Districts	106	113	108	3	0	2
Hospitals and Health Centers	13	13	13	0	0	0
Nursing Home Districts	28	30	27	1	0	2
Public Water Supply Districts	1	1	1	0	0	0
Soil and Water Conservation Subdistricts	27	27	19	4	4	0
Drainage and Levee Districts	2	2	1	1	0	0
Special Road Districts	228	297	251	16	0	30
Municipalities	763	1,341	1,068	144	0	129
Tax Supported Public Libraries	79	85	79	2	0	4
Townships	312	818	676	50	0	92
Fire Protection Districts	318	393	343	17	0	33
Sewer Districts	8	9	9	0	0	0
Miscellaneous	30	34	27	0	0	7
Regional Recreational District	1	1	1	0	0	0
Community Improvement Districts	1	1	1	0	0	0
Special Road District Subdistricts	2	2	2	0	0	0
Transportation Development Districts	1	1	1	0	0	0
Junior Colleges	12	16	13	0	0	3
School Districts	500	846	518	10	0	318
Special School Districts	2	3	2	0	0	1
Counties	114	483	467	3	0	13
Totals	2,548	4,516	3,627	251	4	634

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2005 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates												Other (1)
			With Increases In Assessed Valuation				With Decreases In Assessed Valuation				With No Change In Assessed Valuation				
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	
Municipalities	82	121	103	16	94	61	1	4	9	33	0	84	1	10	17
Tax Supported Public Libraries	4	4	4	2	4	3	0	0	0	1	0	2	0	0	0
Fire Protection Districts	22	97	80	54	79	53	2	10	3	29	0	18	0	0	15
Sewer Districts	23	23	23	9	21	14	0	2	2	9	0	12	0	0	0
Street Light Maintenance Districts	5	5	5	0	4	2	0	0	1	3	0	5	0	0	0
Miscellaneous	10	10	6	1	10	1	1	0	0	2	3	9	0	7	0
Community Improvement Districts	1	1	1	0	0	0	0	0	0	0	0	1	1	1	0
School Districts	22	42	22	9	22	16	0	2	0	6	0	11	0	0	20
Counties	1	5	4	4	4	4	0	0	0	0	0	0	0	0	1
Totals	170	308	248	95	238	154	4	18	15	83	3	142	2	18	53

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2005 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year	Ceilings Revised Upward	Ceilings Revised Downward	Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)
Ambulance Districts	106	113	50	9	49	3	1	1
Hospitals and Health Centers	13	13	7	2	4	0	0	0
Nursing Home Districts	28	30	18	3	7	0	0	2
Public Water Supply Districts	1	1	1	0	0	0	0	0
Soil and Water Conservation Subdistricts	27	27	17	6	4	0	0	0
Drainage and Levee Districts	2	2	0	2	0	0	0	0
Special Road Districts	228	297	145	39	86	0	25	2
Municipalities	763	1,341	497	236	476	4	23	105
Tax Supported Public Libraries	79	85	38	5	36	1	1	4
Townships	312	818	511	79	136	0	81	11
Fire Protection Districts	318	393	143	32	177	7	8	26
Sewer Districts	8	9	0	0	9	0	0	0
Miscellaneous	30	34	8	1	22	0	3	0
Regional Recreational District	1	1	1	0	0	0	0	0
Community Improvement Districts	1	1	0	0	1	0	0	0
Special Road District Subdistricts	2	2	0	1	1	0	0	0
Transportation Development Districts	1	1	1	0	0	0	0	0
Junior Colleges	12	16	3	1	8	1	0	3
School Districts	500	846	50	104	259	115	3	315
Special School Districts	2	3	1	0	1	0	0	1
Counties	114	483	242	39	189	0	10	3
Totals	2,548	4,516	1,733	559	1,465	131	155	473

(1) This column includes levies that existed in prior years and were revised due to an election, see Appendix XI. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities (see Appendix X) or to rename levies for consistency purposes.

(3) See Appendix IX for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year				Ceilings Revised Upward				Ceilings Revised Downward				Revised Due to An Election (1)				Other (2)	Debt Service Levies (3)
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.		
Municipalities	82	121	9	84	11	90	8	2	13	9	85	16	78	3	2	2	2	2	1	16
Tax Supported Public Libraries	4	4	0	3	1	4	0	0	0	0	4	1	3	0	0	0	0	0	0	0
Fire Protection Districts	22	97	8	40	13	70	1	1	0	5	70	38	66	4	3	3	3	3	0	15
Sewer Districts	23	23	1	15	5	23	1	0	1	0	21	8	17	0	0	0	0	0	0	0
Street Light Maintenance Districts	5	5	0	5	0	5	0	0	1	0	5	0	4	0	0	0	0	0	0	0
Miscellaneous	10	10	4	9	1	10	3	0	1	0	3	1	8	0	0	0	0	0	0	0
Community Improvement Districts	1	1	0	1	1	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0
School Districts	22	42	1	11	1	9	0	2	1	7	15	4	14	1	6	5	6	5	0	20
Counties	1	5	0	0	0	4	0	0	0	0	4	4	4	0	0	0	0	0	0	1
Totals	170	308	23	168	33	216	13	5	17	21	208	72	194	8	11	10	11	10	1	52

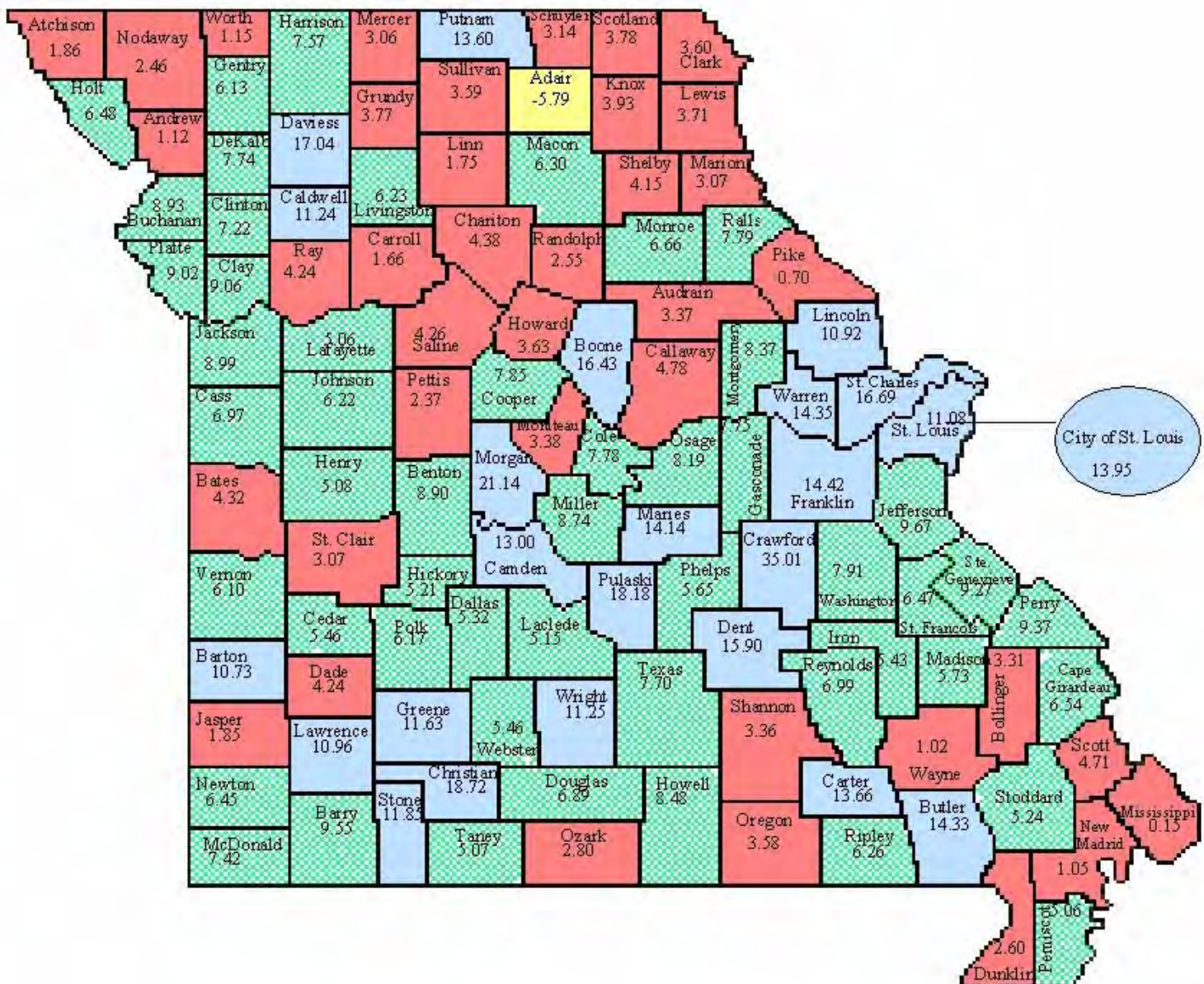
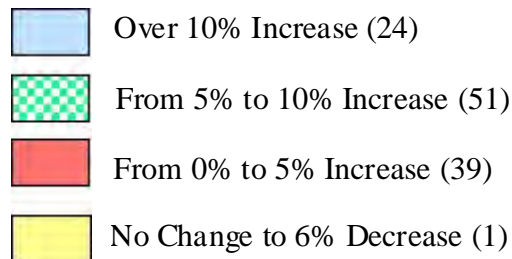
(1) This column includes levies that existed in prior years and were revised due to an election, see Apendix XI. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities (see Appendix X) or to rename levies for consistency purposes.

(3) See Appendix IX for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

APPENDIX III

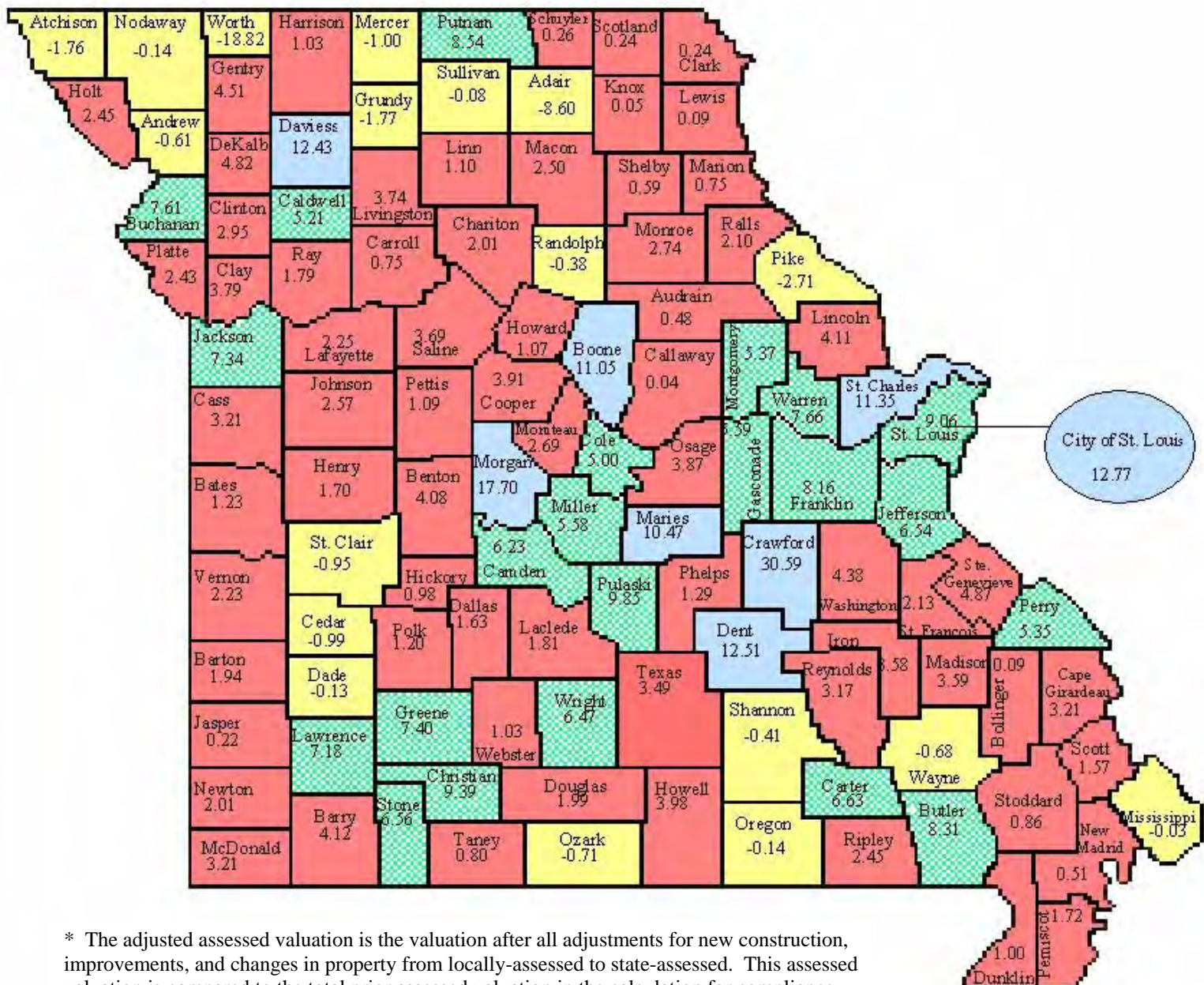
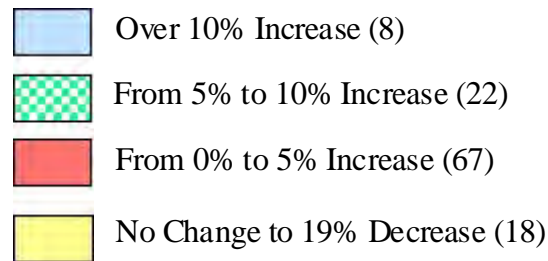
2004 – 2005 PERCENTAGE CHANGE IN TOTAL ASSESSED VALUATIONS OVERALL COUNTY VALUATION CHANGES PRIOR TO ADJUSTMENTS



High County: Crawford 35.01

Low County: Adair -5.79

2004- 2005 PERCENTAGE CHANGE IN ADJUSTED ASSESSED VALUATIONS*



* The adjusted assessed valuation is the valuation after all adjustments for new construction, improvements, and changes in property from locally-assessed to state-assessed. This assessed valuation is compared to the total prior assessed valuation in the calculation for compliance with the Hancock Amendment.

High County: Crawford 30.59

Low County: Worth -18.82

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Adair	Adair County Ambulance District	General Revenue	211,815,106	0.2000	0.2000	211,491,430	0.2000	0.2000	199,250,923	0.2000	0.2000
	Twin Pines Adult Care Center	General Revenue	208,009,296	0.1500	0.1500	207,530,967	0.1500	0.1500	196,524,625	0.1500	0.1500
	City of Brashear	General Revenue	1,144,398	1.3800	1.3800	**	**	**	**	**	**
		General Revenue-Temp	**	**	**	1,151,299	1.3800	1.3800	974,638	1.3800	1.3800
		Fire	1,144,398	0.3000	0.3000	1,151,299	0.3000	0.3000	974,638	0.3000	0.3000
	City of Kirksville	General Revenue	135,235,910	0.6269	0.6269	133,300,901	0.6459	0.6459	132,940,369	0.6840	0.6840
		Debt Service	135,235,910	0.1845	0.1845	133,300,901	0.1653	0.1653	**	**	**
	City of Novinger	General Revenue	1,717,460	0.4475	0.4475	1,685,429	0.4593	0.4593	1,387,063	0.5612	0.4593
		General Revenue-Temp	1,717,460	0.3500	0.3500	1,685,429	0.3500	0.3500	1,387,063	0.3500	0.3500
	Village of Gibbs Village	General Revenue	381,412	0.8655	0.8370	396,449	0.8655	0.8655	191,554	1.0000	0.8655
	Adair County Public Library	General Revenue	211,815,106	0.1500	0.1500	211,491,430	0.1500	0.1500	199,250,923	0.1500	0.1500
	Adair Co. R-I School District	Operating Funds-Schools	11,309,326	3.6255	3.6255	11,124,330	3.7500	3.7500	11,632,685	3.7040	3.7040
		Debt Service	11,309,326	0.2815	0.2815	11,124,330	0.4577	0.2815	11,632,685	0.4543	0.3914
	Kirksville R-III School District	Operating Funds-Schools	168,382,959	3.2543	3.2543	166,815,546	3.3466	3.3466	175,318,797	3.3180	3.3179
		Debt Service	168,382,959	0.8100	0.8100	166,815,546	1.3323	0.8100	175,318,797	1.6159	0.8100
	Adair Co. R-II School District	Operating Funds-Schools	9,568,695	3.5265	3.1900	9,667,247	3.6477	3.5900	10,038,962	3.6169	3.6169
		Debt Service	9,568,695	0.6900	0.6900	9,667,247	1.1495	0.5900	10,038,962	0.6508	0.5631
	Adair County	General Revenue	211,815,106	0.3544	0.0000	211,491,430	0.3606	0.0000	199,250,923	0.3945	0.0000
		Road & Bridge	211,815,106	0.2633	0.2600	211,491,430	0.2679	0.2600	199,250,923	0.2931	0.2600
		Health	211,815,106	0.2000	0.2000	211,491,430	0.2000	0.2000	199,250,923	0.2000	0.2000
		Developmentally Disabled	**	**	**	**	**	**	199,250,923	0.1500	0.1500
Andrew	Andrew County Ambulance District	General Revenue	155,340,705	0.2740	0.2740	161,849,868	0.2740	0.2740	164,198,259	0.2752	0.2752
	Andrew County Nursing Home District	General Revenue	163,879,038	0.0912	0.0300	169,426,729	0.0912	0.0300	171,318,465	0.0918	0.0300
	City of Bolckow	General Revenue	763,227	0.7657	0.7657	722,676	0.8087	0.8087	711,472	0.8518	0.8518
	Village of Cosby	General Revenue	616,942	0.4336	0.4336	690,788	0.4496	0.4496	623,297	0.4983	0.4983
	Village of Country Club	General Revenue	17,767,912	0.3911	0.3911	18,554,718	0.3911	0.3911	18,289,127	0.3986	0.3986
	City of Fillmore	General Revenue	745,796	0.6676	0.6676	722,532	0.6891	0.6891	726,934	0.7067	0.7067
		Debt Service	745,796	0.5229	0.5229	722,532	0.5225	0.5225	726,934	0.5028	0.5028
	Village of Rea	General Revenue	336,983	0.2920	0.2920	313,832	0.3135	0.3135	307,090	0.3204	0.3204
	City of Rosendale	General Revenue	599,182	0.7999	0.7999	531,127	0.9024	0.9024	344,805	1.0000	1.0000
	City of Savannah	General Revenue	37,879,104	0.4866	0.4866	38,499,749	0.4894	0.4894	38,539,722	0.4947	0.4947
		Parks & Recreation	37,879,104	0.3105	0.3105	38,499,749	0.3123	0.3123	38,539,722	0.3157	0.3157
		Debt Service	37,879,104	0.2034	0.2034	38,499,749	0.1652	0.1652	38,539,722	0.1784	0.1784
	City of Amazonia	General Revenue	1,155,857	0.6873	0.6873	1,225,760	0.6949	0.6873	1,125,946	0.7632	0.7632
	Bolckow Fire District	General Revenue	5,837,124	0.2932	0.2932	5,832,198	0.2946	0.2946	5,888,152	0.2999	0.2999
	Rosendale Fire District	General Revenue	9,324,012	0.3500	0.3500	9,539,004	0.3500	0.3500	9,742,058	0.3500	0.3500
	Fillmore Fire Protection District	General Revenue	6,053,186	0.4500	0.4500	6,215,177	0.4500	0.4500	6,223,867	0.4500	0.4500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Andrew	Savannah Fire Protection District	General Revenue	62,264,617	0.5918	0.5918	70,298,164	0.5609	0.5609	70,864,475	0.5710	0.5710
	Village of Country Club FPD	General Revenue	16,918,102	1.0278	1.0278	17,700,748	1.0278	1.0278	17,435,157	1.0464	1.0278
	North Andrew Co. R-VI School Dist	Operating Funds-Schools	14,752,530	4.3044	4.3044	15,173,040	4.7044	4.6044 ^B	15,704,730	4.7064	4.6044
	Avenue City R-IX School District	Operating Funds-Schools	11,238,960	3.2884	3.2884	12,271,277	3.3060	3.3060	12,875,724	3.8060	3.8060 ^B
		Debt Service	11,238,960	0.9500	0.9500	12,271,277	0.9517	0.9500	12,875,724	1.1887	0.9500
	Savannah R-III School District	Operating Funds-Schools	117,410,015	3.0707	3.0707	121,930,463	3.0912	3.0912	124,736,296	3.1002	3.1002
	Andrew County	General Revenue	163,879,038	0.3290	0.2000	169,426,729	0.3290	0.2000	171,318,465	0.3310	0.1903
		Johnson Grass	163,879,038	0.0274	0.0200	169,426,729	0.0274	0.0200	171,318,465	0.0276	0.0250
		Road & Bridge	163,879,038	0.2559	0.2500	169,426,729	0.2559	0.2500	171,318,465	0.2575	0.2500
		Health	163,879,038	0.0912	0.0912	169,426,729	0.0912	0.0912	171,318,465	0.0918	0.0918
		Developmentally Disabled	163,879,038	0.0821	0.0821	169,426,729	0.0821	0.0821	171,318,465	0.0826	0.0826
		Senior Services	163,879,038	0.0290	0.0290	169,426,729	0.0290	0.0290	171,318,465	0.0292	0.0292
		Special Road and Bridge	163,879,038	0.2417	0.2417	169,426,729	0.2417	0.2417	171,318,465	0.2500	0.2500 ^A
Atchison	Atchison-Holt Ambulance District	General Revenue	154,432,814	0.3000	0.3000	154,062,043	0.3000	0.3000	160,405,446	0.3000	0.3000
	Langdon Spec Road Dist Atchison Co	Special Road and Bridge	2,195,273	0.3500	0.3500	2,170,414	0.3500	0.3500	12,242,772	0.3500	0.3500 ^A
	Tarkio Spec Road Dist Atchison Co	Special Road and Bridge	17,334,925	0.3500	0.3500 ^A	17,016,569	0.3500	0.3500	17,024,766	0.3500	0.3500
	Watson Spec Road Dist Atchison Co	Special Road and Bridge	3,437,390	0.3500	0.3500	3,466,294	0.3500	0.2000	3,524,903	0.3500	0.2000 ^A
	General Road District	Special Road and Bridge	53,129,422	0.3500	0.3500 ^A	52,751,753	0.3500	0.3500	53,629,942	0.3500	0.3500
	City of Fairfax	General Revenue	3,539,723	0.7598	0.7598	3,450,580	0.7794	0.7794	3,479,908	0.7884	0.7884
		Parks & Recreation	3,539,723	0.1876	0.1876	3,450,580	0.1925	0.1925	3,479,908	0.1947	0.1947
		Street Lights	3,539,723	0.2270	0.2270	3,450,580	0.2329	0.2329	3,479,908	0.2356	0.2356
	City of Rock Port	General Revenue	11,443,633	0.7242	0.7242	11,445,882	0.7244	0.7244	8,049,097	1.0000	1.0000
		Parks & Recreation	11,443,633	0.3621	0.3621	11,445,882	0.3622	0.3622	8,049,097	0.4000	0.4000
	City of Tarkio	General Revenue	11,414,929	0.7594	0.7594	11,392,342	0.7609	0.7609	11,179,351	0.7885	0.7885
		Parks & Recreation	11,414,929	0.2938	0.2938	11,392,342	0.2944	0.2944	11,179,351	0.3051	0.3051
		Lights	11,414,929	0.6265	0.6265	11,392,342	0.6277	0.6277	11,179,351	0.6505	0.6505
		Debt Service	11,414,929	0.4480	0.4480	11,392,342	0.8346	0.8346	11,179,351	0.6259	0.6259
	Village of Watson	General Revenue	435,654	0.5000	0.5000	424,349	0.5000	0.5000	424,812	0.5000	0.5000
		General Revenue-Temp	435,654	0.3000	0.3000	424,349	0.3000	0.3000	424,812	0.3000	0.3000 ^A
	City of Westboro	General Revenue	792,761	0.9997	0.9997	762,759	1.0000	1.0000	792,052	1.0000	1.0000
		Lights	792,761	0.2499	0.0000	762,759	0.2500	0.0000	792,052	0.2500	0.0000
		Streets	792,761	0.8997	0.8997	762,759	0.9000	0.9000	792,052	0.9000	0.9000
		Debt Service	792,761	1.7515	1.7515	762,759	2.1291	2.1291	792,052	1.4241	1.4241
	Atchison County Library	General Revenue	79,233,425	0.2000	0.2000	78,785,269	0.3000	0.3000	80,251,767	0.3000	0.3000
	Fairfax Rural Fire District	General Revenue	11,544,684	0.2500	0.2500	11,411,683	0.2500	0.2500	11,376,745	0.2500	0.2500
	Tarkio Rural Fire District	General Revenue	10,525,345	0.2424	0.2424	10,272,912	0.2484	0.2484	10,414,162	0.2500	0.2500
	West Atchison Rural Fire Prot Dist	General Revenue	19,640,667	0.2500	0.2500	19,672,146	0.2500	0.2500	20,319,060	0.2500	0.2500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Atchison	Westboro Fire Protection District	General Revenue	7,418,924	0.3293	0.3293	7,312,582	0.3341	0.3341	7,414,914	0.3389	0.3389
	Tarkio R-I School District	Operating Funds-Schools	26,253,279	3.4989	2.7500	26,181,935	3.5444	3.5444	26,729,363	3.8158	3.8158
	Rock Port R-II School District	Operating Funds-Schools	29,521,132	3.6112	3.6112	29,971,722	3.6230	3.6230	31,461,333	3.6662	3.6662
	Fairfax R-III School District	Operating Funds-Schools	13,098,364	3.6398	3.6348	13,017,738	3.6372	3.6372	13,274,382	3.6984	3.6984
		Operating Funds-Temp	**	**	**	13,017,738	0.6500	0.6500	13,274,382	0.6500	0.6500
		Debt Service	13,098,364	0.5182	0.5182	13,017,738	0.5166	0.5166	13,274,382	0.3809	0.3809
	Atchison County	General Revenue	79,233,425	0.4931	0.4931	78,785,269	0.4959	0.4959	80,251,767	0.5000	0.5000
		Solid Waste Landfill	79,233,425	0.1000	0.0000	78,785,269	0.1000	0.0000	80,251,767	0.1000	0.0000
		Road & Bridge	79,233,425	0.4931	0.4931	78,785,269	0.4959	0.4959	80,251,767	0.5000	0.5000
		Health	79,233,425	0.0500	0.0500	78,785,269	0.0500	0.0500	80,251,767	0.0500	0.0500
		Senate Bill 40	79,233,425	0.1000	0.1000	78,785,269	0.1000	0.1000	80,251,767	0.1000	0.1000
		Senior Services	**	**	**	**	**	**	80,251,767	0.0500	0.0500
Audrain	Van-Far Ambulance District	General Revenue	39,032,256	0.3000	0.3000	38,347,230	0.3000	0.3000	39,733,734	0.3000	0.3000
	Tri County Nursing Home District	General Revenue	42,178,399	0.2500	0.2500	41,917,886	0.2500	0.2500	43,468,322	0.2500	0.2500
	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	13,300,644	0.3500	0.3500	13,144,038	0.3500	0.3500	13,486,585	0.3500	0.3500
	Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	5,950,188	0.3500	0.3500	6,183,815	0.3500	0.3500	6,565,263	0.3500	0.3500
	Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	31,020,548	0.3500	0.3500	6,183,815	0.3500	0.3500	31,578,410	0.3500	0.3500
	Village of Benton City	General Revenue	642,474	0.3935	0.3935	656,364	0.3952	0.3952	691,090	0.3952	0.3952
	City of Farber	General Revenue	2,145,979	0.6800	0.6800	2,034,609	0.6800	0.6800	1,979,036	0.6800	0.6800
		Lights	2,145,979	0.3200	0.3200	2,034,609	0.3200	0.3200	1,979,036	0.3200	0.3200
	City of Laddonia	General Revenue	3,505,590	0.7165	0.6900	3,512,506	0.7165	0.7165	3,660,735	0.7165	0.7165
		Lights	3,505,590	0.4257	0.2500	3,512,506	0.4257	0.2500	3,660,735	0.4257	0.2500
	City of Martinsburg	General Revenue	3,110,008	0.5023	0.5023	2,962,213	0.5275	0.5275	3,008,285	0.5275	0.5275
	City of Mexico	General Revenue	114,425,599	0.3879	0.3879	110,186,918	0.4053	0.4053	113,195,361	0.4053	0.4006
		Parks & Recreation	114,425,599	0.1886	0.1886	110,186,918	0.1971	0.1971	113,195,361	0.1971	0.1947
		Health	114,425,599	0.1886	0.1886	110,186,918	0.1971	0.1971	113,195,361	0.1971	0.1947
	Village of Rush Hill	General Revenue	533,953	0.4047	0.4047	529,410	0.4082	0.4082	525,105	0.4115	0.4115
	City of Vandalia	General Revenue	16,825,725	0.6987	0.6987	16,567,489	0.7123	0.7123	17,244,922	0.7123	0.7123
		Parks & Recreation	16,825,725	0.1627	0.1627	16,567,489	0.1659	0.1659	17,244,922	0.1659	0.1659
	Village of Vandiver	General Revenue	2,504,763	0.4474	0.2900	2,326,537	0.4817	0.2900	2,570,322	0.4817	0.2900
	Mexico Audrain County Library Dist	General Revenue	261,084,912	0.2073	0.2073	255,955,208	0.2115	0.2115	264,572,656	0.2115	0.2115
	Little Dixie Fire District	General Revenue	72,351,868	0.3610	0.3610	72,130,875	0.3707	0.3707	75,050,827	0.3707	0.3707
	Martinsburg Area Fire Prot Dist	Fire	11,862,138	0.2000	0.2000	12,213,161	0.2000	0.2000	12,623,127	0.2000	0.2000
	Community R-VI School District	Operating Funds-Schools	23,264,407	3.5633	3.3400	23,311,695	3.6341	3.3400	24,201,163	3.6371	3.6060
		Debt Service	23,264,407	0.4500	0.4500	23,311,695	0.6815	0.4500	24,201,163	0.5132	0.4500
	Van-Far R-I School District	Operating Funds-Schools	36,653,060	3.4744	3.4744	36,275,451	3.5820	3.5782	37,772,845	3.5414	3.5414
	Mexico 59 School District	Operating Funds-Schools	154,248,056	3.3194	2.7500	148,222,180	3.5145	2.8000	152,381,359	3.4768	2.8201

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Audrain	Mexico 59 School District	Debt Service	154,248,056	0.5000	0.5000	148,222,180	1.1008	0.5000	152,381,359	0.7733	0.4799
	Audrain County	General Revenue	261,084,912	0.3732	0.1813	255,958,208	0.3838	0.1811	264,572,656	0.3838	0.1894
		Road & Bridge	261,084,912	0.2798	0.2798	255,958,208	0.2878	0.2878	264,572,656	0.2878	0.2878
		Hospital	261,084,912	0.1762	0.1762	255,958,208	0.1812	0.1812	264,572,656	0.1812	0.1812
		Senate Bill 40	261,084,912	0.2073	0.2073	255,958,208	0.2100	0.2100	264,572,656	0.2100	0.2100
		Common Road District	65,119,294	0.3500	0.3500	66,423,017	0.3500	0.3500	68,963,926	0.3500	0.3500 A
Barry	Barry-Lawrence Co Ambulance Dist	General Revenue	169,397,253	0.1230	0.1230	179,243,211	0.1230	0.1230	198,976,088	0.1207	0.1207
	South Barry County Ambulance Dist	General Revenue	193,931,610	0.0801	0.0800	195,801,235	0.0805	0.0800	215,719,301	0.0798	0.0700
	South Barry Co Memorial Hospital	General Revenue	188,652,359	0.0901	0.0901	190,449,975	0.0906	0.0906	209,927,382	0.0898	0.0898
	Ash Special Road Dist Barry Co	Road & Bridge	3,423,891	0.1631	0.1631	3,485,041	0.1642	0.1642	3,836,797	0.1594	0.1594
		Special Road and Bridge	3,423,891	0.1300	0.1300	3,485,041	0.1300	0.1300 A	3,836,797	0.1263	0.1263
	Butterfield Sp Rd Dist Barry Co	Road & Bridge	11,233,226	0.1544	0.1544	11,522,747	0.1544	0.1544	12,466,204	0.1544	0.1544
		Special Road and Bridge	11,233,226	0.1300	0.1300	11,522,747	0.1300	0.1300 A	12,466,204	0.1300	0.1300
	Capps Creek Sp Rd Dist Barry Co	Road & Bridge	5,780,306	0.2820	0.2820	6,060,426	0.2820	0.2820	6,436,153	0.2810	0.2810
	Corsicana Special Rd Dist Barry Co	Road & Bridge	3,117,334	0.1833	0.1833	3,257,029	0.1838	0.1833	3,669,812	0.1798	0.1798
		Special Road and Bridge	3,117,334	0.1300	0.1300	3,257,029	0.1300	0.1300 A	3,669,812	0.1272	0.1272
	Crane Creek Spec Rd Dist Barry Co	Road & Bridge	5,006,269	0.2041	0.2041	5,108,382	0.2041	0.2041	5,869,204	0.2006	0.2006
	Exeter Spec Rd Dist Barry Co	Road & Bridge	13,090,106	0.1828	0.1828	13,098,773	0.1844	0.1844	14,207,558	0.1834	0.1834
		Special Road and Bridge	13,090,106	0.1300	0.1300	13,098,773	0.1300	0.1300	14,207,558	0.1300	0.1300 A
	Flat Creek Spec Rd Dist Barry Co	Road & Bridge	54,123,992	0.1406	0.1406	53,351,720	0.1446	0.1446	59,324,326	0.1446	0.1446
		Special Road and Bridge	54,123,992	0.1300	0.1300	53,351,720	0.1300	0.1300 A	59,324,326	0.1300	0.1300
	Greasy Creek Sp Rd Dist 35 Barry Co	Road & Bridge	1,635,984	0.1715	0.1710	1,655,733	0.1715	0.1715	1,791,458	0.1715	0.1715
		Special Road and Bridge	1,635,984	0.3500	0.3500	1,655,733	0.3500	0.3500 A	1,791,458	0.3500	0.3500
	Jenkins Spec Road Dist 20 Barry Co	Road & Bridge	3,330,294	0.1403	0.1403	3,503,755	0.1407	0.1407	3,624,255	0.1407	0.1407
	Kings Prairie Sp Rd Dist Barry Co	Road & Bridge	6,677,381	0.2001	0.2001	7,287,281	0.1998	0.1998	7,726,430	0.1990	0.1990
		Special Road and Bridge	6,677,381	0.1300	0.1300	7,287,281	0.1300	0.1300 A	7,726,430	0.1295	0.1295
	Liberty Common Rd Dist 34 Barry Co	Road & Bridge	665,218	0.1115	0.1043	637,098	0.1165	0.1115	703,774	0.1107	0.1107
	McDonald Sp Rd Dist 19 Barry Co	Road & Bridge	3,129,003	0.1519	0.1519	3,129,073	0.1541	0.1541	3,290,760	0.1541	0.1541
	Mineral Spgs Sp Rd Dist 10 Barry Co	Road & Bridge	6,039,697	0.1703	0.1703	6,124,804	0.1713	0.1713	6,596,868	0.1695	0.1695
		Special Road and Bridge	6,039,697	0.1300	0.1300	6,124,804	0.1300	0.1300 A	6,596,868	0.1287	0.1287
	Mountain Special Road District #22	Road & Bridge	2,149,513	0.1700	0.1700	2,105,150	0.1782	0.1782	2,414,684	0.1766	0.1766
	Ozark Special Road Dist Barry Co	Road & Bridge	5,719,558	0.1327	0.1327	5,998,757	0.1327	0.1327	6,810,699	0.1304	0.1304
		Special Road and Bridge	5,719,558	0.1300	0.1300	5,998,757	0.1300	0.1300 A	6,810,699	0.1277	0.1277
	Pioneer Special Rd Dist 31 Barry Co	Road & Bridge	1,438,935	0.1838	0.1838	1,507,962	0.1869	0.1869	1,629,424	0.1867	0.1867
		Special Road and Bridge	1,438,935	0.1300	0.1300	1,507,962	0.1300	0.1300 A	1,629,424	0.1299	0.1299
	Pleasant Ridge Sp Rd 25 Barry Co	Road & Bridge	3,861,082	0.1500	0.1500	4,009,110	0.1501	0.1501	4,296,753	0.1491	0.1491
		Special Road and Bridge	3,861,082	0.1300	0.1300	4,009,110	0.1300	0.1300 A	4,296,753	0.1291	0.1291

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Purdy Spec Rd Dist 28 Barry Co	Road & Bridge	14,836,489	0.1900	0.1900	15,038,159	0.1901	0.1901	16,111,772	0.1889	0.1889
		Special Road and Bridge	14,836,489	0.1300	0.1300	15,038,159	0.1300	0.1300	16,111,772	0.1292	0.1292
	Roaring River Sp Rd Dist 2 Barry Co	Road & Bridge	16,071,030	0.1396	0.1396	16,334,058	0.1400	0.1400	18,133,373	0.1367	0.1367
	Shell Knob Sp Rd Dist 9 Barry Co	Road & Bridge	19,614,019	0.1624	0.1624	19,763,630	0.1628	0.1628	21,663,367	0.1612	0.1612
	Sugar Creek Sp Rd Dist 3 Barry Co	Road & Bridge	9,024,275	0.1414	0.1414	9,135,466	0.1414	0.1414	9,886,911	0.1411	0.1411
		Special Road and Bridge	9,024,275	0.1300	0.1300	9,135,466	0.1300	0.1300	9,886,911	0.1300	0.1300
	Viola Sp Rd Dist 21 Barry Co	Road & Bridge	20,717,218	0.1300	0.1300	21,398,166	0.1300	0.1300	23,883,560	0.1253	0.1253
	Washburn Sp Rd Dist 4 Barry Co	Road & Bridge	7,920,823	0.1856	0.1856	8,098,723	0.1856	0.1856	8,731,565	0.1854	0.1854
		Special Road and Bridge	7,920,823	0.1300	0.1300	8,098,723	0.1300	0.1300	8,731,565	0.1298	0.1298
	Wheaton Sp Rd Dist 29 Barry Co	Road & Bridge	9,600,276	0.1813	0.1813	9,951,556	0.1813	0.1813	10,808,888	0.1787	0.1787
		Special Road and Bridge	9,600,276	0.1300	0.1300	9,951,556	0.1300	0.1300	10,808,888	0.1281	0.1281
	White River Sp Rd Dist 7 Barry Co	Road & Bridge	17,149,049	0.1312	0.1312	17,453,406	0.1314	0.1314	19,545,449	0.1300	0.1300
	Monett Special Road District	Road & Bridge	80,764,530	0.1652	0.1652	89,182,005	0.1652	0.1652	97,032,325	0.1652	0.1652
	Village of Butterfield	General Revenue	1,305,773	0.4486	0.4486	1,278,523	0.4665	0.4665	1,383,536	0.4665	0.4665
	City of Cassville	General Revenue	28,926,019	0.3753	0.0000	28,855,265	0.3804	0.0000	31,001,149	0.3804	0.0000
	City of Exeter	General Revenue	3,539,335	0.4048	0.4048	3,551,457	0.4048	0.4048	3,628,257	0.4048	0.4048
	City of Purdy	General Revenue	3,653,330	0.4003	0.4003	3,722,331	0.4003	0.4003	3,931,128	0.3967	0.3967
	City of Seligman	General Revenue	2,934,512	0.2670	0.2670	2,971,279	0.2670	0.2670	3,117,608	0.2670	0.2670
		Streets	2,934,512	0.1642	0.1642	2,971,279	0.1642	0.1642	3,117,608	0.1642	0.1642
		Debt Service	2,934,512	0.1150	0.1150	**	**	**	**	**	**
	City of Washburn	General Revenue	2,147,757	0.3534	0.3534	2,193,992	0.3534	0.3534	2,329,765	0.3522	0.3522
		Debt Service	2,147,757	0.4447	0.4447	**	**	**	**	**	**
	City of Wheaton	General Revenue	3,064,801	0.4456	0.4292	3,134,563	0.4456	0.4456	3,322,249	0.4456	0.4456
	Barry Lawrence Con Library District	General Revenue	630,374,406	0.1784	0.1784	649,308,442	0.1784	0.1784	715,708,929	0.1749	0.1749
	Eagle Rock, Golden & Mano Fire Dist	General Revenue	33,174,489	0.2992	0.2992	33,478,376	0.3000	0.3000	37,681,039	0.2917	0.2917
	Central Crossing Fire Prot Dist	General Revenue	55,702,495	0.2802	0.2802	56,775,330	0.2802	0.2802	62,944,658	0.2733	0.2733
	Cassville Fire Protection District	General Revenue	**	**	**	**	**	**	58,162,812	0.3000	0.3000
	Wheaton R-III School District	Operating Funds-Schools	13,695,748	3.8113	2.7500	14,184,262	3.8139	2.7500	15,332,627	3.8154	3.4300
		Debt Service	13,695,748	0.5300	0.5300	14,184,262	0.5340	0.5300	15,332,627	0.0000	0.0000
	Southwest Barry Co R-V School Dist	Operating Funds-Schools	24,099,274	2.7500	2.7500	24,766,041	2.7500	2.7500	27,238,536	2.7500	2.7500
		Debt Service	24,099,274	0.5115	0.5115	24,766,041	1.4999	0.5115	27,238,536	1.4354	0.8500
	Exeter R-VI School District	Operating Funds-Schools	10,830,875	3.6908	3.1500	10,877,934	3.7058	3.1500	11,719,206	3.6839	3.1500
	Cassville R-IV School District	Operating Funds-Schools	113,623,434	2.7500	2.7500	114,654,183	2.7500	2.7500	127,456,323	2.7500	2.7500
		Debt Service	113,623,434	0.5200	0.5200	114,654,183	0.5436	0.5200	127,456,323	0.5176	0.5176
	Purdy R-II School District	Operating Funds-Schools	19,801,260	2.7500	2.7500	20,135,239	2.7500	2.7500	21,870,894	2.7500	2.7500
		Debt Service	19,801,260	0.6899	0.6899	20,135,239	0.7054	0.6855	21,870,894	0.6768	0.6768
	Shell Knob 78 School District	Operating Funds-Schools	40,001,686	2.7682	2.7500	40,613,101	2.7768	2.7500	44,851,037	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Shell Knob 78 School District	Debt Service	40,001,686	0.3600	0.3600	40,613,101	0.5361	0.3600	44,851,037	0.4862	0.3600
	Monett R-I School District	Operating Funds-Schools	111,733,487	2.7500	2.7500	82,226,544	3.0600	3.0600 B	132,996,659	3.0646	3.0646
		Debt Service	111,733,487	0.5600	0.5600	120,627,965	0.6027	0.5600	132,996,659	0.5857	0.5600
	Barry County	General Revenue	326,119,592	0.2214	0.0000	338,193,809	0.2214	0.0000	370,490,275	0.2201	0.0000
		Health	326,119,592	0.0705	0.0705	338,193,809	0.0705	0.0705	370,490,275	0.0701	0.0701
		Developmentally Disabled	326,119,592	0.0705	0.0700	338,193,809	0.0705	0.0700	370,490,275	0.0701	0.0700
		Senior Services	**	**	**	**	**	**	370,490,275	0.0500	0.0500 A
Barton	Barton County Ambulance District	General Revenue	134,486,368	0.1089	0.1089	138,618,925	0.1089	0.0000	153,670,177	0.1089	0.0000
		Equipment & Maintenance	134,486,368	0.0492	0.0492	138,618,925	0.0492	0.0000	**	**	**
	City of Golden City	General Revenue	4,972,162	0.5297	0.5297	4,969,456	0.5303	0.5303	5,325,062	0.5303	0.5303
		Parks & Recreation	4,972,162	0.1200	0.1200	4,969,456	0.1201	0.1201	5,325,062	0.1201	0.1201
		Ambulance	4,972,162	0.1499	0.1499	4,969,456	0.1501	0.1501	5,325,062	0.1501	0.1501
	City of Lamar	General Revenue	44,949,475	0.4294	0.4294	45,479,039	0.4348	0.4348	53,232,495	0.4348	0.4348
		Parks & Recreation	44,949,475	0.1336	0.1300	45,479,039	0.1353	0.1353	53,232,495	0.1353	0.1353
		Memorial Fund	44,949,475	0.1336	0.1300	45,479,039	0.1353	0.1353	53,232,495	0.1353	0.1353
	City of Liberal	General Revenue	3,332,462	0.5377	0.5377	3,318,775	0.5414	0.5414	3,453,301	0.5414	0.5414
	City of Mindenmines	Debt Service	1,115,546	1.1175	1.1175	1,052,452	1.2363	1.2363	1,076,513	1.2086	1.2086
	Town of Burgess	General Revenue	117,930	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Barton County Library	General Revenue	139,458,530	0.0693	0.0693	143,588,380	0.0693	0.0693	158,995,239	0.0693	0.0693
		Library	139,458,530	0.0792	0.0792	143,588,380	0.0792	0.0792	158,995,239	0.0792	0.0792
	Barton City Township of Barton Co	General Revenue	3,012,292	0.0999	0.0999	3,081,156	0.0999	0.0999	3,224,480	0.0999	0.0999
		Road & Bridge	3,012,292	0.2555	0.2555	3,081,156	0.2555	0.2555	3,224,480	0.2555	0.2555
		Special Road and Bridge	3,012,292	0.2498	0.2498	3,081,156	0.2498	0.2498	3,224,480	0.2498	0.2498
	Central Township of Barton County	General Revenue	7,898,462	0.0913	0.0900	8,169,913	0.0913	0.0900	8,288,857	0.0913	0.0900
		Road & Bridge	7,898,462	0.3554	0.3500	8,169,913	0.3554	0.3500	8,288,857	0.3554	0.3500
		Special Road and Bridge	7,898,462	0.4700	0.4700	8,169,913	0.4700	0.4700	8,288,857	0.4700	0.4700 A
	City Township of Barton County	General Revenue	44,939,945	0.0853	0.0500	44,963,254	0.0853	0.0500	50,353,955	0.0853	0.0500
		Road & Bridge	44,939,945	0.1912	0.1700	44,963,254	0.1912	0.1700	50,353,955	0.1912	0.1700
	Doylesport Township of Barton Co	General Revenue	3,635,005	0.1000	0.1000	3,768,366	0.1000	0.1000	3,989,545	0.1000	0.1000
		Road & Bridge	3,635,005	0.2692	0.2692	3,768,366	0.2755	0.2755	3,989,545	0.2755	0.2755
		special road and Bridge	3,635,005	0.2500	0.2500	3,768,366	0.2500	0.2500	3,989,545	0.2500	0.2500 A
	Golden City Township of Barton Co	General Revenue	9,985,036	0.0899	0.0800	10,049,876	0.0899	0.0899	10,535,672	0.0899	0.0899
		Road & Bridge	9,985,036	0.2316	0.2200	10,049,876	0.2316	0.2316	10,535,672	0.2316	0.2316
	Lamar Township of Barton County	General Revenue	27,784,401	0.0901	0.0900	30,439,420	0.0901	0.0900	38,077,299	0.0901	0.0900
		Road & Bridge	27,784,401	0.3204	0.3200	30,439,420	0.3204	0.3200	38,077,299	0.3204	0.3200
	Leroy Township of Barton County	General Revenue	3,800,735	0.1000	0.1000	3,885,070	0.1000	0.1000	4,051,921	0.1000	0.1000
		Road & Bridge	3,800,735	0.3599	0.3547	3,885,070	0.3603	0.3603	4,051,921	0.3656	0.3656

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barton	Leroy Township of Barton County	Special Road and Bridge	3,800,735	0.3500	0.3500	3,885,070	0.3500	0.3500 ^A	4,051,921	0.3500	0.3500
	Milford Township of Barton County	General Revenue	2,900,528	0.0919	0.0800	2,713,867	0.1000	0.0800	2,834,370	0.1000	0.0800
		Road & Bridge	2,900,528	0.2391	0.2200	2,713,867	0.2606	0.2200	2,834,370	0.2606	0.2200
	Nashville Township of Barton County	General Revenue	4,923,162	0.1000	0.0950	5,134,344	0.1000	0.0950	5,310,448	0.1000	0.0950
		Road & Bridge	4,923,162	0.3717	0.3436	5,134,344	0.3717	0.3436	5,310,448	0.3717	0.3436
		Special Road and Bridge	4,923,162	0.3700	0.3514	5,134,344	0.3700	0.3514	5,310,448	0.3700	0.3700 ^A
	Newport Township of Barton County	General Revenue	3,358,112	0.1000	0.1000	3,546,616	0.1000	0.1000	3,654,080	0.1000	0.1000
		Road & Bridge	3,358,112	0.2516	0.2516	3,546,616	0.2516	0.2516	3,654,080	0.2516	0.2516
		Special Road and Bridge	3,358,112	0.1000	0.1000 ^A	3,546,616	0.1000	0.1000	3,654,080	0.1000	0.1000
	North Fork Township of Barton Co	General Revenue	3,515,349	0.1000	0.1000	3,496,678	0.1000	0.1000	3,609,076	0.1000	0.1000
		Road & Bridge	3,515,349	0.2953	0.2900	3,496,678	0.3019	0.2900	3,609,076	0.3019	0.2900
		Special Road and Bridge	3,515,349	0.2000	0.2000	3,496,678	0.2000	0.2000	3,609,076	0.2000	0.2000 ^A
	Ozark Township of Barton County	General Revenue	6,556,253	0.0935	0.0600	6,751,042	0.0935	0.0600	7,125,352	0.0935	0.0600
		Road & Bridge	6,556,253	0.2390	0.2000	6,751,042	0.2390	0.2000	7,125,352	0.2390	0.2000
	Richland Township of Barton County	General Revenue	7,239,189	0.1000	0.1000	7,535,432	0.1000	0.1000	7,582,801	0.1000	0.1000
		Road & Bridge	7,239,189	0.4287	0.4100	7,535,432	0.4287	0.4100	7,582,801	0.4287	0.4100
		Special Road and Bridge	7,239,189	0.3900	0.3900	7,535,432	0.3900	0.3900	7,582,801	0.3900	0.3900
	South West Township of Barton Co	General Revenue	5,675,464	0.1000	0.1000	5,870,450	0.1000	0.1000	6,020,156	0.1000	0.1000
		Road & Bridge	5,675,464	0.3500	0.3500	5,870,450	0.3500	0.3500	6,020,156	0.3500	0.3500
	Union Township of Barton County	General Revenue	4,234,597	0.0988	0.0988	4,182,896	0.1000	0.0988	4,337,227	0.1000	0.1000
		Road & Bridge	4,234,597	0.3979	0.3900	4,182,896	0.4193	0.3900	4,337,227	0.4193	0.4193
		Special Road and Bridge	4,234,597	0.3459	0.3400	4,182,896	0.3500	0.3400	4,337,227	0.3500	0.3500
	Golden City Fire Protection Dist	General Revenue	16,148,428	0.1000	0.1000	17,836,880	0.0961	0.0961	16,865,223	0.1000	0.1000
	Liberal R-II School District	Operating Funds-Schools	23,550,460	3.2247	2.9000	24,049,300	3.2623	2.9000	25,302,134	3.2729	3.0500
		Debt Service	23,550,460	0.3850	0.3850	24,049,300	0.3849	0.3849	25,302,134	0.3550	0.2849
	Golden City R-III School District	Operating Funds-Schools	14,892,200	3.3178	3.3178	14,892,140	3.3903	3.3903	15,448,980	3.3576	3.3576
		Debt Service	14,892,200	0.3022	0.3022	14,892,140	0.5016	0.2297	15,448,980	0.2846	0.2624
	Lamar R-I School District	Operating Funds-Schools	83,456,070	2.9597	2.9000	86,508,850	2.9820	2.9820	100,441,250	3.1320	3.1320 ^B
		Debt Service	83,456,070	0.5000	0.5000	86,508,850	0.5028	0.5000	100,441,250	0.3521	0.3500
	Barton County	General Revenue	139,458,530	0.2871	0.0500	143,588,380	0.2871	0.0500	158,995,239	0.2871	0.0500
		Health	139,458,530	0.1477	0.1000	143,588,380	0.1477	0.1000	158,995,239	0.1477	0.1200
		Hospital	139,458,530	0.0890	0.0890	143,588,380	0.0890	0.0890	158,995,239	0.0890	0.0890
Bates	Cornland Sp Rd Dist Bates Co	Road & Bridge	730,068	0.3281	0.3281	730,700	0.3371	0.3371	707,589	0.3481	0.3481
		Special Road and Bridge	730,068	0.1764	0.1764	730,700	0.1764	0.1764 ^A	707,589	0.1764	0.1764
	South Hudson Sp Rd Dist Bates Co	Road & Bridge	952,126	0.3471	0.3471	925,028	0.3500	0.3500	958,174	0.3500	0.3500
		Special Road and Bridge	952,126	0.2200	0.2200 ^A	925,028	0.2200	0.2200	958,174	0.2199	0.2199
	City of Adrian	General Revenue	10,496,356	0.5400	0.5400	10,480,313	0.5470	0.5470	11,117,207	0.5470	0.5470

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	City of Adrian	Parks & Recreation	10,496,356	0.0479	0.0479	10,480,313	0.0485	0.0485	11,117,207	0.0485	0.0485
	City of Amoret	General Revenue	714,869	0.4205	0.4205	698,070	0.4322	0.4322	679,021	0.4443	0.4443
	City of Amsterdam	General Revenue	1,269,762	1.0701	1.0595	1,230,956	1.1039	1.1039	1,208,779	1.0000	1.0000
	City of Butler	General Revenue	38,483,699	0.5769	0.5769	38,445,123	0.5821	0.5821	39,862,562	0.5821	0.5821
		Parks & Recreation	38,483,699	0.0342	0.0342	38,445,123	0.0345	0.0345	39,862,562	0.0345	0.0345
		Lake	38,483,699	0.0146	0.0146	38,445,123	0.0147	0.0147	39,862,562	0.0147	0.0147
	City of Hume	General Revenue	1,458,021	0.9612	0.9612	1,451,006	0.9801	0.9801	1,476,223	0.9924	0.9924
		Lights	1,458,021	0.3240	0.3240	1,451,006	0.3304	0.3304	1,476,223	0.3346	0.3346
		Water	1,458,021	0.4104	0.4104	1,451,006	0.4185	0.4185	1,476,223	0.4237	0.4237
	Village of Merwin	General Revenue	278,994	0.4803	0.4803	262,061	0.5113	0.5113	235,476	0.5500	0.5500
	Village of Passaic	General Revenue	222,948	1.0000	1.0000	174,038	1.0000	1.0000	168,426	1.0000	1.0000
	City of Rich Hill	General Revenue	6,026,685	0.6114	0.6114	5,930,724	0.6275	0.6275	5,972,929	0.6314	0.6314
		Parks & Recreation	6,026,685	0.2465	0.2465	5,930,724	0.2530	0.2530	5,972,929	0.2546	0.2546
		Library	6,026,685	0.2465	0.2465	5,930,724	0.2500	0.2500	5,972,929	0.2500	0.2500
		Health	6,026,685	0.1282	0.1282	5,930,724	0.1316	0.1316	5,972,929	0.1324	0.1324
	City of Rockville	General Revenue	1,008,488	0.7701	0.7701	985,015	0.7884	0.7884	907,878	0.8613	0.8613
		Streets	1,008,488	0.3741	0.3741	985,015	0.3830	0.3830	907,878	0.4000	0.4000
	Village of Foster	General Revenue	525,496	0.5020	0.5020	504,715	0.5227	0.5227	502,745	0.5399	0.5399
	Charlotte Township of Bates County	General Revenue	4,532,403	0.0993	0.0993	4,172,793	0.1000	0.1000	4,408,128	0.1000	0.1000
		Road & Bridge	4,532,403	0.2591	0.2591	4,172,793	0.2844	0.2844	4,408,128	0.2844	0.2844
		Special Road and Bridge	4,532,403	0.2185	0.2185	4,172,793	0.2200	0.2200	4,408,128	0.2200	0.2200 A
	Deepwater Township of Bates County	General Revenue	3,075,786	0.0906	0.0906	3,318,398	0.0906	0.0906	3,477,936	0.0906	0.0906
		Road & Bridge	3,075,786	0.2212	0.2212	3,318,398	0.2212	0.2212	3,477,936	0.2212	0.2212
		Special Road and Bridge	3,075,786	0.3500	0.3500 A	3,318,398	0.3500	0.3500	3,477,936	0.3500	0.3500
	Deer Creek Township of Bates Co	General Revenue	16,033,427	0.0688	0.0688	16,234,113	0.0692	0.0692	17,148,621	0.0692	0.0692
		Road & Bridge	16,033,427	0.2263	0.2263	16,234,113	0.2277	0.2277	17,148,621	0.2277	0.2277
	East Boone Township of Bates Co	General Revenue	5,067,416	0.0801	0.0801	5,075,207	0.0818	0.0818	5,499,495	0.0818	0.0818
		Road & Bridge	5,067,416	0.2204	0.2204	5,075,207	0.2251	0.2251	5,499,495	0.2251	0.2251
		Special Road and Bridge	5,067,416	0.3500	0.3500 A	5,075,207	0.3500	0.3500	5,499,495	0.3500	0.3500
	Elkhart Township of Bates County	General Revenue	3,866,779	0.0794	0.0794	3,803,749	0.0822	0.0822	3,897,790	0.0822	0.0822
		Road & Bridge	3,866,779	0.2183	0.2183	3,803,749	0.2260	0.2260	3,897,790	0.2260	0.2260
		Special Road and Bridge	3,866,779	0.1874	0.1874	3,803,749	0.1900	0.1900	3,897,790	0.2200	0.2200 A
	Grand River Township of Bates Co	General Revenue	2,700,115	0.0994	0.0994	2,744,801	0.0994	0.0994	2,909,031	0.0994	0.0994
		Road & Bridge	2,700,115	0.2585	0.2585	2,744,801	0.2585	0.2585	2,909,031	0.2585	0.2585
		Special Road and Bridge	2,700,115	0.2485	0.2485	2,744,801	0.2485	0.2485	2,909,031	0.2485	0.2485 A
	Homer Township of Bates County	General Revenue	3,974,144	0.1000	0.1000	4,046,243	0.1000	0.1000	3,992,428	0.1000	0.1000
		Road & Bridge	3,974,144	0.3258	0.3258	4,046,243	0.3258	0.3258	3,992,428	0.3311	0.3311

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	Howard Township of Bates County	General Revenue	4,519,366	0.1000	0.1000	4,548,518	0.1000	0.1000	4,683,223	0.1000	0.1000
		Road & Bridge	4,519,366	0.3198	0.3198	4,548,518	0.3214	0.3214	4,683,223	0.3224	0.3224
		Special Road and Bridge	**	**	**	4,548,518	0.3500	0.3500 A	4,683,223	0.3500	0.3500
	Hudson Township of Bates County	General Revenue	4,183,339	0.1000	0.1000	4,229,856	0.1000	0.1000	4,032,056	0.1000	0.1000
		Road & Bridge	4,183,339	0.2649	0.2649	4,229,856	0.2649	0.2649	4,032,056	0.2798	0.2798
		Special Road and Bridge	4,183,339	0.3500	0.3500	4,229,856	0.3500	0.3500	4,032,056	0.3500	0.3500 A
	Lone Oak Township of Bates County	General Revenue	3,789,709	0.0842	0.0842	3,701,289	0.0884	0.0884	4,094,099	0.0884	0.0884
		Road & Bridge	3,789,709	0.2421	0.2421	3,701,289	0.2541	0.2541	4,094,099	0.2541	0.2541
	Mingo Township of Bates County	General Revenue	2,774,206	0.0952	0.0952	3,025,234	0.0935	0.0935	3,159,405	0.0935	0.0935
		Road & Bridge	2,774,206	0.2591	0.2591	3,025,234	0.2544	0.2544	3,159,405	0.2544	0.2544
		Special Road and Bridge	2,774,206	0.2189	0.2189	3,025,234	0.2150	0.2150	3,159,405	0.2150	0.2150 A
	Mound Township of Bates County	General Revenue	8,803,460	0.0814	0.0814	8,775,002	0.0834	0.0834	9,581,335	0.0834	0.0834
		Road & Bridge	8,803,460	0.2239	0.2239	8,775,002	0.2294	0.2294	9,581,335	0.2294	0.2294
		Special Road and Bridge	8,803,460	0.1900	0.1900 A	8,775,002	0.1900	0.1900	9,581,335	0.1900	0.1900
	Mount Pleasant Township of Bates Co	General Revenue	49,725,829	0.0902	0.0902	49,371,125	0.0917	0.0917	51,490,863	0.0917	0.0917
		Road & Bridge	49,725,829	0.2004	0.2004	49,371,125	0.2037	0.2037	51,490,863	0.2037	0.2037
	New Home Township of Bates County	General Revenue	3,095,297	0.1000	0.1000	3,596,634	0.1000	0.1000	3,308,666	0.1000	0.1000
		Road & Bridge	3,095,297	0.2408	0.2408	3,596,634	0.2408	0.2408	3,308,666	0.2664	0.2264
		Special Road and Bridge	3,095,297	0.1800	0.1800	3,596,634	0.1800	0.1800	**	**	**
	Osage Township of Bates County	General Revenue	9,891,916	0.1000	0.1000	9,718,394	0.1000	0.1000	9,962,585	0.1000	0.1000
		Road & Bridge	9,891,916	0.2537	0.2537	9,718,394	0.2624	0.2624	9,962,585	0.2624	0.2624
	Pleasant Gap Township of Bates Co	General Revenue	3,721,884	0.1000	0.1000	3,843,127	0.1000	0.1000	4,078,626	0.1000	0.1000
		Road & Bridge	3,721,884	0.2707	0.2707	3,843,127	0.2707	0.2707	4,078,626	0.2707	0.2707
		Special Road and Bridge	3,721,884	0.3500	0.3500 A	3,843,127	0.3500	0.3500	4,078,626	0.3500	0.3500
	Rockville Township of Bates County	General Revenue	2,938,393	0.0987	0.0987	2,864,351	0.1000	0.1000	2,848,604	0.1000	0.1000
		Road & Bridge	2,938,393	0.2602	0.2602	2,864,351	0.2687	0.2687	2,848,604	0.2731	0.2731
	Spruce Township of Bates County	General Revenue	3,422,251	0.0726	0.0726	3,532,198	0.0726	0.0726	3,738,876	0.0726	0.0726
		Road & Bridge	3,422,251	0.2178	0.2178	3,532,198	0.2178	0.2178	3,738,876	0.2178	0.2178
	Summit Township of Bates County	General Revenue	3,540,543	0.0705	0.0705	3,620,899	0.0705	0.0705	3,686,953	0.0705	0.0705
		Road & Bridge	3,540,543	0.2419	0.2419	3,620,899	0.2419	0.2419	3,686,953	0.2419	0.2419
		Special Road and Bridge	3,540,543	0.3500	0.3500 A	3,620,899	0.3500	0.3500	3,686,953	0.3500	0.3500
	Walnut Township of Bates County	General Revenue	4,169,449	0.1000	0.1000	4,258,269	0.1000	0.1000	4,750,167	0.1000	0.1000
		Road & Bridge	4,169,449	0.2758	0.2758	4,258,269	0.2762	0.2762	4,750,167	0.2792	0.2792
		Special Road and Bridge	4,169,449	0.1900	0.1900	4,258,269	0.1900	0.1900 A	4,750,167	0.1900	0.1900
	West Boone Township of Bates Co	General Revenue	6,191,329	0.0771	0.0771	6,264,298	0.0772	0.0772	6,498,722	0.0774	0.0774
		Road & Bridge	6,191,329	0.2423	0.2423	6,264,298	0.2427	0.2427	6,498,722	0.2432	0.2432
		Special Road and Bridge	6,191,329	0.2100	0.2100	6,264,298	0.2100	0.2100	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	West Point Township of Bates Co	General Revenue	5,542,033	0.1000	0.1000	5,514,049	0.1000	0.1000	5,618,167	0.1000	0.1000
		Road & Bridge	5,542,033	0.3006	0.3006	5,514,049	0.3035	0.3035	5,618,167	0.3051	0.3051
		Special Road and Bridge	5,542,033	0.2200	0.2200 A	5,514,049	0.2200	0.2200	5,618,167	0.2200	0.2200
	Prairie Township of Bates County	General Revenue	1,527,698	0.0999	0.0999	1,597,765	0.0999	0.0999	1,670,748	0.0999	0.0999
		Road & Bridge	1,527,698	0.2806	0.2806	1,597,765	0.2806	0.2806	1,670,748	0.2806	0.2806
		Special Road and Bridge	1,527,698	0.2300	0.2300	1,597,765	0.2300	0.2300 A	1,670,748	0.2300	0.2300
	Shawnee Township of Bates County	General Revenue	3,128,946	0.1000	0.1000	3,280,842	0.1000	0.1000	3,556,966	0.1000	0.1000
		Road & Bridge	3,128,946	0.2800	0.2800	3,280,842	0.2800	0.2800	3,556,966	0.2800	0.2800
		Special Road and Bridge	3,128,946	0.3500	0.3500 A	3,280,842	0.3500	0.3500	3,556,966	0.3500	0.3500
	Miami R-I School District	Operating Funds-Schools	11,443,348	3.9000	3.9000	11,342,118	3.9000	3.9000	11,870,547	3.9000	3.9000
	Ballard R-II School District	Operating Funds-Schools	7,373,018	4.2891	4.2500	7,656,439	4.2985	4.2985	8,186,662	4.2871	4.2871
		Debt Service	7,373,018	0.7500	0.7500	7,656,439	1.3920	0.7500	8,186,662	0.9975	0.7500
	Adrian R-III School District	Operating Funds-Schools	27,981,013	3.4242	3.4200	28,566,923	3.4539	3.4539	30,828,191	3.4401	3.4401
		Debt Service	27,981,013	0.3800	0.3800	28,566,923	0.4765	0.3461	30,828,191	0.6709	0.3599
	Rich Hill R-IV School District	Operating Funds-Schools	18,339,461	3.5135	2.7500	18,679,690	3.5299	2.7500	19,063,820	3.5219	2.7500
		Debt Service	18,339,461	0.9279	0.9279	18,679,690	0.7618	0.7618	19,063,820	0.8816	0.7616
	Hume R-VIII School District	Operating Funds-Schools	6,492,334	4.0924	3.8000	6,594,001	4.1522	3.9000	7,330,320	4.1672	4.1655
		Debt Service	6,492,334	0.5000	0.5000	6,594,001	1.3078	1.0000	7,330,320	0.8070	0.7345
	Hudson R-IX School District	Operating Funds-Schools	5,735,730	3.8738	3.7800	5,724,046	3.8901	3.7800	5,763,521	3.8856	3.7800
	Butler R-V School District	Operating Funds-Schools	62,810,584	3.4987	3.4100	62,473,697	3.5000	3.5000	65,670,472	3.5000	3.5000
		Debt Service	62,810,584	0.0200	0.0200	**	**	**	**	**	**
	Bates County	General Revenue	160,215,718	0.2607	0.2607	161,137,154	0.2627	0.2627	168,093,490	0.2627	0.2627
		Health	160,215,718	0.0802	0.0802	161,137,154	0.0808	0.0808	168,093,490	0.0808	0.0808
		Developmentally Disabled	160,215,718	0.0697	0.0697	161,137,154	0.0700	0.0700	168,093,490	0.0700	0.0700
Benton	Warsaw-Lincoln Ambulance District	General Revenue	132,007,075	0.1900	0.1900	137,108,155	0.1900	0.1900	150,679,988	0.1882	0.0000
	Cole Camp Ambulance District	General Revenue	39,702,579	0.1794	0.1794	40,660,544	0.1794	0.1794	42,960,837	0.2994	0.2994
	Lincoln Community Nursing Home Dist	Maintenance	37,800,129	0.0500	0.0500	39,069,877	0.2000	0.2000 B	42,521,366	0.2000	0.2000
	Good Samaritan Nursing Home Dist	General Revenue	47,924,101	0.1115	0.1115	49,384,607	0.1115	0.1115	52,645,282	0.1115	0.1115
	Brandon Special Road Dist Benton Co	Road & Bridge	1,296,560	0.3500	0.3500	1,334,992	0.3500	0.3500	1,298,858	0.3500	0.3500
	Cole Camp Sp Rd Dist Benton Co	Road & Bridge	10,064,573	0.1975	0.1975	10,145,195	0.1984	0.1984	10,772,409	0.1966	0.1966
	Ionia Special Rd Dist Benton Co	Road & Bridge	2,402,726	0.3500	0.3500	2,485,227	0.3500	0.3500	2,527,039	0.3500	0.3500
	City of Cole Camp	General Revenue	5,973,782	0.5024	0.5024	5,925,220	0.5103	0.5103	6,452,486	0.4961	0.4961
	Village of Ionia	General Revenue	482,103	0.7052	0.7052	498,847	0.7286	0.7286	568,931	0.7216	0.7216
	City of Lincoln	General Revenue	6,900,572	0.7939	0.7939	7,008,053	0.7960	0.7960	7,547,103	0.7835	0.7835
		Parks & Recreation	6,900,572	0.1526	0.1526	7,008,053	0.1530	0.1530	7,547,103	0.1506	0.1506
	City of Warsaw	General Revenue	17,336,855	0.4194	0.4148	18,984,913	0.4516	0.4194	21,389,515	0.4397	0.4397
		Parks & Recreation	17,336,855	0.1125	0.1113	18,984,913	0.1211	0.1125	21,389,515	0.1179	0.1179

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Benton	Lincoln Community Fire Prot Dist	General Revenue	31,861,584	0.2496	0.2496	32,937,313	0.2496	0.2496	35,770,416	0.2496	0.2496
	Deer Creek Fire Protection District	General Revenue	14,351,745	0.3000	0.3000	14,482,372	0.3000	0.3000	15,438,037	0.3000	0.3000
	Warsaw Fire Protection District	General Revenue	73,187,046	0.3000	0.3000	79,472,696	0.3000	0.3000	88,123,650	0.2952	0.2952
	Lakeview Heights Fire Prot Dist	General Revenue	9,652,096	0.3000	0.3000	9,788,065	0.3000	0.3000	10,476,236	0.3000	0.3000
	Osage Valley Fire Protection Dist	General Revenue	7,315,898	0.3000	0.3000	7,837,612	0.3000	0.3000	8,698,955	0.2947	0.2947
	Cole Camp & Rural Fire Prot Dist	General Revenue	22,238,824	0.3000	0.2800 A	22,898,461	0.3000	0.3000	24,159,811	0.3000	0.3000
	Lincoln R-II School District	Operating Funds-Schools	28,859,269	2.7500	2.7500	30,058,331	2.7500	2.7500	33,330,337	2.7500	2.7500
		Debt Service	28,859,269	0.4300	0.4300	30,058,331	0.7531	0.5000	33,330,337	0.6598	0.5000
	Warsaw R-IX School District	Operating Funds-Schools	99,893,945	2.7500	2.7500	101,980,111	2.7500	2.7500	111,765,415	2.7500	2.7500
		Debt Service	99,893,945	0.4500	0.4500	101,980,111	0.8387	0.4500	111,765,415	0.6533	0.4500
	Cole Camp R-I School District	Operating Funds-Schools	36,559,323	2.7500	2.7500	37,071,282	2.7500	2.7500	40,058,929	2.7500	2.7500
		Debt Service	36,559,323	0.5900	0.5900	37,071,282	0.4930	0.4930	40,058,929	0.4592	0.4592
	Benton County	General Revenue	167,336,202	0.3346	0.1500	173,076,592	0.3346	0.1400	188,476,681	0.3327	0.1400
		Common Road District	153,651,071	0.2126	0.2100	159,291,131	0.2126	0.2100	173,878,374	0.2113	0.2100
		Health	167,336,202	0.4000	0.4000	173,076,592	0.4000	0.4000	188,476,681	0.3978	0.3978
Bollinger	Village of Glen Allen	General Revenue	615,633	0.3770	0.3770	658,854	0.3769	0.3769	683,379	0.3869	0.3869
	City of Marble Hill	General Revenue	12,925,820	0.4599	0.4599	12,307,825	0.4848	0.4848	12,451,857	0.4848	0.4848
		Parks & Recreation	12,925,820	0.1150	0.1150	12,307,825	0.1212	0.1212	12,451,857	0.1212	0.1212
	Village of Sedgwickville	General Revenue	961,321	0.4703	0.4703	994,540	0.4703	0.4703	992,798	0.4722	0.4722
	Village of Zalma	General Revenue	478,370	1.0858	1.0000	466,190	1.1141	1.0000	481,426	1.0000	1.0000
	Glen Allen Fire Protection District	General Revenue	12,371,203	0.2811	0.2811	12,336,997	0.2861	0.2861	12,722,500	0.2866	0.2866
	Sedgewickville Fire Protection Dist	General Revenue	13,328,163	0.2024	0.2024	13,571,872	0.2024	0.2024	14,172,879	0.2034	0.2034
	North County Fire Protection Dist	General Revenue	**	**	**	**	**	**	21,345,125	0.2800	0.2800 A
	Meadow Heights R-II School District	Operating Funds-Schools	25,094,370	2.7500	2.7500	25,469,170	2.7500	2.7500	26,601,495	2.7500	2.7500
		Debt Service	25,094,370	0.3500	0.3500	25,469,170	0.3500	0.3500	26,601,495	0.3587	0.3500
	Leopold R-III School District	Operating Funds-Schools	6,107,030	2.9670	2.9500	6,237,590	3.2500	3.0500 B	6,595,605	3.2898	3.2898
	Zalma R-V School District	Operating Funds-Schools	9,727,855	2.7500	2.7500	9,839,930	2.7500	2.7500	10,022,105	2.7500	2.7500
	Woodland R-IV School District	Operating Funds-Schools	41,460,295	2.7500	2.7500	41,323,085	2.7500	2.7500	42,077,255	2.7500	2.7500
	Bollinger County	General Revenue	95,944,303	0.3409	0.1000	97,346,124	0.3413	0.1000	100,565,436	0.3413	0.0500
		Library	95,944,303	0.0974	0.0974	97,346,124	0.0975	0.0975	100,565,436	0.0975	0.0975
		Road & Bridge	95,944,303	0.2435	0.2435	97,346,124	0.2438	0.2438	100,565,436	0.2438	0.2438
		Health	95,944,303	0.2338	0.2338	97,346,124	0.2341	0.2341	100,565,436	0.2341	0.2341
		Ambulance	95,944,303	0.1948	0.1948	97,346,124	0.1950	0.1950	100,565,436	0.1950	0.1950
		Senate Bill 40	95,944,303	0.0974	0.0974	97,346,124	0.0975	0.0975	100,565,436	0.0975	0.0975
Boone	Callahan Creek Watershed Sub Dist	General Revenue	11,200,566	0.2724	0.0900	12,183,955	0.2724	0.0900	14,631,505	0.2490	0.0900
	City of Ashland	General Revenue	22,949,870	0.2906	0.2906	25,154,058	0.2906	0.2906	31,213,791	0.2654	0.2654
		Debt Service	22,949,870	0.4400	0.4400	25,154,058	0.4081	0.3900	31,213,791	0.0524	0.0524

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Boone	City of Centralia	General Revenue	34,707,453	0.6616	0.6616	34,931,427	0.6628	0.6628	38,426,741	0.6415	0.6415
		Parks & Recreation	34,707,453	0.2963	0.2963	34,931,427	0.2968	0.2968	38,426,741	0.2873	0.2873
		Library	33,877,325	0.2968	0.2953	33,829,354	0.2988	0.2988	**	**	**
		Debt Service	33,877,325	0.0900	0.0900	33,829,354	0.0957	0.0900	36,862,401	0.0882	0.0882
	City of Columbia	General Revenue	1,116,692,677	0.4491	0.4100	1,158,639,285	0.4491	0.4100	1,356,830,109	0.4171	0.4100
	City of Hallsville	General Revenue	7,849,946	0.6567	0.6567	8,261,248	0.6567	0.0657	10,852,338	0.5764	0.5764
		Debt Service	7,849,946	0.2900	0.2900	8,261,248	0.8776	0.2900	10,852,338	0.9583	0.2900
	Town of Harrisburg	General Revenue	1,437,171	0.3312	0.3312	1,386,729	0.3479	0.3479	1,781,356	0.3259	0.3259
	Village of Hartsburg	General Revenue	804,222	0.4124	0.4124	739,601	0.4495	0.4495	876,754	0.4292	0.4292
	City of Rocheport	General Revenue	1,718,047	0.3048	0.3048	1,719,941	0.3086	0.3086	2,222,086	0.2550	0.2550
	City of Sturgeon	General Revenue	5,392,848	0.6417	0.4900	5,522,946	0.6417	0.6417	6,162,317	0.6009	0.4900
		Debt Service	5,392,848	0.0000	0.0000	5,522,946	0.3061	0.3061	6,162,317	0.2328	0.0000
	Centralia Public Library	General Revenue	**	**	**	**	**	**	36,862,401	0.2893	0.2893
	Boone County Library	General Revenue	1,021,650,065	0.3200	0.3200	1,073,035,201	0.3200	0.3200	1,262,420,946	0.2986	0.2986
	Columbia Public Library	General Revenue	567,084,364	0.3141	0.3141	567,051,206	0.3200	0.3200	650,475,406	0.2970	0.2970
		Debt Service	567,084,364	0.3200	0.3200	567,051,206	0.3149	0.3141	650,475,406	0.2996	0.2750
	Boone County Fire Prot Dist	General Revenue	393,897,392	0.6221	0.6000	399,633,461	0.6277	0.6000	459,104,545	0.5929	0.5929
		Dispatch	393,897,392	0.0299	0.0295	399,633,461	0.0300	0.0295	459,104,545	0.0283	0.0283
		Debt Service	393,897,392	0.2084	0.2084	399,633,461	0.1936	0.1936	459,104,545	0.1936	0.1936
	Southern Boone Co Fire Prot Dist	General Revenue	77,799,602	0.2274	0.2274	81,921,782	0.2274	0.2274	95,989,181	0.2130	0.2130
		Dispatch	77,799,602	0.0300	0.0300	81,921,782	0.0300	0.0300	95,989,181	0.0281	0.0281
		Debt Service	77,799,602	0.1995	0.1995	81,921,782	0.1967	0.1967	95,989,181	0.1992	0.1992
	Columbia Special Business District	General Revenue	24,597,891	0.5248	0.4900	24,681,786	0.5248	0.4900	28,325,419	0.4781	0.4781
	Southern Boone Co. R-I School Dist	Operating Funds-Schools	64,850,765	3.3268	3.3268	68,327,806	3.3214	3.3214	81,722,136	3.0858	3.0858
		Debt Service	64,850,765	1.2800	1.2800	68,327,806	1.5985	1.2800	81,722,136	1.3293	1.2800
	Boone Co. R-IV School District	Operating Funds-Schools	46,413,664	3.3716	3.3716	47,848,804	3.3664	3.3664	56,213,041	3.1496	3.1496
		Debt Service	46,413,664	0.7484	0.7484	47,848,804	1.7487	0.7536	56,213,041	1.8589	0.7536
	Sturgeon R-V School District	Operating Funds-Schools	23,611,095	3.5097	2.8097	24,319,969	3.5301	3.4800	26,760,151	3.4288	3.4288
		Debt Service	23,611,095	1.2700	1.2700	24,319,969	1.8583	1.2700	26,760,151	1.8823	1.2700
	Centralia R-VI School District	Operating Funds-Schools	66,907,291	3.0911	3.0911	68,164,906	3.0711	3.0711	74,144,679	3.0100	3.0100
		Debt Service	66,907,291	0.4700	0.4700	68,164,906	0.9107	0.4900	74,144,679	0.5348	0.4900
	Harrisburg R-VIII School District	Operating Funds-Schools	23,609,226	3.4533	3.2733	24,705,394	3.4443	3.2443	28,314,048	3.3583	3.2246
		Debt Service	23,609,226	1.1500	1.1500	24,705,394	1.2193	1.1500	28,314,048	1.2631	1.1500
	Columbia 93 School District	Operating Funds-Schools	1,391,062,352	4.5356	4.1425 B	1,434,004,449	4.5356	4.1425	1,676,904,875	4.2112	3.8844
		Debt Service	1,391,062,352	0.8019	0.8019	1,434,004,449	0.9275	0.8019	1,676,904,875	1.1299	0.8019
	Boone County	General Revenue	1,622,395,875	0.3286	0.1300	1,674,442,313	0.3289	0.1300	1,949,568,386	0.3065	0.1200
		Road & Bridge	1,622,395,875	0.2788	0.0500	1,674,442,313	0.2791	0.0500	1,949,568,386	0.2601	0.0475

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Boone	Boone County	Hospital	1,622,395,875	0.1394	0.0000	1,674,442,313	0.1395	0.0000	1,949,568,386	0.1300	0.0000
		Sheltered Workshop	1,622,395,875	0.1194	0.1194	1,674,442,313	0.1195	0.1195	1,949,568,386	0.1114	0.1114
Buchanan	Village of Agency	General Revenue	4,591,139	0.6236	0.6236	4,560,193	0.6450	0.6450	6,590,932	0.6118	0.6118
	Village of DeKalb	General Revenue	1,106,760	0.8142	0.8127	1,115,693	0.8160	0.8160	1,278,582	0.7370	0.7370
	City of Easton	General Revenue	1,059,320	0.4333	0.4333	1,008,211	0.4573	0.4573	1,126,395	0.4293	0.4293
	Village of Lewis & Clark	General Revenue	760,670	0.4103	0.4103	762,610	0.4118	0.4118	1,128,340	0.2920	0.2920
		General Revenue-Temp	760,670	0.2989	0.2989	762,610	0.3000	0.3000 A	1,128,340	0.2127	0.2127
	Village of Rushville	General Revenue	1,142,588	0.4951	0.4951	1,124,288	0.5000	0.5000	1,264,484	0.4624	0.4624
	City of St. Joseph	General Revenue	781,221,941	0.7028	0.7028	772,143,874	0.7203	0.7203	839,641,091	0.6931	0.6931
		Parks & Recreation	781,221,941	0.2000	0.2000	772,143,874	0.2000	0.2000	839,641,091	0.1924	0.1924
		Library	563,477,652	0.4200	0.4200	552,394,405	0.4200	0.4200	604,344,066	0.3996	0.3996
		Museum	781,221,941	0.0500	0.0500	772,143,874	0.0500	0.0500	839,641,091	0.0481	0.0481
		Special Business District	6,702,930	0.8500	0.8500	6,037,080	0.8500	0.8500 A	5,398,460	0.8500	0.8500
	Health	General Revenue	781,221,941	0.2098	0.2098	772,143,874	0.2150	0.2150	839,641,091	0.2069	0.2069
		General Revenue	523,314,355	0.3100	0.3100	531,317,617	0.3100	0.3100	562,943,646	0.3092	0.3092
	Colony Hills Fire Protection Dist	General Revenue	7,071,929	0.9600	0.9600	7,085,923	0.9600	0.9600	8,203,936	0.8760	0.8760
	Lake Contrary Fire Protection Dist	General Revenue	4,137,253	0.8360	0.8300	3,997,600	0.8400	0.8400	4,279,284	0.8400	0.8400
		Fire	4,137,253	0.1995	0.1500	3,997,600	0.2000	0.1900	4,279,284	0.2000	0.2000
	Maxwell Heights Fire Prot Dist	General Revenue	14,448,374	1.0200	1.0200	12,609,915	1.0200	1.0200	12,448,791	1.0200	1.0200
	Sugar Lake Fire Protection District	General Revenue	7,266,742	0.4383	0.4383	7,182,955	0.4400	0.4383	7,802,651	0.4255	0.4255
	S Central Buchanan Fire Prot Dist	General Revenue	49,297,073	0.2827	0.2827	50,566,544	0.2839	0.2827	57,015,820	0.2709	0.2709
	DeKalb Fire Protection District	General Revenue	13,868,911	0.2966	0.2966	14,132,173	0.2989	0.2989	15,817,180	0.2892	0.2892
	Rushville Fire Protection District	General Revenue	5,493,809	0.4453	0.4453	5,371,736	0.4500	0.4500	5,812,732	0.4402	0.4402
	Easton Fire Protection District	General Revenue	8,782,389	0.2502	0.2502	8,748,586	0.2526	0.2526	9,226,695	0.2526	0.2526
	East Buchanan Co. C-1 School Dist	Operating Funds-Schools	39,591,919	4.3325	4.3325	39,740,910	5.2625	4.5825 B	44,014,124	5.1467	4.8000
	Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	40,299,048	3.4532	3.4462	42,588,397	3.4545	3.4462	48,788,234	3.9845	3.9720 B
		Debt Service	40,299,048	0.8150	0.8150	42,588,397	1.7693	0.9000	48,788,234	0.8004	0.8000
	Buchanan County R-IV School Dist	Operating Funds-Schools	14,433,336	4.0782	4.0782	14,557,683	4.5276	4.3500	17,230,284	4.1131	4.1131
		Debt Service	14,433,336	0.6800	0.6800	14,557,683	0.9505	0.5500	17,230,284	1.0197	0.7869
	St. Joseph School District	Operating Funds-Schools	809,115,091	3.5823	3.1046	804,133,162	3.6571	3.1210	862,867,617	3.6104	3.1025 C
		Operating Funds-Temp	**	**	**	804,133,162	0.6300	0.6300 A	862,867,617	0.6183	0.6183
		Debt Service	809,115,091	0.3154	0.3154	804,133,162	0.3569	0.2990	862,867,617	0.7185	0.3092
Butler	Buchanan County	General Revenue	922,912,969	0.3500	0.0729	914,285,292	0.3500	0.0729	995,971,055	0.3366	0.0720
		Road & Bridge	922,912,969	0.2788	0.2724	914,285,292	0.2853	0.2853	995,971,055	0.2744	0.2744
		Senate Bill 40	922,912,969	0.1000	0.1000	914,285,292	0.1000	0.1000	995,971,055	0.0962	0.0962
	Naylor-Neelyville Ambulance Dist	General Revenue	32,943,678	0.3000	0.3000	33,747,509	0.3000	0.3000	35,451,883	0.3000	0.3000
	City of Fisk	General Revenue	1,649,234	0.7575	0.7575	1,668,313	0.7575	0.7575	1,854,895	0.7452	0.7452

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Butler	City of Neelyville	General Revenue	1,437,877	0.5987	0.5987	1,545,871	0.5949	0.5949	1,706,785	0.5763	0.5763
	City of Poplar Bluff	General Revenue	175,695,459	0.4855	0.4855	181,075,123	0.4855	0.4855	209,975,734	0.4622	0.4622
		Parks & Recreation	175,695,459	0.1428	0.1428	181,075,123	0.1428	0.1428	209,975,734	0.1360	0.1360
		Library	175,695,459	0.1428	0.1428	181,075,123	0.1428	0.1428	209,975,734	0.1360	0.1360
		Pension	175,695,459	0.0952	0.0952	181,075,123	0.0952	0.0952	209,975,734	0.0906	0.0906
	City of Qulin	General Revenue	1,775,661	0.4814	0.4814	1,787,716	0.4814	0.4814	1,996,198	0.4624	0.4624
	Butler County Fire Protection Dist	General Revenue	190,331,409	0.2594	0.2594	208,784,663	0.2533	0.2533	233,417,009	0.2439	0.2439
	Qulin Community Fire Prot Dist	General Revenue	13,736,311	0.1600	0.1600	14,467,223	0.1565	0.1565	15,367,275	0.1565	0.1565
	Three Rivers Community College	General Revenue	583,229,140	0.2384	0.2384	606,945,003	0.2385	0.2384	674,564,872	0.2327	0.2326
	Neelyville R-IV School District	Operating Funds-Schools	22,950,772	2.8303	2.8300	23,645,684	2.8183	2.8183	26,301,274	2.7500	2.7500
	Poplar Bluff R-I School District	Operating Funds-Schools	281,854,454	2.7500	2.7500	296,817,411	2.7500	2.7500	345,482,827	2.7500	2.7500
		Debt Service	281,854,454	0.1400	0.1400	296,817,411	0.3706	0.1600	345,482,827	0.1801	0.1800
	Twin Rivers R-X School District	Operating Funds-Schools	42,067,097	2.2256	2.1756	44,997,693	2.2258	2.1758	49,322,369	2.1255	2.1255
		Operating Funds-Temp	42,067,097	0.9100	0.9100	44,997,693	0.9100	0.9100	49,322,369	0.8778	0.8778
		Debt Service	42,067,097	0.1900	0.1900	44,997,693	0.1839	0.1839	49,322,369	0.1679	0.1679
	Butler County	General Revenue	379,522,213	0.2936	0.1300	400,824,993	0.2925	0.1100	458,258,479	0.2795	0.0995
		Road & Bridge	379,522,213	0.2251	0.0600	400,824,993	0.2242	0.0400	458,258,479	0.2142	0.0342
		Health	379,522,213	0.0979	0.0979	400,824,993	0.0975	0.0975	458,258,479	0.0932	0.0932
		Senate Bill 40	379,522,213	0.0979	0.0979	400,824,993	0.0975	0.0975	458,258,479	0.0932	0.0932
		Senior Services	379,522,213	0.0489	0.0489	400,824,993	0.0487	0.0487	458,258,479	0.0465	0.0465
Caldwell	Caldwell County Ambulance	General Revenue	80,869,763	0.1925	0.1203	82,207,490	0.1930	0.0752	91,447,254	0.1899	0.0768
	Golden Age Nursing Home District	General Revenue	17,565,824	0.1500	0.1500	18,053,718	0.1500	0.1500	18,526,774	0.1500	0.1500
	City of Braymer	General Revenue	5,092,993	0.6921	0.6921	4,935,670	0.7167	0.7167	5,333,098	0.7167	0.7167
	City of Breckenridge	General Revenue	2,045,292	0.8902	0.7700	2,063,753	0.8902	0.7700	2,108,879	0.8902	0.7700
		Lights	2,045,292	0.0924	0.0800	2,063,753	0.0924	0.0800	2,108,879	0.0924	0.0800
		Library	2,045,292	0.0462	0.0400	2,063,753	0.0462	0.0400	2,108,879	0.0462	0.0400
		Police	2,045,292	0.0924	0.0800	2,063,753	0.0924	0.0800	2,108,879	0.0924	0.0800
		Fire	2,045,292	0.1387	0.1200	2,063,753	0.1387	0.1200	2,108,879	0.1387	0.1200
	City of Cowgill	General Revenue	884,926	0.8366	0.7400	895,256	0.8488	0.7900	983,557	0.8124	0.7900
	City of Hamilton	General Revenue	11,077,633	0.7199	0.7199	10,702,817	0.7501	0.7501	11,972,288	0.7194	0.7194
		Parks & Recreation	11,077,633	0.2504	0.2504	10,702,817	0.2609	0.2609	11,972,288	0.2502	0.2502
		Lights	11,077,633	0.2088	0.2088	10,702,817	0.2175	0.2175	11,972,288	0.2086	0.2086
		Library	11,077,633	0.3026	0.3026	10,702,817	0.3153	0.3153	11,972,288	0.3024	0.3024
		Debt Service	11,077,633	0.5319	0.5319	10,702,817	0.5517	0.5516	11,972,288	0.5101	0.5100
	City of Kidder	General Revenue	1,620,241	0.7633	0.7633	1,636,655	0.7753	0.7753	1,808,975	0.7753	0.7753
		Debt Service	1,620,241	0.8172	0.8172	1,636,655	0.8230	0.0000	1,808,975	0.7080	0.7080
	City of Kingston	General Revenue	1,407,843	0.8003	0.8003	1,382,449	0.8312	0.8003	2,802,633	0.8139	0.8139

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	City of Polo	General Revenue	3,390,049	0.7524	0.7500	3,427,195	0.7524	0.7524	3,899,673	0.7013	0.7013
		Debt Service	3,390,049	0.2900	0.2900	3,427,195	0.3081	0.3081	3,899,673	0.2708	0.2708
	Breckenridge Township, Caldwell Co	General Revenue	5,081,660	0.0997	0.0953	5,196,851	0.0997	0.0956	5,446,074	0.0996	0.0956
		Road & Bridge	5,081,660	0.4987	0.4400	5,196,851	0.4987	0.4400	5,446,074	0.4982	0.4400
		Special Road and Bridge	5,081,660	0.3191	0.3059	5,196,851	0.3191	0.3059	5,446,074	0.3059	0.3059 A
	Davis Township of Caldwell Co	General Revenue	9,016,718	0.0928	0.0900	8,902,027	0.0944	0.0900	9,562,391	0.0944	0.0900
		Road & Bridge	9,016,718	0.4332	0.4300	8,902,027	0.4407	0.4300	9,562,391	0.4407	0.4300
		Special Road and Bridge	9,016,718	0.1700	0.1700	8,902,027	0.1700	0.1700 A	9,562,391	0.1700	0.1700
	Fairview Township of Caldwell Co	General Revenue	2,617,811	0.1000	0.1000	2,701,447	0.1000	0.1000	2,835,255	0.1000	0.1000
		Road & Bridge	2,617,811	0.5000	0.4600	2,701,447	0.5000	0.4600	2,835,255	0.5000	0.4600
		Special Road and Bridge	2,617,811	0.3300	0.3200	2,701,447	0.3300	0.3200	2,835,255	0.3200	0.3200 A
	Gomer Township of Caldwell County	General Revenue	4,347,750	0.1000	0.0900	4,515,987	0.0998	0.0900	4,904,699	0.0998	0.0998
		Road & Bridge	4,347,750	0.4757	0.4500	4,515,987	0.4749	0.4500	4,904,699	0.4749	0.4500
		Special Road and Bridge	4,347,750	0.3500	0.3500	4,515,987	0.3494	0.3494	4,904,699	0.3493	0.3493 A
	Grant Township of Caldwell County	General Revenue	11,996,217	0.1000	0.1000	12,682,135	0.0987	0.0987	14,255,106	0.0958	0.0958
		Road & Bridge	11,996,217	0.4084	0.4084	12,682,135	0.4030	0.4030	14,255,106	0.3911	0.3911
		Special Road and Bridge	11,996,217	0.2400	0.2400 A	12,682,135	0.2368	0.2368	14,255,106	0.2298	0.2298
	Hamilton Township of Caldwell Co	General Revenue	16,757,635	0.0932	0.0800	16,410,725	0.0956	0.0800	18,358,261	0.0921	0.0700
		Road & Bridge	16,757,635	0.3732	0.3400	16,410,725	0.3829	0.3400	18,358,261	0.3690	0.3100
	Kidder Township of Caldwell Co	General Revenue	8,161,522	0.0897	0.0897	8,306,281	0.0904	0.0904	9,416,695	0.0884	0.0884
		Road & Bridge	8,161,522	0.3683	0.3683	8,306,281	0.3712	0.3712	9,416,695	0.3628	0.3628
	Kingston Township of Caldwell Co	General Revenue	4,821,569	0.1000	0.1000	5,080,181	0.1000	0.1000	6,382,100	0.1000	0.1000
		Road & Bridge	4,821,569	0.4579	0.4517	5,080,181	0.4579	0.4517	6,382,100	0.4651	0.4517
	Lincoln Township of Caldwell Co	General Revenue	4,714,075	0.1000	0.0900	4,797,855	0.1000	0.0900	5,172,804	0.0989	0.0989
		Road & Bridge	4,714,075	0.4376	0.4100	4,797,855	0.4376	0.4100	5,172,804	0.4328	0.0000
	Mirabile Township of Caldwell Co	General Revenue	4,165,549	0.1000	0.1000	4,243,176	0.1000	0.1000	4,731,106	0.0982	0.0982
		Road & Bridge	4,165,549	0.4558	0.4400	4,243,176	0.4558	0.4400	4,731,106	0.4476	0.4400
		Special Road and Bridge	4,165,549	0.3300	0.3300	4,243,176	0.3300	0.3300	4,731,106	0.3300	0.0000 A
	New York Township of Caldwell Co	General Revenue	3,361,547	0.0892	0.0892	3,614,853	0.0868	0.0868	3,766,604	0.0868	0.0868
		Road & Bridge	3,361,547	0.4263	0.4263	3,614,853	0.4149	0.4149	3,766,604	0.4149	0.4149
	Rockford Township of Caldwell Co	General Revenue	5,827,712	0.0939	0.0939	5,755,955	0.0980	0.0980	6,620,761	0.0942	0.0942
		Road & Bridge	5,827,712	0.4173	0.4173	5,755,955	0.4356	0.4356	6,620,761	0.4187	0.4187
		Special Road and Bridge	5,827,712	0.3496	0.3496	5,755,955	0.3500	0.3500	6,620,761	0.3500	0.3500 A
	Hamilton Rural Fire Protection Dist	General Revenue	2,041,213	0.2000	0.2000 A	23,088,666	0.2000	0.2000	27,896,708	0.1821	0.1821
	Breckenridge R-I School District	Operating Funds-Schools	4,729,807	5.4567	4.8767	4,692,940	5.5000	4.7826	4,878,177	5.4459	4.4448
	Hamilton R-II School District	Operating Funds-Schools	26,967,585	3.2997	3.2997	26,682,588	3.4110	3.4110	30,006,319	3.2310	3.2310
		Debt Service	26,967,585	0.5125	0.5125	26,682,588	0.7194	0.5125	30,006,319	0.7264	0.6500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

			2003			2004			2005			
County	Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	
Caldwell	New York R-IV School District	Operating Funds-Schools	2,710,932	5.5472	4.8272	2,736,023	5.6834	4.8272	2,957,160	5.6369	4.8272	
	Cowgill R-VI School District	Operating Funds-Schools	3,219,150	4.0378	4.0377	3,188,435	4.1424	4.1424	3,318,640	4.1353	4.1353	
	Polo R-VII School District	Operating Funds-Schools	16,770,202	3.4556	3.4556	17,046,073	3.4519	3.4519	19,133,578	3.9519	3.9519 B	
		Debt Service	16,770,202	0.5620	0.5620	17,046,073	0.5644	0.5644	19,133,578	1.1207	0.5644	
	Mirabile C-1 School District	Operating Funds-Schools	3,213,560	4.5740	4.5740	3,291,566	4.7171	4.7171	3,752,159	4.3329	4.3329	
		Debt Service	3,213,560	0.1525	0.1525	3,291,566	0.6750	0.6750	3,752,159	0.5259	0.5259	
	Braymer C-4 School District	Operating Funds-Schools	14,419,264	3.6852	2.8519	14,297,706	3.8262	2.9821	15,216,402	3.5527	2.7592	
		Debt Service	14,419,264	0.7618	0.7618	14,297,706	0.2674	0.2674	15,216,402	0.6780	0.6780	
	Kingston 42 School District	Operating Funds-Schools	3,062,096	4.7500	4.7500	3,342,892	4.7500	4.7500	3,214,229	4.7500	4.7500	
	Caldwell County	General Revenue	80,869,763	0.3743	0.2400	82,207,490	0.3754	0.2300	91,447,254	0.3693	0.2200	
Health		80,869,763	0.2497	0.2497	82,207,490	0.2500	0.2500	91,447,254	0.2459	0.2459		
Callaway	Callaway County Ambulance District	General Revenue	582,088,728	0.1200	0.1200	586,814,404	0.1200	0.1200	614,863,478	0.1200	0.1200	
	City of Auxvasse	General Revenue	6,752,764	0.5921	0.5921	6,567,760	0.6112	0.6112	6,799,594	0.6158	0.6158	
	City of Fulton	General Revenue	83,359,467	0.4628	0.4200	83,482,115	0.4710	0.4200	87,034,329	0.4762	0.4200	
	Village of Kingdom City	General Revenue	7,390,055	0.2070	0.2070	7,478,679	0.2098	0.2098	7,565,615	0.2098	0.2098	
	City of Mokane	General Revenue	1,045,651	0.6867	0.6867	942,448	0.7782	0.7782	938,178	0.7933	0.7933	
	City of New Bloomfield	General Revenue	4,029,239	0.3323	0.3300	4,003,375	0.3348	0.3348	4,025,052	0.3354	0.3354	
		Debt Service	4,029,239	0.8800	0.8800	4,003,375	1.1756	1.1756	4,025,052	0.6341	0.6341	
	Town of Lake Mykee	General Revenue	3,533,848	0.5122	0.5122	3,478,905	0.5230	0.5230	3,472,619	0.5272	0.5272	
	Callaway County Library	General Revenue	581,910,743	0.2000	0.2000	586,610,814	0.2000	0.2000	614,863,478	0.2000	0.2000	
	Millersburg Fire Protection Dist	General Revenue	22,456,693	0.4737	0.4600	23,405,945	0.4737	0.4600	24,334,344	0.4740	0.4600	
	Central Callaway Fire Prot Dist	General Revenue	46,627,699	0.4500	0.4500	46,799,744	0.4500	0.4500	48,413,792	0.4500	0.4500	
	Holts Summit Fire Protection Dist	General Revenue	73,264,760	0.2614	0.2600	73,093,439	0.2687	0.2687	76,952,607	0.2687	0.2687	
	South Callaway Fire Protection Dist	General Revenue	248,974,126	0.2005	0.2000	253,869,514	0.2005	0.2000	267,806,773	0.2005	0.2000	
	North Callaway Fire Protection Dist	General Revenue	61,599,167	0.2781	0.2781	61,411,712	0.2850	0.2850	63,753,401	0.2871	0.2871	
	New Bloomfield Fire Protection Dist	General Revenue	25,774,949	0.2853	0.2853	26,762,420	0.2853	0.2853	27,929,543	0.2853	0.2853	
	North Callaway Co R-I School Dist	Operating Funds-Schools	65,742,513	3.0500	3.0500 B	66,410,591	3.0898	3.0800	69,028,734	3.1045	3.1045	
		Debt Service	65,742,513	0.5600	0.5600	66,410,591	1.0163	0.5300	69,028,734	0.9023	0.5055	
	New Bloomfield R-III School Dist	Operating Funds-Schools	31,680,813	3.0693	3.0510	32,277,877	3.0947	3.0508	34,271,666	3.1002	3.0508	
		Debt Service	31,680,813	1.0250	1.0250	32,277,877	1.7872	1.0200	34,271,666	2.0470	1.0200	
	Fulton 58 School District	Operating Funds-Schools	130,462,493	3.3182	3.3156 B	131,483,556	3.3868	3.3868	136,155,052	3.4220	3.4220	
		Debt Service	130,462,493	0.5800	0.5800	131,483,556	0.6165	0.5800	136,155,052	0.8315	0.5800	
	South Callaway Co R-II School Dist	Operating Funds-Schools	247,279,438	2.7500	2.7500	252,052,637	2.7500	2.7500	266,386,231	2.7500	2.7500	
	Callaway County	General Revenue	582,088,728	0.3148	0.3148	586,814,404	0.3165	0.3165	614,863,478	0.3165	0.3165	
		Road & Bridge	582,088,728	0.2437	0.2437	586,814,404	0.2450	0.2450	614,863,478	0.2450	0.2450	
		Senate Bill 40	582,088,728	0.1000	0.1000	586,814,404	0.1000	0.1000	614,863,478	0.1000	0.1000	
	Camden	CAM-MO Ambulance District	General Revenue	380,548,906	0.1218	0.1218	392,349,308	0.1218	0.1218	458,298,563	0.1143	0.0640

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Camden	Camden Ambulance District	General Revenue	378,972,128	0.3000	0.3000 A	438,744,097	0.3000	0.3000	438,429,340	0.3000	0.3000
	Horseshoe Bend Sp Rd 1 Camden Co	Special Road and Bridge	201,538,176	0.3447	0.3447	205,851,691	0.3466	0.3466	**	**	**
		General Revenue	**	**	**	**	**	**	230,220,150	0.3500	0.3500 A
	Village of Climax Springs	General Revenue	324,817	0.5039	0.5039	324,300	0.5176	0.5176	327,951	0.5185	0.5185
	City of Linn Creek	General Revenue	4,449,441	0.1477	0.1477	4,117,802	0.1625	0.0000	4,849,495	0.1588	0.0000
	City of Macks Creek	General Revenue	1,196,150	0.2665	0.2300	1,147,880	0.2787	0.2300	1,157,910	0.2787	0.2300
	City of Stoutland	General Revenue	742,860	0.7221	0.7092	773,477	0.7221	0.7092	767,530	0.7277	0.6900
	City of Sunrise Beach	General Revenue	8,751,611	0.1456	0.1400	9,037,854	0.1456	0.1400	10,793,663	0.1345	0.1300
	Camden County Library	General Revenue	1,024,993,981	0.1014	0.1014	1,056,659,391	0.1014	0.1014	1,194,072,324	0.0988	0.0988
	Osage Beach Fire Protection Dist	General Revenue	300,803,243	0.5126	0.5126	317,862,697	0.5078	0.5078	359,546,831	0.4912	0.4912
		Debt Service	300,803,243	0.0974	0.0974	317,862,697	0.1157	0.1022	359,546,831	0.0891	0.0888
	Sunrise Beach Fire Protection Dist	General Revenue	190,430,133	0.4003	0.4003	196,999,785	0.4005	0.4005	228,493,984	0.3834	0.3834
		Debt Service	190,430,133	0.0914	0.0914	196,999,785	0.0911	0.0911	228,493,984	0.0609	0.0609
	Mid County Fire Protection District	General Revenue	176,288,397	0.2933	0.2933	182,726,851	0.2933	0.2933	208,945,689	0.2887	0.2887
		Debt Service	176,288,397	0.2561	0.2561	182,726,851	0.2572	0.2572	208,945,689	0.2442	0.2442
	Northwest Fire Protection District	General Revenue	41,428,956	0.2828	0.2828	43,601,497	0.2828	0.2828	48,271,228	0.2781	0.2781
	Southwest Camden Co Fire Prot Dist	General Revenue	17,687,724	0.3000	0.3000	18,036,053	0.3000	0.3000	19,999,037	0.2962	0.2962
	Camden Co. R-II School District	Operating Funds-Schools	17,797,101	3.4238	2.7500	17,819,080	3.4775	2.7500	18,819,910	3.4325	2.7500
	Camdenton R-III School District	Operating Funds-Schools	689,592,947	2.6588	2.6200	711,519,547	2.7200	2.7200	811,380,213	2.6600	2.6600
		Debt Service	689,592,947	0.2500	0.2500	711,519,547	0.2254	0.1500	811,380,213	0.2768	0.2100
	Climax Springs R-IV School District	Operating Funds-Schools	59,625,057	2.7500	2.7500	61,969,690	2.7500	2.7500	69,132,775	2.7500	2.7500
	Macks Creek R-V School District	Operating Funds-Schools	20,100,840	3.1170	3.0000	20,889,492	3.1700	3.1000	23,431,035	3.1196	3.1000
		Debt Service	20,100,840	0.7500	0.7500	20,889,492	1.5782	0.8000	23,431,035	1.4197	0.8000
	Camden County	General Revenue	1,024,993,981	0.2231	0.0900	1,056,659,391	0.2232	0.0900	1,194,072,324	0.2175	0.1000
		Road & Bridge	1,024,993,981	0.1521	0.1000	1,056,659,391	0.1522	0.0900	1,194,072,324	0.1483	0.1000
		Senate Bill 40	1,024,993,981	0.0608	0.0608	1,056,659,391	0.0608	0.0608	1,194,072,324	0.0592	0.0592
		Senior Services	1,024,993,981	0.0483	0.0483	1,056,659,391	0.0483	0.0483	1,194,072,324	0.0471	0.0471
Cape Girardeau	Cape Special Road District	Road & Bridge	501,974,793	0.2681	0.2681	511,955,237	0.2681	0.2681	542,367,536	0.2681	0.2681
	City of Cape Girardeau	General Revenue	417,925,364	0.3135	0.3135	424,897,495	0.3135	0.3135	447,290,527	0.3135	0.3135
		Health	417,925,364	0.0587	0.0587	424,897,495	0.0587	0.0587	447,290,527	0.0587	0.0587
		Debt Service	417,925,364	0.1000	0.1000	**	**	**	**	**	**
	City of Delta	General Revenue	2,386,279	0.6326	0.6326	2,512,490	0.6326	0.6326	2,627,995	0.6326	0.6300
	Village of Gordonville	General Revenue	3,645,887	0.4780	0.4780	3,776,362	0.4780	0.4780	4,169,440	0.4602	0.4310
	City of Jackson	General Revenue	142,789,195	0.6055	0.6000	145,654,850	0.6055	0.6000	156,079,599	0.6032	0.6032
		Parks & Recreation	142,789,195	0.1270	0.1270	145,654,850	0.1270	0.1270	156,079,599	0.1265	0.1265
		Library	142,789,195	0.1270	0.1270	145,654,850	0.1270	0.1270	156,079,599	0.1265	0.1265
		Band	142,789,195	0.0781	0.0700	145,654,850	0.0781	0.0700	156,079,599	0.0778	0.0700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cape Girardeau	City of Jackson	Cemetery	142,789,195	0.0781	0.0700	145,654,850	0.0781	0.0700	156,079,599	0.0778	0.0700
	Village of Oak Ridge	General Revenue	1,166,047	0.2704	0.2681	1,128,904	0.2813	0.2681	1,274,622	0.2814	0.2813
	Village of Pocahontas	General Revenue	527,226	0.5335	0.5000	546,205	0.5348	0.5200	563,763	0.5348	0.5200
	Village of Whitewater	General Revenue	521,294	0.6659	0.6659	514,034	0.6873	0.6873	543,791	0.6873	0.6873
	Village of Old Appleton	General Revenue	559,518	0.3070	0.3070	606,743	0.3070	0.3070	730,173	0.3070	0.3070
	Town of Allenville	General Revenue	324,914	0.3610	0.3610	301,695	0.3888	0.3888	304,008	0.3888	0.3888
	Town of Dutchtown	General Revenue	538,735	0.3200	0.3200	555,613	0.3175	0.3175	583,462	0.3169	0.3169
	Cape Girardeau Public Library	General Revenue	383,832,913	0.1665	0.1665	387,875,586	0.1665	0.1665	407,513,015	0.1665	0.1665
	Cape Girardeau County Library	General Revenue	367,077,690	0.0832	0.0832	387,129,210	0.0832	0.0832	419,362,017	0.0830	0.0830
	East County Area Fire Prot District	General Revenue	61,904,162	0.3000	0.3000	63,212,076	0.3000	0.3000	68,504,542	0.2996	0.2996
	Delta Fire Protection District	General Revenue	11,811,337	0.2994	0.2994	12,306,821	0.2977	0.2977	12,681,686	0.2977	0.2977
	Fruitland Area Fire Protection Dist	General Revenue	60,244,491	0.2972	0.2100	63,080,785	0.2972	0.2100	69,931,024	0.2946	0.2400
	North Cape Co Rural Fire Prot Dist	General Revenue	19,251,322	0.3000	0.2500	20,080,213	0.3000	0.2500	21,539,189	0.2996	0.2500
	Gordonville Fire Protection Dist	General Revenue	44,330,453	0.2900	0.2900	47,028,978	0.2886	0.2886	52,011,910	0.2857	0.2857
	Millersville Fire Protection Dist	General Revenue	28,908,661	0.2981	0.2981	30,465,599	0.2981	0.2981	32,772,401	0.2978	0.2978
	Whitewater Fire Protection Dist	General Revenue	10,348,753	0.3890	0.3890	10,611,502	0.3890	0.3890	11,008,924	0.3890	0.3890
	Cape Girardeau Spec Business Dist	General Revenue	2,464,930	0.7605	0.7605	2,531,230	0.7576	0.7576	2,607,010	0.7576	0.7576
	Jackson R-II School District	Operating Funds-Schools	270,393,377	3.0990	2.7500	281,798,893	3.1217	3.1217	306,585,584	3.6079	3.6079
		Debt Service	270,393,377	0.5600	0.5600	281,798,893	0.5668	0.1883	306,585,584	0.5210	0.1921
	Delta R-V School District	Operating Funds-Schools	16,832,416	3.2562	3.2562	17,095,455	3.2653	3.2623	17,588,906	3.2544	3.2544
		Debt Service	16,832,416	0.3500	0.3500	17,095,455	1.0275	0.3800	17,588,906	1.0234	0.3800
	Oak Ridge R-VI School District	Operating Funds-Schools	16,323,277	3.3679	2.7500	12,299,818	3.4122	2.7500	18,527,645	3.4221	3.4221
		Debt Service	16,320,937	0.9000	0.9000	17,160,136	1.7791	0.9000	18,527,645	1.4719	0.9000
	Cape Girardeau 63 School District	Operating Funds-Schools	434,601,012	3.5964	3.4300	441,123,279	3.6049	3.6000	464,780,561	3.6051	3.6000
		Debt Service	434,601,012	0.5600	0.5600	441,123,279	0.7518	0.5600	464,780,561	0.8701	0.5600
	Nell Holcomb R-IV School District	Operating Funds-Schools	35,183,475	3.6000	3.1641	35,713,865	3.6000	3.1334	38,629,882	3.6000	3.1539
	Cape Girardeau County	General Revenue	819,640,333	0.3500	0.0000	839,820,391	0.3500	0.0000	894,742,824	0.3500	0.0000
		Road & Bridge	317,665,540	0.2369	0.2369	327,865,154	0.2369	0.2369	352,375,286	0.2369	0.2369
		Health	819,640,333	0.1000	0.1000	839,820,391	0.1000	0.1000	894,742,824	0.1000	0.1000
		Mental Health	819,640,333	0.0805	0.0805	839,820,391	0.0805	0.0805	894,742,824	0.0805	0.0805
		Senate Bill 40	819,640,333	0.0805	0.0805	839,820,391	0.0805	0.0805	894,742,824	0.0805	0.0805
		Senior Services	819,640,333	0.0500	0.0500	839,820,391	0.0500	0.0500	894,742,824	0.0500	0.0500
Carroll	Carroll County Ambulance District	General Revenue	125,364,092	0.2855	0.2832	126,642,831	0.2855	0.2832	128,745,417	0.2855	0.2855
	Big Creek Watershed Sub Dist	General Revenue	13,771,852	0.3324	0.1000	13,779,678	0.3348	0.1000	14,024,767	0.3348	0.1000
	City of Bogard	General Revenue	889,550	0.8707	0.8400	848,901	0.9131	0.9000	864,923	0.9131	0.9100
	City of Bosworth	General Revenue	1,587,162	0.8152	0.8152	1,531,530	0.8473	0.8473	1,486,236	0.8731	0.8731
	Town of Carrollton	General Revenue	26,791,182	0.6822	0.6696	26,372,880	0.6964	0.6964	26,492,634	0.7037	0.7037

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Town of Carrollton	Parks & Recreation	26,791,182	0.2583	0.2535	26,372,880	0.2637	0.2637	26,492,634	0.2665	0.2665
		Library	26,791,182	0.2688	0.2638	26,372,880	0.2744	0.2744	26,492,634	0.2773	0.2773
	City of De Witt	General Revenue	439,225	0.8410	0.8410	434,588	0.8687	0.8687	457,136	0.8685	0.8685
	City of Hale	General Revenue	1,972,333	0.3456	0.3456	1,915,119	0.3576	0.3576	1,949,712	0.3576	0.3576
		Lights	1,972,333	0.2723	0.2723	1,915,119	0.2818	0.2818	1,949,712	0.2818	0.2818
		Streets	1,972,333	0.1570	0.1570	1,915,119	0.1625	0.1625	1,949,712	0.1625	0.1625
		Debt Service	1,972,333	0.4170	0.4170	1,915,119	0.4054	0.4054	1,949,712	0.4501	0.4501
	City of Norborne	General Revenue	5,530,561	0.7136	0.7136	5,411,171	0.7299	0.7299	5,438,249	0.7299	0.7299
		Parks & Recreation	5,530,561	0.1733	0.1733	5,411,171	0.1773	0.1773	5,438,249	0.1773	0.1773
		Library	5,530,561	0.1325	0.1325	5,411,171	0.1355	0.1355	5,438,249	0.1355	0.1355
	Village of Tina	General Revenue	912,567	0.9954	0.9954	889,772	1.0000	1.0000	875,848	1.0000	1.0000
	Carrollton Township of Carroll Co	General Revenue	37,111,834	0.0926	0.0600	36,989,647	0.0935	0.0600	37,205,704	0.0940	0.0940
		Road & Bridge	37,111,834	0.3908	0.3200	36,989,647	0.3944	0.3200	37,205,704	0.3967	0.3967
	Cherry Valley Twsp of Carroll Co	General Revenue	1,109,120	0.1000	0.1000	1,112,128	0.1000	0.1000	1,115,678	0.1000	0.1000
		Road & Bridge	1,109,120	0.5000	0.5000	1,112,128	0.5000	0.5000	1,115,678	0.5000	0.5000
		Special Road and Bridge	1,109,120	0.3500	0.3500 A	1,112,128	0.3500	0.3500	1,115,678	0.3500	0.3500
	De Witt Township of Carroll Co	General Revenue	7,158,986	0.0994	0.0994	7,309,071	0.0994	0.0994	7,529,684	0.0994	0.0994
		Road & Bridge	7,158,986	0.4272	0.4272	7,309,071	0.4272	0.4272	7,529,684	0.4272	0.4272
		Special Road and Bridge	7,158,986	0.3500	0.3500	7,309,071	0.3500	0.3500	7,529,684	0.3500	0.3500
	Egypt Township of Carroll Co	General Revenue	10,306,350	0.0947	0.0919	10,168,313	0.0961	0.0919	10,340,079	0.0961	0.0919
		Road & Bridge	10,306,350	0.3473	0.3369	10,168,313	0.3524	0.3369	10,340,079	0.3524	0.3369
	Eugene Township of Carroll Co	General Revenue	6,299,715	0.1000	0.1000	6,345,833	0.1000	0.1000	6,613,415	0.1000	0.1000
		Road & Bridge	6,299,715	0.5000	0.5000	6,345,833	0.5000	0.5000	6,613,415	0.5000	0.5000
		Special Road and Bridge	6,299,715	0.3500	0.3500 A	6,345,833	0.3500	0.3500	6,613,415	0.3500	0.3500
	Fairfield Township of Carroll Co	General Revenue	2,604,223	0.0838	0.0838	2,610,606	0.0838	0.0838	2,668,796	0.0838	0.0838
		Road & Bridge	2,604,223	0.4089	0.4089	2,610,606	0.4089	0.4089	2,668,796	0.4089	0.4089
		Special Road and Bridge	2,604,223	0.3500	0.3500	2,610,606	0.3500	0.3500 A	2,668,796	0.3500	0.3500
	Hill Township of Carroll Co	General Revenue	3,480,950	0.0933	0.0933	3,629,534	0.0916	0.0916	3,748,427	0.0916	0.0916
		Road & Bridge	3,480,950	0.4669	0.4669	3,629,534	0.4581	0.4581	3,748,427	0.4581	0.4581
		Special Road and Bridge	3,480,950	0.3500	0.3500 A	3,629,534	0.3434	0.3434	3,748,427	0.3434	0.3434
	Hurricane Township of Carroll Co	General Revenue	6,321,169	0.0916	0.0916	6,294,779	0.0928	0.0928	6,453,505	0.0928	0.0928
		Road & Bridge	6,321,169	0.4073	0.4073	6,294,779	0.4125	0.4125	6,453,505	0.4125	0.4125
		Special Road and Bridge	6,321,169	0.3500	0.3500 A	6,294,779	0.3500	0.3500	6,453,505	0.3500	0.3500
	Leslie Township of Carroll Co	General Revenue	4,023,560	0.0908	0.0908	4,162,459	0.0899	0.0899	4,317,322	0.0899	0.0899
		Road & Bridge	4,023,560	0.4340	0.4340	4,162,459	0.4298	0.4298	4,317,322	0.4298	0.4298
		Special Road and Bridge	4,023,560	0.3371	0.3371	4,162,459	0.3338	0.3338	4,317,322	0.3500	0.3500 A
	Moss Creek Township of Carroll Co	General Revenue	5,632,311	0.1000	0.1000	5,727,536	0.1000	0.1000	5,859,361	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Moss Creek Township of Carroll Co	Road & Bridge	5,632,311	0.5000	0.5000	5,727,536	0.5000	0.5000	5,859,361	0.5000	0.5000
		Special Road and Bridge	5,632,311	0.3500	0.0500	5,727,536	0.3500	0.0500	5,859,361	0.3500	0.0500
	Prairie Township of Carroll Co	General Revenue	3,386,667	0.0842	0.0842	3,545,921	0.0828	0.0828	3,732,672	0.0821	0.0821
		Road & Bridge	3,386,667	0.4001	0.4001	3,545,921	0.3936	0.3936	3,732,672	0.3903	0.3903
		Special Road and Bridge	3,386,667	0.3500	0.3500 A	3,545,921	0.3443	0.3443	3,732,672	0.3414	0.3414
	Ridge Township of Carroll Co	General Revenue	5,636,906	0.0985	0.0985	5,623,061	0.0989	0.0989	5,646,562	0.0989	0.0989
		Road & Bridge	5,636,906	0.4679	0.4679	5,623,061	0.4696	0.4696	5,646,562	0.4696	0.4696
		Special Road and Bridge	5,636,906	0.3500	0.3500 A	5,623,061	0.3500	0.3500	5,646,562	0.3500	0.3500
	Rockford Township of Carroll Co	General Revenue	2,118,594	0.0955	0.0955	2,189,044	0.0952	0.0952	2,220,958	0.0952	0.0900
		Road & Bridge	2,118,594	0.4028	0.2700	2,189,044	0.4016	0.2714	2,220,958	0.4016	0.2600
		Special Road and Bridge	2,118,594	0.3344	0.3344	2,189,044	0.3334	0.3334	2,220,958	0.3500	0.3500 A
	Stokes Mound Township of Carroll Co	General Revenue	3,957,508	0.1000	0.1000	4,077,932	0.1000	0.1000	4,092,955	0.1000	0.1000
		Road & Bridge	3,957,508	0.4728	0.4713	4,077,932	0.4727	0.4727	4,092,955	0.4735	0.4735
		Special Road and Bridge	3,957,508	0.3500	0.3500	4,077,932	0.3500	0.3500	4,092,955	0.3500	0.3500 A
	Sugartree Township of Carroll Co	General Revenue	1,675,418	0.0983	0.0983	1,911,629	0.0983	0.0983	1,725,770	0.1000	0.1000
		Road & Bridge	1,675,418	0.4914	0.4914	1,911,629	0.4914	0.4914	1,725,770	0.5000	0.5000
		Special Road and Bridge	1,675,418	0.3500	0.3500 A	1,911,629	0.3500	0.3500	1,725,770	0.3500	0.3500
	Trotter Township of Carroll Co	General Revenue	3,989,796	0.0924	0.0924	4,036,147	0.0924	0.0924	4,070,943	0.0924	0.0924
		Road & Bridge	3,989,796	0.4625	0.4625	4,036,147	0.4625	0.4625	4,070,943	0.4625	0.4625
		Special Road and Bridge	3,989,796	0.3500	0.3500	4,036,147	0.3500	0.3500	4,070,943	0.3500	0.3500
	Van Horn Township of Carroll Co	General Revenue	6,007,205	0.0965	0.0965	6,152,106	0.0965	0.0965	6,205,179	0.0965	0.0965
		Road & Bridge	6,007,205	0.4625	0.4625	6,152,106	0.4625	0.4625	6,205,179	0.4625	0.4625
		Special Road and Bridge	6,007,205	0.3500	0.3500	6,152,106	0.3500	0.3500	6,205,179	0.3500	0.3500
	Wakenda Township of Carroll Co	General Revenue	6,133,489	0.1000	0.1000	6,207,495	0.1000	0.1000	6,374,810	0.1000	0.1000
		Road & Bridge	6,133,489	0.5000	0.5000	6,207,495	0.5000	0.5000	6,374,810	0.5000	0.5000
		Special Road and Bridge	6,133,489	0.3500	0.3500	6,207,495	0.3500	0.3500	6,374,810	0.3500	0.3500
	Washington Township of Carroll Co	General Revenue	2,798,423	0.0934	0.0934	2,808,283	0.0934	0.0934	2,859,716	0.0934	0.0934
		Road & Bridge	2,798,423	0.4357	0.4357	2,808,283	0.4357	0.4357	2,859,716	0.4357	0.4357
		Special Road and Bridge	2,798,423	0.3441	0.3441	2,808,283	0.3441	0.3441	2,859,716	0.3500	0.3500 A
	Combs Township of Carroll Co	General Revenue	5,611,868	0.0953	0.0953	5,741,307	0.0953	0.0953	5,963,881	0.0953	0.0953
		Road & Bridge	5,611,868	0.4655	0.4655	5,741,307	0.4655	0.4655	5,963,881	0.4655	0.4655
		Special Road and Bridge	5,611,868	0.3336	0.3336	5,741,307	0.3336	0.3336	5,963,881	0.3500	0.3500 A
	North Central Carroll Fire Prot Dis	General Revenue	14,640,387	0.2672	0.2672	14,895,862	0.2672	0.2672	15,203,686	0.2672	0.2672
	Carroll County Fire Protection Dist	General Revenue	42,073,254	0.2874	0.2600	43,136,097	0.2874	0.2600	44,059,879	0.2874	0.2600
	Norborne Fire Protection District	General Revenue	16,144,131	0.3000	0.2500	16,035,627	0.3000	0.2500	16,216,857	0.3000	0.2500
	Hale Fire Protection District	General Revenue	10,779,125	0.3000	0.3000	11,524,939	0.2910	0.2910	12,056,216	0.2910	0.2910
	Hale R-I School District	Operating Funds-Schools	6,469,494	3.9715	3.2309	6,432,430	4.0643	3.2692	6,616,887	4.1754	3.4653

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Hale R-I School District	Debt Service	6,469,494	0.6723	0.6723	6,432,430	0.3393	0.3393	6,616,887	0.4797	0.2086
	Tina-Avalon R-II School District	Operating Funds-Schools	7,410,343	3.3441	3.3441	7,429,083	3.9941	3.9941	7,651,332	4.0000	3.9941
	Bosworth R-V School District	Operating Funds-Schools	6,660,859	3.9444	3.9444	6,495,802	3.8476	3.8476	6,506,354	3.7692	3.7692
	Carrollton R-VII School District	Operating Funds-Schools	50,418,313	3.6137	3.6137	49,690,121	3.6200	3.6200	50,275,772	3.5642	3.5642
	Norborne R-VIII School District	Operating Funds-Schools	12,110,770	4.1402	4.1402	11,932,740	4.1402	4.1402	12,138,925	4.0900	4.0900
		Debt Service	12,110,770	0.2600	0.2600	11,932,740	0.3772	0.2600	12,138,925	0.3761	0.1600
	Carroll County	General Revenue	125,364,092	0.3666	0.2499	126,642,831	0.3666	0.2501	128,745,417	0.3666	0.2513
		Johnson Grass	125,364,092	0.0500	0.0000	126,642,831	0.0500	0.0000	128,745,417	0.0500	0.0000
		Health	125,364,092	0.1000	0.1000	126,642,831	0.1000	0.1000	128,745,417	0.1000	0.1000
		Senate Bill 40	125,364,092	0.1000	0.1000	126,642,831	0.1000	0.1000	128,745,417	0.1000	0.1000
Carter	East Carter County Ambulance Dist	General Revenue	15,287,957	0.4000	0.4000	16,489,041	0.4000	0.4000	19,039,978	0.3895	0.3895
	West Carter County Ambulance Dist	General Revenue	20,755,060	0.3987	0.3987	20,180,307	0.4192	0.4192	23,707,494	0.3878	0.3878
	City of Grandin	General Revenue	746,683	0.7166	0.7166	805,377	0.7353	0.7353	795,194	0.7710	0.7710
		Debt Service	746,683	0.2747	0.2747	805,377	0.1447	0.1447	795,194	0.0000	0.0000
	Carter County Library	General Revenue	36,023,598	0.2000	0.2000	37,608,985	0.2000	0.2000	42,747,500	0.1941	0.1941
	Ellsinore Rural Fire Prot Dist	General Revenue	8,500,758	0.1500	0.1500	9,164,018	0.1500	0.1500	10,436,887	0.1500	0.1500
	Eastwood Fire Protection District	General Revenue	1,594,502	0.2500	0.2500	1,638,927	0.2500	0.2500	1,816,923	0.2403	0.2403
	Fremont Fire Protection District	General Revenue	1,851,292	0.3500	0.3500	2,015,660	0.3500	0.3500	2,186,940	0.3468	0.3468
	East Carter Co R-II School District	Operating Funds-Schools	18,666,602	2.7500	2.7500	19,802,892	2.7500	2.7500	23,663,375	2.7500	2.7500
	Van Buren R-I School District	Operating Funds-Schools	20,552,840	2.7500	2.7500	21,413,062	2.7500	2.7500	24,026,406	2.7500	2.7500
	Carter County	General Revenue	36,023,598	0.3173	0.0700	37,608,985	0.3174	0.0744	42,747,500	0.3081	0.0987
		Road & Bridge	36,023,598	0.2354	0.2354	37,608,985	0.2355	0.2355	42,747,500	0.2286	0.2286
		Health	36,023,598	0.2500	0.2500	37,608,985	0.2500	0.2500	42,747,500	0.2427	0.2427
		Senate Bill 40	36,023,598	0.0819	0.0819	37,608,985	0.0819	0.0819	42,747,500	0.0795	0.0795
		Senior Services	36,023,598	0.0300	0.0300	37,608,985	0.0300	0.0300	42,747,500	0.0291	0.0291
Cass	Pleasant Hill Ambulance District	General Revenue	116,676,671	0.2772	0.2772	121,723,184	0.2773	0.2773	130,517,138	0.2773	0.2773
	Cass Medical Center	General Revenue	1,008,370,254	0.1335	0.1335	1,053,423,236	0.1335	0.1335	1,126,857,075	0.1335	0.1335
	Mt Pleasant Spec Rd Dist Cass Co	Road & Bridge	196,954,187	0.2000	0.2000	203,021,559	0.2000	0.2000	215,111,868	0.1993	0.1993
	City of Archie	General Revenue	7,652,513	0.5961	0.5961	7,907,313	0.5997	0.5997	8,341,620	0.5997	0.5997
	City of Belton	General Revenue	185,177,003	0.5165	0.5165	202,361,054	0.5100	0.5100	204,105,353	0.5197	0.5197
		Parks & Recreation	185,177,003	0.2296	0.2296	202,361,054	0.2267	0.2267	204,105,353	0.2310	0.2310
		Debt Service	185,177,003	0.2657	0.2657	202,361,054	0.2736	0.2736	204,105,353	0.2832	0.2832
	City of Cleveland	General Revenue	6,960,361	0.4797	0.4797	7,169,020	0.4816	0.4816	7,629,926	0.4743	0.4743
	City of Creighton	General Revenue	1,848,351	0.7484	0.7484	1,990,810	0.7484	0.7484	2,051,265	0.7484	0.7484
	City of Drexel	General Revenue	8,252,838	0.5563	0.5500	8,369,923	0.5566	0.5500	8,510,817	0.5566	0.5500
		Debt Service	8,252,838	0.3800	0.3800	8,369,923	0.3680	0.3600	8,510,817	0.3360	0.3300
	City of East Lynne	General Revenue	1,628,613	0.8206	0.8206	1,885,833	0.8158	0.8158	2,116,023	0.8158	0.8158

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	City of East Lynne	Debt Service	1,628,613	1.8551	1.8551	1,885,833	1.2993	1.2993	2,116,023	0.4473	0.4473
	City of Freeman	General Revenue	3,530,075	0.5488	0.5488	3,641,586	0.5488	0.5488	3,747,197	0.5488	0.5488
	City of Garden City	General Revenue	12,556,176	0.3832	0.3832	13,072,106	0.3832	0.3832	13,765,164	0.3832	0.3832
	City of Harrisonville	General Revenue	106,910,292	0.5129	0.5129	109,132,904	0.5129	0.5129	114,894,425	0.5129	0.5129
		Parks & Recreation	106,910,292	0.1161	0.1161	109,132,904	0.1161	0.1161	114,894,425	0.1161	0.1161
		Ambulance	106,910,292	0.1161	0.1161	109,132,904	0.1161	0.1161	114,894,425	0.1161	0.1161
		General Revenue	23,177,025	0.9500	0.9500	24,506,713	0.9576	0.9500	25,686,620	0.9576	0.9500
	City of Lake Winnebago	Debt Service	23,177,025	0.5728	0.5728	24,506,713	0.6129	0.6129	25,686,620	0.6528	0.6528
		General Revenue	32,201,734	0.4260	0.4260	34,343,026	0.4292	0.4292	38,852,330	0.4231	0.4231
	City of Peculiar	Debt Service	**	**	**	34,343,026	0.6342	0.2700	38,852,330	0.6286	0.3500
		General Revenue	64,358,212	0.3637	0.3637	67,153,871	0.3656	0.3656	74,398,320	0.3588	0.3588
	City of Pleasant Hill	Parks & Recreation	64,358,212	0.0727	0.0727	67,153,871	0.0731	0.0731	74,398,320	0.0717	0.0717
		Health	64,358,212	0.0727	0.0727	67,153,871	0.0731	0.0731	74,398,320	0.0717	0.0717
		Road	64,358,212	0.1364	0.1364	67,153,871	0.1371	0.1371	74,398,320	0.1346	0.1346
		Debt Service	64,358,212	0.1086	0.1086	67,153,871	0.0900	0.0900	74,398,320	0.8441	0.1021
	City of Raymore	General Revenue	154,884,894	0.4699	0.4699	166,730,608	0.4702	0.4702	190,613,932	0.4647	0.4647
		Parks & Recreation	154,884,894	0.1265	0.1265	166,730,608	0.1266	0.1266	190,613,932	0.1251	0.1251
		Debt Service	154,884,894	0.7100	0.7100	166,730,608	1.1859	0.7100	190,613,932	1.0651	0.7170
	City of Strasburg	General Revenue	936,024	0.8431	0.8431	935,804	0.8433	0.8433	909,012	0.8682	0.8682
	Village of West Line	General Revenue	673,548	0.5949	0.5929	674,317	0.6080	0.5929	666,850	0.6148	0.6148
	Village of Baldwin Park	General Revenue	494,479	0.3763	0.3763	480,130	0.3876	0.3876	496,526	0.3888	0.3888
	City of Lake Annette	General Revenue	823,270	0.1952	0.1952	809,020	0.2000	0.2000	797,990	0.2000	0.2000
		Debt Service	823,270	2.1794	2.1794	809,020	2.0145	2.0145	797,990	2.0920	2.0920
	Village of Riverview Estates	General Revenue	99,170	0.5000	0.5000 ^A	1,005,200	0.5000	0.5000	1,025,420	0.5000	0.5000
	Cass County Public Library	General Revenue	1,008,370,254	0.1525	0.1525	1,053,423,236	0.1525	0.1525	1,126,857,075	0.1525	0.1525
	Central Cass County Fire Prot Dist	General Revenue	87,993,445	0.2467	0.2467	90,337,127	0.2467	0.2467	95,173,632	0.2467	0.2467
		Ambulance	**	**	**	90,337,127	0.1382	0.1382	95,173,632	0.1382	0.1382
		Debt Service	**	**	**	**	**	**	95,173,632	0.4639	0.2600
	Garden City Fire District	General Revenue	33,415,618	0.2291	0.2291	34,546,642	0.2291	0.2291	35,966,949	0.2291	0.2291
		Ambulance	33,415,618	0.2888	0.2888	34,546,642	0.2888	0.2888	35,966,949	0.2888	0.2888
	South Metropolitan Fire Prot Dist	General Revenue	219,648,223	0.5470	0.5470	231,141,547	0.5562	0.5562	262,537,877	0.5429	0.5429
		Ambulance	219,648,223	0.4284	0.4284	231,141,547	0.4356	0.4356	262,537,877	0.4252	0.4252
		Dispatch	219,648,223	0.0456	0.0456	231,141,547	0.0464	0.0464	262,537,877	0.0453	0.0453
		Debt Service	219,648,223	0.1525	0.1525	231,141,547	0.4144	0.1525	262,537,877	0.3045	0.1525
	West Peculiar Fire Protection Dist	General Revenue	79,698,456	0.6870	0.6869	82,254,982	0.6911	0.6911	89,827,312	0.6835	0.6835
		Ambulance	79,698,456	0.2805	0.2805	82,254,982	0.2822	0.2822	89,827,312	0.2791	0.2791
		Dispatch	79,698,456	0.0483	0.0483	82,254,982	0.0486	0.0486	89,827,312	0.0481	0.0481

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	West Peculiar Fire Protection Dist	Debt Service	79,698,456	0.1611	0.1611	82,254,982	0.1579	0.1579	89,827,312	0.1092	0.1092
	Creighton Fire Protection Dist	General Revenue	7,700,797	0.2373	0.2373	7,963,601	0.2373	0.2373	8,369,817	0.2373	0.2373
	Western Cass Fire Protection Dist	General Revenue	30,249,045	0.4082	0.4082	31,174,735	0.4082	0.4082	32,714,669	0.4082	0.4082
		Dispatch	30,249,045	0.0481	0.0481	31,174,735	0.0481	0.0481	32,714,669	0.0481	0.0481
	Dolan & West Dolan Fire Prot Dist	General Revenue	26,404,605	0.2766	0.2766	26,905,825	0.2766	0.2766	28,000,651	0.2766	0.2766
	East Lynne-Gunn City Fire Prot Dist	General Revenue	14,667,768	0.2981	0.2981	15,406,224	0.2981	0.2981	16,192,771	0.2981	0.2981
	Northeast Cass Fire Protection Dist	General Revenue	52,775,917	0.1500	0.1500	55,014,588	0.1500	0.1500	56,565,784	0.1500	0.1500
	Mount Pleasant Fire Protection Dist	General Revenue	54,918,369	0.2866	0.1500	53,913,139	0.3000	0.1500	59,523,780	0.2856	0.1500
	Dikeland Sewer District	General Revenue	968,004	0.7140	0.0000	986,756	0.7141	0.0000	1,032,583	0.7063	0.0000
	Cass Co R-V School District	Operating Funds-Schools	23,827,614	3.6465	3.4500	24,690,024	3.6088	3.6088	26,366,845	3.6341	3.6341
		Debt Service	23,827,614	0.7000	0.7000	24,690,024	0.8082	0.5412	26,366,845	0.8744	0.5159
	Strasburg C-3 School District	Operating Funds-Schools	9,417,194	4.0404	4.0404	9,541,271	4.0544	4.0544	10,214,222	3.9975	3.9975
		Debt Service	9,417,194	1.2768	1.2768	9,541,271	1.0553	1.0553	10,214,222	0.8822	0.8822
	Raymore-Peculiar R-II School Dist	Operating Funds-Schools	303,533,943	3.7497	3.7497 B	320,374,775	3.7500	3.7497	358,689,653	3.7018	3.7018
		Debt Service	303,533,943	1.2900	1.2900	320,374,775	1.7840	1.2900	358,689,653	2.5880	1.3379
	Sherwood Cass R-VIII School Dist	Operating Funds-Schools	41,795,753	3.0481	3.0000	42,938,910	3.0519	3.0519	45,574,008	3.0515	3.0515
		Debt Service	41,795,753	1.0000	1.0000	42,938,910	1.0004	1.0000	45,574,008	1.0004	1.0000
	East Lynne 40 School District	Operating Funds-Schools	10,627,177	4.3381	3.5579	11,245,027	4.3237	3.4994	11,970,580	4.2919	3.5852
		Debt Service	10,627,177	0.1376	0.1376	11,245,027	0.3356	0.3356	11,970,580	0.2898	0.2898
	Pleasant Hill R-III School District	Operating Funds-Schools	103,481,206	3.6864	3.6864	107,913,774	3.8232	3.6864	118,086,276	3.7606	3.6864
		Debt Service	103,481,206	1.0481	1.0481	107,913,774	1.0496	1.0481	118,086,276	1.6571	1.0481
	Harrisonville R-IX School District	Operating Funds-Schools	161,381,801	4.0905	3.6400	164,660,362	4.0931	3.6400	174,041,386	4.0748	4.0600
		Debt Service	161,381,801	0.8700	0.8700	164,660,362	1.4004	0.8700	174,041,386	1.3052	0.8700
	Drexel R-IV School District	Operating Funds-Schools	15,355,669	4.1352	4.1352	15,786,802	4.3223	4.1352	16,559,806	4.3259	4.1351
		Debt Service	15,355,669	0.9000	0.9000	15,786,802	1.5820	0.9000	16,559,806	1.2093	0.9000
	Midway R-I School District	Operating Funds-Schools	34,086,792	4.8904	4.3536	34,620,781	4.9074	4.3847	36,357,154	4.9025	4.2961
		Debt Service	34,086,792	0.3800	0.3800	34,620,781	0.4513	0.3600	36,357,154	0.6915	0.3615
	Belton 124 School District	Operating Funds-Schools	237,387,305	3.4144	3.4144	251,599,785	4.0144	4.0144 B	263,089,537	3.9721	3.9721
		Debt Service	237,387,305	1.2800	1.2800	251,599,785	1.1947	1.1800	263,089,537	1.7979	1.1800
	Cass County	General Revenue	1,008,370,254	0.2859	0.0661	**	**	**	**	**	**
		Road & Bridge	811,416,058	0.2148	0.2148	1,053,423,236	0.1847	0.1847	1,126,857,075	0.1847	0.1847
		Senate Bill 40	1,008,370,254	0.0381	0.0381	1,053,423,236	0.0381	0.0381	1,126,857,075	0.0381	0.0381
Cedar	Cedar County Ambulance District	General Revenue	120,500,712	0.0985	0.0985	126,280,068	0.0990	0.0990	133,177,295	0.1000	0.0000
	Cedar County Memorial Hospital	General Revenue	120,500,712	0.1477	0.1477	126,280,068	0.1485	0.1485	133,177,295	0.1500	0.1500
	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	4,193,074	0.3456	0.3456	4,460,031	0.3462	0.3462	4,606,225	0.3488	0.3488
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	771,391	0.3438	0.3438	724,065	0.3500	0.3500	766,027	0.3500	0.3500
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	2,226,310	0.3422	0.3422	2,385,018	0.3422	0.3422	2,388,072	0.3443	0.3443

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cedar	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	829,244	0.3500	0.3500	828,873	0.3500	0.3500	882,645	0.3500	0.3500
	Dunnegan Spec Rd Dist Cedar Co	Special Road and Bridge	1,022,930	0.3417	0.3417	1,024,288	0.3417	0.3417	1,052,380	0.3432	0.3432
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	38,784,288	0.3465	0.3465	41,963,849	0.3465	0.3465	42,307,417	0.3500	0.3500
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	753,794	0.3495	0.3495	803,688	0.3500	0.3500	802,139	0.3500	0.3500
	Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	788,532	0.3500	0.3500	774,823	0.3500	0.3500	771,597	0.3500	0.3500
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,453,093	0.3500	0.3500	2,893,411	0.3247	0.3247	2,920,660	0.3271	0.3271
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,273,806	0.3500	0.3500	1,288,452	0.3500	0.3500	1,308,701	0.3500	0.3500
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,508,293	0.3463	0.3463	1,606,524	0.3463	0.3463	1,940,942	0.3465	0.3465
	Omer Special Road Dist Cedar Co	Special Road and Bridge	793,612	0.3500	0.3500	936,779	0.3490	0.3490	955,404	0.3500	0.3500 A
	Rowland Special Road Dist Cedar Co	Special Road and Bridge	4,545,488	0.3454	0.3454	4,644,247	0.3494	0.3494	4,756,109	0.3500	0.3500
	Dogwood Special Road District	Common Road District	581,600	0.3390	0.3390	624,165	0.3500	0.3500 A	672,385	0.3500	0.3500
	City of El Dorado Springs	General Revenue	25,851,518	0.5365	0.5365	27,880,153	0.5365	0.5365	27,654,881	0.5481	0.5365
		Band	25,851,518	0.1292	0.0955	27,880,153	0.1292	0.0955	27,654,881	0.1320	0.0955
		Park	25,851,518	0.1987	0.1987	27,880,153	0.1987	0.1987	27,654,881	0.2030	0.1987
		Recreation	25,851,518	0.0993	0.0993	27,880,153	0.0993	0.0993	27,654,881	0.1000	0.0993
	Village of Jerico Springs	General Revenue	767,495	0.5000	0.5000	762,568	0.5000	0.5000	769,326	0.5000	0.5000
	City of Stockton	General Revenue	17,993,042	0.3961	0.3961	17,997,978	0.4163	0.4163	21,082,093	0.4184	0.4184
		Parks & Recreation	17,993,042	0.0943	0.0943	17,997,978	0.0991	0.0991	21,082,093	0.0996	0.0996
	Village of Umber View Heights	General Revenue	693,040	0.2217	0.2217	703,075	0.2216	0.2216	685,680	0.2272	0.2272
	Cedar County Library District	General Revenue	120,500,712	0.0788	0.0788	126,280,068	0.0792	0.0792	133,177,295	0.0800	0.0800
	Korth Special Road Subdistrict	Special Road and Bridge	2,478,122	0.3094	0.3094	2,383,075	0.3281	0.3281	2,416,561	0.3329	0.3329
	Stockton R-I School District	Operating Funds-Schools	62,112,411	2.7500	2.7500	63,694,624	2.7500	2.7500	70,254,816	2.7500	2.7500
	El Dorado Springs R-II School Dist	Operating Funds-Schools	63,872,950	3.1635	2.7500	67,132,524	3.1679	2.7500	69,506,970	3.1697	2.7500
		Debt Service	63,872,950	0.4900	0.4900	67,132,524	0.5170	0.4900	69,506,970	0.4937	0.4900
	Cedar County	General Revenue	120,500,712	0.3151	0.1471	126,280,068	0.3167	0.1081	133,177,295	0.3199	0.1511
		Road & Bridge	120,500,712	0.2363	0.2363	126,280,068	0.2375	0.2375	133,177,295	0.2399	0.2399
Chariton	Chariton County Ambulance District	General Revenue	104,062,134	0.2583	0.2400	106,383,297	0.2583	0.2400	111,046,353	0.2583	0.2500
	City of Brunswick	General Revenue	5,573,336	0.8636	0.8636	5,711,758	0.8636	0.8636	5,785,753	0.8636	0.8636
	Village of Dalton	General Revenue	376,215	0.5000	0.5000	384,072	0.5000	0.5000	389,982	0.5000	0.5000
	City of Keytesville	General Revenue	2,395,578	0.8274	0.8274	2,436,401	0.8274	0.8274	2,478,275	0.8283	0.8283
		Parks & Recreation	2,395,578	0.2000	0.2000	2,436,401	0.2000	0.2000	2,478,275	0.2000	0.2000
	City of Mendon	General Revenue	1,143,720	0.8211	0.8211	1,172,959	0.8211	0.8211	1,159,310	0.8332	0.8332
	Village of Rothville	General Revenue	262,862	0.8818	0.7300	254,082	0.9123	0.7300	256,883	0.9125	0.7300
	City of Salisbury	General Revenue	12,208,028	0.7128	0.7128	12,264,326	0.7182	0.7182	12,837,826	0.7182	0.7182
		Parks & Recreation	12,208,028	0.1707	0.1707	12,264,326	0.1720	0.1720	12,837,826	0.1720	0.1720
		Library	12,208,028	0.1000	0.1000	12,264,326	0.1000	0.1000	12,837,826	0.1000	0.1000
		Museum	12,208,028	0.1305	0.1305	12,264,326	0.1315	0.1315	12,837,826	0.1315	0.1315

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Chariton	City of Sumner	General Revenue	739,168	0.9975	0.9975	737,060	1.0000	1.0000	761,421	1.0000	1.0000
		Streets	**	**	**	737,060	0.2500	0.2500 A	761,421	0.2500	0.2500
	City of Triplett	General Revenue	268,182	0.9995	0.9995	286,482	0.9921	0.9921	319,399	0.9921	0.9921
	Bee Branch Township of Chariton Co	Road & Bridge	3,550,335	0.5000	0.5000	3,552,240	0.5000	0.5000	3,532,854	0.5000	0.5000
		Special Road and Bridge	3,550,335	0.3500	0.3500 A	3,552,240	0.3500	0.3500	3,532,854	0.3500	0.3500
	Bowling Green Township, Chariton Co	Road & Bridge	4,277,763	0.3499	0.3499	4,315,444	0.3499	0.3499	4,586,870	0.3481	0.3481
		Special Road and Bridge	4,277,763	0.3368	0.3368 A	4,315,444	0.3368	0.3368	4,586,870	0.3351	0.3351
	Brunswick Township of Chariton Co	Road & Bridge	14,157,214	0.4924	0.4924	14,519,657	0.4924	0.4924	15,028,324	0.4924	0.4924
		Special Road and Bridge	14,157,214	0.1576	0.1576	14,519,657	0.1576	0.1576	15,028,324	0.1576	0.1576 A
	Chariton Township of Chariton Co	Road & Bridge	5,730,394	0.3280	0.3280	5,976,527	0.3252	0.3252	6,240,439	0.3252	0.3252
		Special Road and Bridge	5,730,394	0.2155	0.2155	5,976,527	0.2137	0.2137	6,240,439	0.2137	0.2137 A
	Clark Township of Chariton Co	Road & Bridge	4,585,432	0.5000	0.5000	4,809,282	0.5000	0.5000	5,099,620	0.5000	0.5000
		Special Road and Bridge	4,585,432	0.3500	0.3500	4,809,282	0.3500	0.3500	5,099,620	0.3500	0.3500
	Cockrell Township of Chariton Co	Road & Bridge	2,547,709	0.5000	0.5000	2,559,683	0.5000	0.5000	2,690,705	0.5000	0.5000
		Special Road and Bridge	2,547,709	0.3500	0.3500 A	2,559,683	0.3500	0.3500	2,690,705	0.3500	0.3500
	Cunningham Township of Chariton Co	Road & Bridge	5,013,353	0.4927	0.4927	5,108,082	0.4927	0.4927	5,255,295	0.4927	0.4927
		Special Road and Bridge	5,013,353	0.2956	0.2956	5,108,082	0.2956	0.2956	5,255,295	0.2956	0.2956 A
	Keytesville Township of Chariton Co	Road & Bridge	10,024,373	0.3937	0.3937	10,222,284	0.3937	0.3937	10,750,225	0.3937	0.3937
		Special Road and Bridge	10,024,373	0.3436	0.3436 A	10,222,284	0.3436	0.3436	10,750,225	0.3436	0.3436
	Mendon Township of Chariton Co	Road & Bridge	5,145,032	0.4948	0.4948	5,316,456	0.4948	0.4948	5,364,043	0.4948	0.4948
		Special Road and Bridge	5,145,032	0.3463	0.3463	5,316,456	0.3463	0.3463	5,364,043	0.3500	0.3500 A
	Musselfork Township of Chariton Co	Road & Bridge	4,528,303	0.3500	0.3500	4,621,024	0.3500	0.3500	5,154,803	0.3378	0.3378
		Special Road and Bridge	4,528,303	0.2300	0.2300	4,621,024	0.2300	0.2300	5,154,803	0.2300	0.2300 A
	Salisbury Township of Chariton Co	Road & Bridge	28,687,238	0.4985	0.4985	29,200,053	0.4985	0.4985	30,552,327	0.4985	0.4985
		Special Road and Bridge	28,687,238	0.1495	0.1495 A	29,200,053	0.1495	0.1495	30,552,327	0.1495	0.1495
	Salt Creek Township of Chariton Co	Road & Bridge	3,404,701	0.4636	0.4636	3,577,615	0.4575	0.4575	3,728,081	0.4575	0.4575
		Special Road and Bridge	3,404,701	0.3245	0.3245	3,577,615	0.3203	0.3203	3,728,081	0.3203	0.3203 A
	Triplett Township of Chariton Co	Road & Bridge	4,524,311	0.4890	0.4890	4,621,535	0.4890	0.4890	4,705,492	0.4890	0.4890
		Special Road and Bridge	4,524,311	0.3423	0.3423	4,621,535	0.3423	0.3423	4,705,492	0.3423	0.3423 A
	Wayland Township of Chariton Co	Road & Bridge	3,385,119	0.5000	0.5000	3,414,076	0.5000	0.5000	3,610,153	0.5000	0.5000
		Special Road and Bridge	**	**	**	**	**	**	3,610,153	0.2000	0.2000 A
	Yellow Creek Twsp of Chariton Co	Road & Bridge	4,500,857	0.5000	0.5000	4,569,339	0.5000	0.5000	4,747,122	0.5000	0.5000
		Special Road and Bridge	4,500,857	0.3477	0.3477 A	4,569,339	0.3477	0.3477	4,747,122	0.3477	0.3477
	Keytesville Fire Protection Dist	General Revenue	13,956,295	0.1969	0.1969	14,218,110	0.1969	0.1969	14,970,037	0.1969	0.1969
	Mendon Fire Protection District	General Revenue	10,359,443	0.2903	0.2500	10,740,105	0.2903	0.2500	10,917,407	0.2903	0.2500
	Sumner Community Fire Prot Dist	General Revenue	4,245,031	0.3000	0.3000	4,341,608	0.3000	0.3000	4,483,346	0.3000	0.3000
	Yellow Creek Fire Protection Dist	General Revenue	3,658,362	0.3000	0.2000	3,684,906	0.3000	0.2000	3,833,711	0.3000	0.2200

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Chariton	Northwestern R-I School District	Operating Funds-Schools	11,187,161	4.1407	4.1407	11,210,945	4.1628	4.1628	11,621,932	4.0404	4.0404
		Debt Service	11,187,161	0.9900	0.9900	11,210,945	1.8309	0.9900	11,621,932	0.9875	0.9875
	Brunswick R-II School District	Operating Funds-Schools	13,487,517	3.4791	2.9663	13,718,401	3.7291	3.6291 B	14,232,639	3.7009	3.7009
		Debt Service	13,487,517	0.3900	0.3900	13,718,401	0.6029	0.3900	14,232,639	0.6664	0.3900
	Keytesville R-III School District	Operating Funds-Schools	10,970,890	3.5454	3.5454	11,210,602	4.2455	4.1400 B	12,050,262	4.2455	4.2455
	Salisbury R-IV School District	Operating Funds-Schools	34,954,892	3.6756	3.4500	35,181,538	3.6692	3.6692	36,987,038	3.6373	3.6373
	Chariton County	General Revenue	104,062,134	0.3974	0.2900	106,383,297	0.3974	0.2900	111,046,353	0.3974	0.2850
		Health	104,062,134	0.0993	0.0993	106,383,297	0.0993	0.0993	111,046,353	0.0993	0.0993
		Senate Bill 40	104,062,134	0.0993	0.0800	106,383,297	0.0993	0.0700	111,046,353	0.0993	0.0700
		Township	104,062,134	0.0993	0.0993	106,383,297	0.0993	0.0993	111,046,353	0.0993	0.0993
Christian	Christian County Ambulance District	General Revenue	518,558,864	0.1379	0.1379	549,953,265	0.1379	0.1379	652,226,558	0.1303	0.1303
	Billings Spec Rd Dist Christian Co	Road & Bridge	27,381,187	0.2131	0.2000	28,897,335	0.2131	0.2000	33,843,614	0.2055	0.2000
		Special Road and Bridge	27,381,187	0.3500	0.1600	28,897,335	0.3500	0.1600	33,843,614	0.3376	0.1600
	Garrison Spec Rd Dist Christian Co	Road & Bridge	1,194,059	0.2231	0.2231	1,175,027	0.2320	0.0000	1,247,084	0.2275	0.0000
	Nixa Special Road Dist Christian Co	Road & Bridge	131,020,911	0.1004	0.1004	136,920,978	0.1004	0.1004	166,094,790	0.0930	0.0930
	Ozark Spec Rd Dist Christian Co	Road & Bridge	190,845,334	0.1541	0.1541	204,266,957	0.1541	0.1541	242,528,128	0.1455	0.1425
	Selmore Spec Rd Dist Christian Co	Road & Bridge	9,720,800	0.1877	0.1877	10,425,594	0.1877	0.1877	11,871,219	0.1786	0.1786
	South Sparta Road Dist Christian Co	Road & Bridge	6,434,721	0.1755	0.1755	6,904,958	0.1755	0.1755	7,996,508	0.1699	0.1699
	Terrell Creek Rd Dist Christian Co	Road & Bridge	1,395,398	0.2761	0.0000	1,499,734	0.2761	0.0000	0	0.0000	0.0000
	Stoneshire Sp Rd Dist Christian Co	Road & Bridge	1,964,803	0.1473	0.0000	2,074,848	0.1473	0.1473	2,283,214	0.1420	0.1420
	City of Billings	General Revenue	7,496,215	0.5687	0.5687	7,558,713	0.5687	0.5687	8,181,071	0.5527	0.5527
		Parks & Recreation	7,496,215	0.1651	0.1651	7,558,713	0.1651	0.1651	8,181,071	0.1605	0.1605
	City of Clever	General Revenue	8,493,623	0.6218	0.6218	8,750,262	0.6218	0.6218	10,521,669	0.6218	0.6218
	City of Nixa	General Revenue	105,645,899	0.3599	0.3599	136,787,686	0.3599	0.3599	137,581,394	0.3257	0.3257
	City of Ozark	General Revenue	94,350,865	0.2609	0.2609	127,293,386	0.2600	0.2600	131,230,279	0.2376	0.2376
		Parks & Recreation	94,350,865	0.0652	0.0652	127,293,386	0.0650	0.0650	131,230,279	0.0594	0.0594
		Debt Service	94,350,865	0.0614	0.0614	127,293,386	0.0165	0.0165	**	**	**
	City of Sparta	General Revenue	6,865,888	0.3973	0.3973	7,451,772	0.3973	0.3973	9,202,283	0.3798	0.3798
	City of Fremont Hills	General Revenue	12,257,273	0.6418	0.2786	12,761,238	0.6418	0.3183	14,767,101	0.6119	0.3612
		Debt Service	12,257,273	0.4114	0.4114	12,761,238	0.3717	0.3717	14,767,101	0.3488	0.3488
	Christian County Library District	General Revenue	572,913,955	0.0922	0.0922	608,253,889	0.0922	0.0922	722,147,609	0.0872	0.0872
	Ozark Rural Fire Protection Dist	General Revenue	113,472,798	0.2367	0.2367	245,256,323	0.2300	0.2300	288,127,873	0.2188	0.2188
	Nixa Fire Protection District	General Revenue	220,319,499	0.3254	0.3192	233,598,357	0.6754	0.6754	278,921,420	0.6338	0.6338
		Debt Service	220,319,499	0.0808	0.0808	233,598,357	0.0746	0.0746	**	**	**
	Billings Fire Protection District	General Revenue	34,537,888	0.4061	0.4061	36,146,896	0.4061	0.4061	40,747,535	0.3933	0.3933
	Clever Fire Protection District	General Revenue	31,199,735	0.2735	0.2735	34,084,408	0.4035	0.4035	42,677,736	0.3861	0.3861
	Highlandville Fire Protection Dist	General Revenue	40,116,550	0.2549	0.2549	42,766,273	0.2549	0.2549	49,215,211	0.2453	0.2453

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Christian	Sparta Fire Protection District	General Revenue	22,031,638	0.2908	0.2908	25,050,004	0.2797	0.2797	28,693,572	0.2728	0.2728
	Chadwick Rural Fire Protection Dist	General Revenue	6,948,214	0.3000	0.3000	6,989,360	0.3000	0.3000	7,902,562	0.2955	0.2955
	Chadwick R-I School District	Operating Funds-Schools	7,963,521	3.0942	3.0942	8,109,426	3.1332	3.1332	9,269,749	3.0732	3.0732
		Debt Service	7,963,521	1.8201	1.8201	8,109,426	1.7792	1.7792	9,269,749	1.6265	1.6265
	Nixa R-II School District	Operating Funds-Schools	220,008,712	2.8334	2.8334	233,382,753	3.2434	3.2434	279,097,785	3.2434	3.2434
		Debt Service	220,008,712	1.0666	1.0666	233,382,753	1.7274	1.0666	279,097,785	1.5843	1.0666
	Sparta R-III School District	Operating Funds-Schools	21,998,192	2.7938	2.7938	23,200,350	2.7946	2.7946	27,100,387	2.7500	2.7500
		Debt Service	21,998,192	0.7073	0.7073	23,200,350	0.7069	0.7069	26,979,949	0.8080	0.7500
	Billings R-IV School District	Operating Funds-Schools	20,308,074	3.1600	3.1600	20,635,741	3.1714	3.1714	23,503,231	3.0458	3.0448
		Debt Service	20,308,074	0.4400	0.4400	20,635,741	0.4793	0.4400	23,503,231	0.6298	0.5565
	Clever R-V School District	Operating Funds-Schools	28,066,621	3.0648	3.0648	30,738,016	3.0488	3.0488	38,927,798	2.9080	2.9080
		Debt Service	28,066,621	0.2276	0.2276	30,738,016	0.6776	0.6776	38,927,798	0.6800	0.6324
	Ozark R-VI School District	Operating Funds-Schools	213,196,148	3.2400	3.2400	226,991,578	3.2419	3.2400	272,128,519	3.0406	3.0406
		Debt Service	213,196,148	0.9000	0.9000	226,991,578	1.9627	0.9000	272,128,519	1.3149	1.0994
	Spokane R-VII School District	Operating Funds-Schools	29,631,033	3.3832	3.3832	32,037,295	3.6332	3.6332	37,803,858	3.4709	3.4709
		Debt Service	29,631,033	1.1468	1.1468	32,037,295	0.9755	0.8968	37,803,858	1.2463	0.8968
	Christian County	General Revenue	572,913,955	0.2304	0.0113	608,253,889	0.2304	0.0000	722,147,609	0.2180	0.0000
		Health	572,913,955	0.0461	0.0461	608,253,889	0.0461	0.0461	722,147,609	0.0436	0.0436
		Senate Bill 40	572,913,955	0.0830	0.0830	608,253,889	0.0830	0.0830	722,147,609	0.0785	0.0785
		Senior Services	572,913,955	0.0005	0.0495	608,253,889	0.0005	0.0495	722,147,609	0.0005	0.0462
		Common #1 Road & Bridge	64,050,586	0.1966	0.0000	66,386,177	0.1966	0.0000	78,060,903	0.1896	0.0000
		Common #2 Road & Bridge	124,643,133	0.0747	0.0000	149,702,281	0.0747	0.0000	178,222,149	0.0713	0.0000
Clark	Clark County Ambulance District	General Revenue	70,925,618	0.3000	0.3000	71,735,270	0.3000	0.3000	74,316,421	0.3000	0.3000
	Clark County Nursing Home District	General Revenue	70,925,618	0.1200	0.1200	71,735,270	0.1200	0.1200	74,316,421	0.1200	0.1200
	Wayland Special Rd Dist Clark Co	Road & Bridge	8,631,131	0.3500	0.3500	8,729,491	0.3500	0.3500	8,882,281	0.3500	0.3500
	City of Alexandria	General Revenue	997,218	1.0000	0.8000	985,078	1.0000	0.8000	1,010,614	1.0000	0.8000
	City of Kahoka	General Revenue	13,073,689	0.7649	0.7510	13,000,255	0.7756	0.7756	13,577,238	0.7756	0.7756
		Parks & Recreation	13,073,689	0.1500	0.1500	13,000,255	0.1500	0.1500	13,577,238	0.1500	0.1500
		Library	13,073,689	0.2400	0.2400	13,000,255	0.2400	0.2400	13,577,238	0.2400	0.2400
	Village of Luray	General Revenue	272,013	0.6000	0.6000	275,202	0.6000	0.6000	299,054	0.5999	0.5999
	City of Wayland	General Revenue	2,540,184	0.5990	0.5990	2,585,675	0.6059	0.6059	2,556,477	0.6183	0.6183
		Streets	2,540,184	0.2313	0.2313	2,585,675	0.2339	0.2339	2,556,477	0.2387	0.2387
	City of Wyaconda	General Revenue	1,320,769	0.8368	0.8368	1,310,061	0.8464	0.8464	1,333,086	0.8481	0.8481
	Village of Revere	General Revenue	502,835	1.1171	1.1171	489,153	1.1573	1.1573	483,316	1.0000	1.0000
	Clark County Library	General Revenue	57,851,929	0.1000	0.1000	58,735,013	0.1000	0.1000	60,739,182	0.1000	0.1000
	Alexandria Fire Protection Dist	General Revenue	6,152,727	0.3000	0.3000	6,112,280	0.3000	0.3000	6,197,692	0.3000	0.3000
	Wyaconda C-1 School District	Operating Funds-Schools	3,411,320	4.7500	4.7500	3,406,662	4.7500	4.7500	3,542,190	4.7500	4.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clark	Revere C-3 School District	Operating Funds-Schools	5,231,328	4.9200	4.9200	5,276,202	4.9200	4.9200	5,567,382	4.9200	4.9200
	Luray 33 School District	Operating Funds-Schools	3,605,036	4.2500	4.2500	3,626,791	4.2500	4.2500	3,767,030	4.2500	4.2500
	Clark Co. R-I School District	Operating Funds-Schools	47,845,972	3.1797	2.7500	48,170,738	3.2377	2.7500	49,760,459	3.2015	2.7500
		Debt Service	47,845,972	0.7500	0.7500	48,170,738	1.3017	0.6500	49,760,459	1.0986	0.7500
	Clark County	General Revenue	70,925,618	0.5000	0.3500	71,735,270	0.5000	0.3500	74,316,421	0.5000	0.3500
		Road & Bridge	62,294,487	0.3500	0.3500	63,005,778	0.3500	0.3500	65,434,141	0.3500	0.3500
		Health	70,925,618	0.1000	0.1000	71,735,270	0.1000	0.1000	74,316,421	0.1000	0.1000
		Special Road and Bridge	62,294,487	0.3500	0.3500	**	**	**	65,434,141	0.3500	0.3500 A
Clay	Eastern Clay County Ambulance Dist	General Revenue	**	**	**	19,350,040	0.3000	0.3000 A	25,817,961	0.2960	0.2960
	New Liberty Hospital District	General Revenue	695,433,734	0.1278	0.0968	770,501,346	0.1265	0.1265	859,591,276	0.1265	0.1265
	City of Avondale	General Revenue	4,034,889	0.4031	0.4031	4,011,628	0.4054	0.4054	4,256,555	0.4000	0.4000
		Debt Service	4,034,889	0.7281	0.7281	4,011,628	0.6661	0.6661	4,256,555	0.6549	0.6549
	Village of Birmingham	General Revenue	2,292,559	0.3002	0.3000	2,261,116	0.3044	0.3000	2,825,969	0.2537	0.2537
	Village of Claycomo	General Revenue	154,889,433	0.3300	0.3300	194,444,332	0.3300	0.3300	207,207,431	0.3300	0.3300
		Debt Service	154,889,433	0.1882	0.1882	**	**	**	**	**	**
	City of Excelsior Springs	General Revenue	115,503,741	0.5649	0.5649	111,681,476	0.5782	0.5700	120,369,704	0.5720	0.5720
		Hospital	115,503,741	0.1586	0.1586	114,937,256	0.1623	0.1600	123,878,754	0.1604	0.1604
		Parks	115,503,741	0.1586	0.1586	114,937,256	0.1623	0.1600	123,878,754	0.1604	0.1604
		Recreation	115,503,741	0.1586	0.1586	114,937,256	0.1623	0.1600	123,878,754	0.1604	0.1604
	City of Gladstone	General Revenue	335,438,471	0.5368	0.5368	336,610,796	0.5391	0.5391	362,135,588	0.9291	0.9291
	City of Glenaire	General Revenue	5,848,972	0.5957	0.5958 D	5,739,925	0.6099	0.6099	6,090,910	0.5976	0.5976
	City of Holt	General Revenue	4,316,199	0.4395	0.4395	4,360,695	0.4395	0.4395	4,668,871	0.4313	0.4313
	City of Kearney	General Revenue	89,300,315	0.7110	0.6200	94,520,225	0.7110	0.6200	104,981,592	0.7075	0.5900
		Debt Service	89,300,315	0.0400	0.0400	94,520,225	0.0514	0.0500	104,981,592	0.0515	0.0500
	City of Liberty	General Revenue	385,834,134	0.8235	0.8235	392,865,815	0.8316	0.8316	432,482,616	0.8225	0.8225
		Parks & Recreation	385,834,134	0.1453	0.1453	392,865,815	0.1467	0.1467	432,482,616	0.1451	0.1451
	City of Missouri City	General Revenue	1,893,844	0.8664	0.8664	1,793,445	0.9000	0.9000	1,869,125	0.9000	0.9000
	City of Mosby	General Revenue	1,696,375	0.4821	0.4808	1,679,073	0.4875	0.4875	2,120,573	0.4875	0.4875
	City of North Kansas City	General Revenue	274,410,577	0.3336	0.3200	271,111,236	0.3386	0.3200	292,623,927	0.3386	0.3200
		Parks & Recreation	274,410,577	0.1192	0.1192	271,111,236	0.1200	0.1192	292,623,927	0.1200	0.1192
		Library	274,410,577	0.1920	0.1800	271,111,236	0.1949	0.1800	292,623,927	0.1949	0.1949
		Pension	274,410,577	0.2022	0.1600	271,111,236	0.2052	0.2000	292,623,927	0.2052	0.2052
	Village of Oaks	General Revenue	2,392,674	0.4192	0.4192	2,380,571	0.4213	0.4213	2,537,841	0.4127	0.4127
		Fire	2,392,674	0.2600	0.2600	**	**	**	**	**	**
		Fire	**	**	**	2,380,571	0.3000	0.3000 A	2,537,841	0.2939	0.2939
	Village of Oakview	General Revenue	5,650,095	0.2967	0.2967	5,688,813	0.4267	0.4267	6,046,455	0.4208	0.4208
		Fire	5,650,095	0.1102	0.1102	5,688,813	0.1102	0.0733	6,046,455	0.1087	0.1087

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004				2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied
Clay	Village of Oakview	Fire & Amb Temp	**	**	**	5,688,813	0.3000	0.3000	A	6,046,455	0.2959	0.2959
		Fire Temp	5,650,095	0.2542	0.2542	**	**	**		**	**	**
	Village of Oakwood	General Revenue	4,249,497	0.2781	0.2781	4,183,166	0.2826	0.2700		4,358,870	0.2826	0.2800
		Fire	4,249,497	0.2529	0.2529	**	**	**		**	**	**
		Fire	**	**	**	4,183,166	0.3000	0.3000	A	4,358,870	0.3000	0.3000
		General Revenue-Temp	4,249,497	0.1517	0.1517	4,183,166	0.2300	0.2300	A	4,358,870	0.2300	0.2200
	Village of Oakwood Park	General Revenue	2,319,302	0.2454	0.2454	2,345,200	0.2454	0.2454		2,550,239	0.2406	0.2406
	City of Pleasant Valley	General Revenue	36,392,903	0.6379	0.6379	36,724,981	0.6443	0.6443		39,542,285	0.6443	0.6443
	Village of Prathersville	General Revenue	2,021,086	0.3001	0.3001	2,041,084	0.3028	0.3028		2,194,557	0.3018	0.3018
	City of Randolph	General Revenue	5,918,899	0.3406	0.3402	5,404,918	0.3730	0.3730		6,671,691	0.3730	0.3730
	Kearney Fire Protection District	General Revenue	194,353,618	0.2669	0.2669	202,881,479	0.5169	0.5169		223,186,082	0.5124	0.5124
		Ambulance	194,353,618	0.2669	0.2669	202,881,479	0.2669	0.2669		223,186,082	0.2646	0.2646
		Dispatch	194,353,618	0.0288	0.0288	202,881,479	0.0288	0.0288		223,186,082	0.0285	0.0285
	Holt Community Fire Protection Dist	General Revenue	56,126,258	0.2696	0.2696	57,314,732	0.2696	0.2696		61,602,848	0.2684	0.2684
		Ambulance	56,126,258	0.2696	0.2696	57,314,732	0.2696	0.2696		61,602,848	0.2684	0.2684
	Fishing River Fire Protection Dist	General Revenue	38,084,907	0.2725	0.2725	38,326,397	0.2749	0.2749		41,951,561	0.2729	0.2729
	Clay County Health Center	General Revenue	2,893,004,354	0.0995	0.0995	3,054,066,385	0.0995	0.0995		3,330,873,375	0.0995	0.0995
	Developmental Disabilities Resource	General Revenue	2,893,004,354	0.1194	0.1194	3,054,066,349	0.1194	0.1194		3,330,873,375	0.1191	0.1191
	Clay Platte Ray MHB of Trustees	General Revenue	2,893,004,354	0.0977	0.0977	3,054,066,349	0.0977	0.0977		3,330,873,375	0.0974	0.0974
	The 210 Hwy Trans Development Dist	General Revenue	52,029,926	0.1000	0.0577	55,523,841	0.0997	0.0562		55,549,681	0.0997	0.0541
	Kearney R-I School District	Operating Funds-Schools	228,132,891	3.4407	2.9180	236,592,781	3.4408	3.4408		258,893,511	3.3925	3.3925
		Debt Service	228,132,891	1.1500	1.1500	236,592,781	1.8596	1.1500		258,893,511	1.2365	1.1500
	Smithville R-II School District	Operating Funds-Schools	137,998,868	3.3375	3.3375	146,118,309	3.3512	3.3375		162,827,476	3.3340	3.3340
		Debt Service	137,998,868	0.9600	0.9600	146,118,309	1.6527	0.9600		162,827,476	1.2527	0.9600
	Excelsior Springs 40 School Dist	Operating Funds-Schools	169,131,807	3.8432	3.8432	176,532,212	3.9985	3.8932	B	191,122,974	3.9817	3.9473
		Debt Service	169,131,807	0.7700	0.7700	176,532,212	1.1038	0.6200		191,122,974	0.7281	0.7200
	Liberty 53 School District	Operating Funds-Schools	508,099,248	4.6690	4.6500	536,945,850	4.7066	4.6500		618,579,388	4.7336	4.7336
		Debt Service	508,099,248	0.9900	0.9900	536,945,850	2.6021	0.9900		618,579,388	2.2587	0.9064
	Missouri City 56 School District	Operating Funds-Schools	5,485,869	4.2595	3.7868	5,405,870	4.3410	3.8725		5,837,913	4.2919	3.8365
	North Kansas City 74 School Dist	Operating Funds-Schools	1,766,875,977	4.2098	4.1498	1,861,292,743	4.2098	4.2098		2,013,497,387	4.5998	4.5998
		Debt Service	1,766,875,977	0.7900	0.7900	1,861,292,743	0.8400	0.8400		2,013,497,387	1.0200	1.0200
	Clay County	General Revenue	2,893,004,354	0.0000	0.0000	3,054,066,349	0.0000	0.0000		3,330,873,375	0.0000	0.0000
		Parks & Recreation	2,893,004,354	0.0000	0.0000	3,054,066,349	0.0000	0.0000		3,330,873,375	0.0000	0.0000
		Road & Bridge	2,893,004,354	0.0000	0.0000	3,054,066,349	0.0000	0.0000		3,330,873,375	0.0000	0.0000
		Senior Services	**	**	**	3,054,066,349	0.0500	0.0500	A	3,330,873,375	0.0499	0.0499
Clinton	Cameron Ambulance District	General Revenue	80,352,975	0.1886	0.1886	81,380,585	0.1906	0.1906		87,606,596	0.1897	0.1897
	Tri-County Ambulance District	General Revenue	145,255,342	0.1734	0.1734	144,659,916	0.2700	0.2700		148,120,217	0.2700	0.2700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clinton	Cameron Spec Rd Dist Clinton Co	Road & Bridge	47,698,709	0.2430	0.2430	48,182,495	0.2458	0.2458	51,794,354	0.2458	0.2458
		Special Road and Bridge	47,698,709	0.3372	0.3372	48,182,495	0.3410	0.3410	51,794,354	0.3410	0.3410
	Plattsburg Spec Rd Dist Clinton Co	Road & Bridge	31,069,622	0.2614	0.2614	33,006,412	0.2614	0.2614	34,503,389	0.2614	0.2614
		Special Road and Bridge	31,069,622	0.3500	0.3500 A	33,006,412	0.3500	0.3500	34,503,389	0.3500	0.3500
	City of Cameron	General Revenue	57,743,442	0.5757	0.6022	57,716,507	0.5894	0.5894	62,067,060	0.5852	0.5852
		Parks & Recreation	57,743,442	0.1414	0.1479	57,716,507	0.1448	0.1448	62,067,060	0.1438	0.1438
		Library	57,743,442	0.1617	0.1692	57,716,507	0.1656	0.1656	62,067,060	0.1644	0.1644
		Band Revenue	57,743,442	0.0808	0.0846	57,716,507	0.0827	0.0827	62,067,060	0.0821	0.0821
	City of Gower	General Revenue	11,590,491	0.5347	0.5347	11,773,865	0.5347	0.5347	12,572,779	0.5341	0.5341
	City of Lathrop	General Revenue	16,076,650	0.5769	0.5769	16,596,439	0.5785	0.5785	17,772,430	0.5761	0.5761
		Parks & Recreation	16,076,650	0.1518	0.1518	16,596,439	0.1522	0.1522	17,772,430	0.1516	0.1516
		Debt Service	16,076,650	0.5358	0.5358	16,596,439	0.4174	0.4174	17,772,430	0.3592	0.3592
	City of Plattsburg	General Revenue	22,014,328	0.5641	0.5641	23,316,449	0.5641	0.5641	24,210,842	0.5641	0.5641
		Police	22,014,328	0.2140	0.2140	23,316,449	0.2140	0.2140	24,210,842	0.2140	0.2140
		Band	22,014,328	0.0193	0.0000	23,316,449	0.0193	0.0000	**	**	**
		Cemetery	22,014,328	0.0193	0.0193	23,316,449	0.0193	0.0193	**	**	**
		Park	22,014,328	0.1362	0.1362	23,316,449	0.1362	0.1362	24,210,842	0.1362	0.1362
		Recreation	22,014,328	0.0483	0.0483	23,316,449	0.0483	0.0483	24,210,842	0.0483	0.0483
		Lights	22,014,328	0.2415	0.0865	23,316,449	0.2415	0.0896	24,210,842	0.2500	0.0825 A
		Cemetery-temp	**	**	**	**	**	**	24,210,842	0.0200	0.0200 A
	City of Trimble	General Revenue	4,738,534	0.3385	0.3385	4,937,513	0.3392	0.3392	5,578,815	0.3347	0.3347
		Debt Service	4,738,534	1.1500	1.1500	4,937,513	0.7599	0.7599	5,578,815	0.5504	0.5504
	Village of Turney	General Revenue	1,021,913	0.3456	0.3456	1,003,599	0.3546	0.3546	1,043,418	0.3538	0.3538
	Gower Fire Protection District	General Revenue	27,470,704	0.2585	0.2585	27,204,330	0.2646	0.2646	29,548,435	0.2628	0.2628
	Lathrop Fire Protection District	General Revenue	35,621,130	0.2682	0.2682	37,280,640	0.2682	0.2682	40,743,867	0.2672	0.2672
	Plattsburg Fire Protection District	General Revenue	43,834,217	0.2359	0.2359	46,200,474	0.2359	0.2359	48,391,563	0.2359	0.2359
	Cameron Fire Protection District	General Revenue	28,700,958	0.2727	0.2727	30,021,517	0.2727	0.2727	32,773,497	0.2712	0.2712
	Cameron R-I School District	Operating Funds-Schools	85,840,017	3.5840	3.5840	87,040,077	3.6220	3.6220	94,527,593	3.5751	3.5751
		Debt Service	85,840,017	0.4800	0.4800	87,040,077	0.4985	0.4800	94,527,593	0.4878	0.4800
	Lathrop R-II School District	Operating Funds-Schools	43,638,629	3.6400	3.6400	45,572,987	4.3900	3.7400 B	49,696,843	4.3900	4.3900
		Debt Service	43,638,629	0.2434	0.2434	45,572,987	0.3102	0.3000	49,696,843	0.3218	0.3000
	Clinton County R-III School Dist	Operating Funds-Schools	54,728,636	3.4372	3.1634	57,481,208	3.9134	3.6634 B	62,078,747	3.9134	3.9134
		Debt Service	54,728,636	1.0000	1.0000	57,481,208	1.1932	1.0000	62,078,747	1.7183	0.7500
	Clinton County	General Revenue	198,700,839	0.3454	0.2150	205,388,223	0.3454	0.2050	220,214,261	0.3454	0.2395
		Common Road District	119,932,508	0.2751	0.2751	124,199,316	0.2751	0.2751	133,916,518	0.2751	0.2751
		Special Road and Bridge	119,932,508	0.3500	0.3500 A	124,199,316	0.3500	0.3500	133,916,518	0.3500	0.3500
		Health	198,700,839	0.0887	0.0887	205,388,223	0.0887	0.0887	220,214,261	0.0887	0.0887

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clinton	Clinton County	Senate Bill 40	198,700,839	0.0887	0.0887	205,388,223	0.0887	0.0887	220,214,261	0.0887	0.0887
Cole	Village of Centertown	General Revenue	3,120,432	0.6679	0.6679	3,124,344	0.6983	0.6983	3,429,158	0.6762	0.6762
	City of Jefferson City	General Revenue	649,622,736	0.5556	0.4800	680,378,784	0.5556	0.4800	729,067,722	0.5480	0.4800
		Parks & Recreation	649,622,736	0.1754	0.1600	680,378,784	0.1754	0.1600	**	**	**
		Firemen Retirement	649,622,736	0.0973	0.0973	680,378,784	0.0973	0.0973	729,067,722	0.0960	0.0960
	City of Lohman	General Revenue	1,797,393	0.2645	0.2645	1,819,681	0.2707	0.2707	1,997,752	0.2574	0.2574
		Debt Service	1,797,393	0.3678	0.3678	1,819,681	0.3572	0.3572	1,997,752	0.3204	0.3204
	City of Russellville	General Revenue	6,100,728	0.7450	0.7450	6,258,345	0.7500	0.7500	6,764,037	0.7229	0.7229
	City of Taos	General Revenue	8,398,644	0.2794	0.2794	8,740,352	0.2797	0.2794	9,850,108	0.2749	0.2749
	Jeff City/Cole County Library Dist	General Revenue	1,027,821,761	0.1934	0.1934	1,054,055,115	0.1945	0.1945	1,136,043,788	0.1917	0.1917
	Cole County Fire Protection Dist	General Revenue	149,885,079	0.2881	0.2881	150,339,184	0.2924	0.2924	164,720,070	0.2886	0.2886
	Regional West Fire Protection Dist	General Revenue	124,382,471	0.2915	0.2915	129,055,356	0.2941	0.2941	141,479,563	0.2879	0.2879
	Osage Fire Protection District	General Revenue	95,224,186	0.2889	0.2889	83,030,159	0.3000	0.3000	88,233,553	0.3000	0.3000
	Russellville-Lohman Fire Prot Dist	General Revenue	34,415,229	0.3000	0.3000 A	36,326,033	0.3000	0.3000	39,753,568	0.2942	0.2930
	Cole Co R-I School District	Operating Funds-Schools	37,807,372	3.2808	2.7500	38,820,883	3.3168	3.1174	42,435,171	3.2301	3.2301
		Debt Service	37,807,372	0.8800	0.8800	38,820,883	1.0543	0.8800	42,435,171	0.9869	0.8800
	Cole Co R-II School District	Operating Funds-Schools	60,814,220	2.8317	2.7500	63,166,542	2.8395	2.7500	71,757,801	2.7531	2.7500
		Debt Service	60,814,220	0.6100	0.6100	63,166,542	0.8262	0.6100	71,757,801	0.8080	0.6100
	Cole Co. R-V School District	Operating Funds-Schools	45,555,123	3.3275	2.9500	46,176,066	3.3717	2.9500	50,548,322	3.3578	2.9500
		Debt Service	45,555,123	0.7000	0.7000	46,176,066	0.9631	0.7000	50,548,322	1.3448	0.7000
	Jefferson City School District	Operating Funds-Schools	936,524,947	3.7642	3.4642 B	953,235,365	3.7642	3.4642	1,023,672,239	3.7252	3.4352
		Debt Service	936,524,947	0.2470	0.2470	953,235,365	0.4372	0.2470	1,023,672,239	0.3660	0.2470
	Cole County	General Revenue	1,027,821,761	0.3384	0.3384	1,054,055,115	0.3404	0.3384	1,136,043,788	0.3355	0.3355
		Road & Bridge	1,027,821,761	0.2809	0.2700	1,054,055,115	0.2825	0.2700	1,136,043,788	0.2785	0.2700
		Senate Bill 40	1,027,821,761	0.0872	0.0872	1,054,055,115	0.0877	0.0877	1,136,043,788	0.0864	0.0864
Cooper	Cooper County Ambulance District	General Revenue	166,202,701	0.1200	0.1200	171,623,866	0.1200	0.1200	185,101,083	0.1195	0.1195
	Cooper County Memorial Hospital	General Revenue	166,202,701	0.1500	0.1500	171,623,866	0.1500	0.1500	185,101,083	0.1494	0.1494
	Cooper Co Nursing Home District	General Revenue	27,505,984	0.1420	0.1400	28,528,580	0.1420	0.1400	30,357,152	0.1418	0.1400
	City of Blackwater	General Revenue	986,657	0.9575	0.9575	1,021,791	0.9538	0.9538	1,055,710	0.9538	0.9538
		Debt Service	986,657	0.7601	0.7601	1,021,791	0.4916	0.4916	1,055,710	0.6964	0.6964
	City of Boonville	General Revenue	71,158,399	0.6580	0.6200	71,562,656	0.6649	0.6200	78,308,336	0.6559	0.6200
	City of Bunceton	General Revenue	1,543,590	0.9944	0.9944	1,625,112	0.9944	0.9944	1,712,402	0.9851	0.9851
	City of Otterville	General Revenue	2,389,108	0.8105	0.8105	2,438,533	0.8105	0.8105	2,546,369	0.8074	0.8074
	City of Pilot Grove	General Revenue	4,219,516	0.6930	0.6930	4,168,725	0.7039	0.7039	4,711,558	0.6858	0.6858
	City of Prairie Home	General Revenue	1,281,470	1.0000	1.0000	1,357,027	1.0000	1.0000	1,568,014	0.9526	0.9526
	Village of Wooldridge	General Revenue	160,165	0.6586	0.6586	164,713	0.6553	0.6553	176,777	0.6552	0.6552
	Cooper Co Fire Protection Dist	General Revenue	41,362,083	0.4802	0.4802	43,814,567	0.4802	0.4802	47,072,142	0.4802	0.4100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cooper	Cooper Co Fire Protection Dist	Debt Service	**	**	**	**	**	**	47,072,142	0.4009	0.4009
	Otterville Fire Protection District	General Revenue	9,703,602	0.2990	0.2990	9,960,377	0.2990	0.2990	10,373,438	0.2990	0.2990
	Prairie Home Rural Fire Prot Dist	General Revenue	7,003,855	0.2555	0.2555	8,374,701	0.2561	0.2561	8,836,455	0.2561	0.2561
	Blackwater R-II School District	Operating Funds-Schools	6,318,471	3.3864	3.2300	6,449,164	3.4199	3.2300	6,879,136	3.4347	3.4300
	Cooper Co. R-IV School District	Operating Funds-Schools	6,743,012	4.5239	4.5239	6,917,451	4.3770	4.3770	7,445,357	4.1648	4.1648
		Debt Service	6,743,012	0.6630	0.6630	6,917,451	0.6054	0.6054	7,445,357	0.8901	0.8901
	Prairie Home R-V School District	Operating Funds-Schools	8,651,508	4.0534	4.0534	9,037,525	4.6663	4.6534 B	9,715,210	4.6533	4.6533
		Debt Service	8,651,508	0.4683	0.4683	9,037,525	0.5255	0.4683	9,715,210	0.4889	0.4483
	Otterville R-VI School District	Operating Funds-Schools	10,039,529	3.7726	3.7726	10,021,997	4.0490	3.9000	11,078,717	3.7294	3.7294
		Debt Service	10,039,529	0.6684	0.6684	10,021,997	0.6236	0.5800	11,078,717	0.7171	0.7171
	Pilot Grove C-4 School District	Operating Funds-Schools	13,050,517	3.3815	3.1050	13,194,958	3.4152	3.1050	14,433,853	3.2341	3.2341
		Operating Funds Temp	13,050,517	0.6950	0.6950	13,194,958	0.6950	0.6950	14,433,853	0.6893	0.6893
		Debt Service	13,050,517	0.6300	0.6300	13,194,958	1.4115	0.6300	14,433,853	1.3020	0.6300
	Boonville R-I School District	Operating Funds-Schools	98,373,175	3.5091	3.5091	87,867,659	3.5037	3.5037	109,040,435	3.4172	3.4172
		Debt Service	98,373,175	0.4300	0.4300	99,558,905	0.4200	0.4200	109,040,435	0.4500	0.4500
	Cooper County	General Revenue	166,202,701	0.4229	0.1500	171,623,866	0.4229	0.2171	185,101,083	0.4212	0.2171
		Road & Bridge	166,202,701	0.3121	0.3121	171,623,866	0.3121	0.3121	185,101,083	0.3109	0.3109
		Senate Bill 40	166,202,701	0.2000	0.2000	171,623,866	0.2000	0.2000	185,101,083	0.1992	0.1992
Crawford	North Crawford Co Ambulance Dist	General Revenue	131,008,656	0.2790	0.2790	133,679,574	0.2806	0.2806	152,571,531	0.2649	0.2649
	Steelville Ambulance District	General Revenue	45,329,316	0.3326	0.3500 D	47,558,662	0.3326	0.3500 D	54,603,268	0.3108	0.3500 D
	City of Bourbon	General Revenue	8,933,915	0.5761	0.5753	9,110,393	0.5761	0.5753	10,176,004	0.5543	0.5543
		Parks & Recreation	8,933,915	0.0879	0.0878	9,110,393	0.0879	0.0878	10,176,004	0.0846	0.0846
		Police	8,933,915	0.2734	0.2730	9,110,393	0.2734	0.2730	10,176,004	0.2631	0.2631
	Village of Leasburg	General Revenue	1,169,054	0.4718	0.4718	1,105,047	0.5000	0.5000	1,262,824	0.4820	0.4820
	City of Steelville	General Revenue	11,095,250	0.3500	0.3500	11,171,605	0.3502	0.3502	12,052,686	0.3392	0.3392
	Crawford County Library District	General Revenue	187,096,658	0.0964	0.0964	191,577,647	0.0966	0.0966	219,051,153	0.0909	0.0909
	Bourbon Fire District	General Revenue	33,602,440	0.2885	0.2885	34,294,482	0.2886	0.2886	39,331,955	0.2726	0.2726
	Steelville Fire Protection Dist	General Revenue	51,824,957	0.2044	0.2044	53,429,740	0.2044	0.2044	60,908,817	0.1923	0.1923
	Crawford Co R-I School District	Operating Funds-Schools	43,060,440	3.2268	3.2268 B	44,482,546	3.2268	3.2268	51,092,749	3.0318	3.0318
		Debt Service	43,060,440	0.7961	0.7961	44,482,546	1.0929	0.7900	51,092,749	1.1096	0.9350
	Crawford Co R-II School District	Operating Funds-Schools	79,571,973	3.0561	2.7500	81,063,059	3.0786	2.7500	92,333,093	2.9148	2.7500
		Debt Service	79,571,973	0.6100	0.6100	81,063,059	0.6250	0.6100	92,333,093	0.7626	0.5600
	Steelville R-III School District	Operating Funds-Schools	38,527,492	3.3109	3.3109	39,844,601	3.3264	3.3264	46,002,036	3.0814	3.0814
	Crawford County	General Revenue	198,062,152	0.3021	0.0793	203,529,859	0.3025	0.0825	274,793,801	0.2398	0.0698
		Road & Bridge	198,062,152	0.2143	0.2143	203,529,859	0.2146	0.2146	274,793,801	0.1701	0.1701
		Senate Bill 40	198,062,152	0.0973	0.0973	203,529,859	0.0974	0.0974	274,793,801	0.0772	0.0772
		Senior Services	198,062,152	0.0486	0.0486	203,529,859	0.0487	0.0487	274,793,801	0.0386	0.0386

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dade	Dade County Ambulance District	General Revenue	76,035,741	0.0900	0.0900	77,046,918	0.0900	0.0900	80,311,854	0.0901	0.0901
	Dade County Nursing Home	General Revenue	55,560,075	0.1300	0.1300	56,350,498	0.1301	0.1301	58,725,218	0.1303	0.1303
	Good Shepherd Nursing Home Dist	General Revenue	20,461,185	0.1648	0.1648	20,674,889	0.1648	0.1500	21,574,596	0.1649	0.1649
		Debt Service	20,461,185	0.3652	0.3652	20,674,889	0.6037	0.3800	21,574,596	0.6004	0.4400
	Bona Special Road Dist Dade Co	Road & Bridge	528,406	0.4265	0.4265	538,239	0.4266	0.4266	557,612	0.4266	0.4266
	Dry Bone Special Road Dist Dade Co	Road & Bridge	379,020	0.2864	0.2864	313,303	0.3689	0.3689	323,975	0.3779	0.3779
	Maze Creek Spec Road Dist Dade Co	Road & Bridge	370,418	0.4885	0.4885	309,402	0.5000	0.5000	356,773	0.5000	0.5000
	Sac Special Road Dist #1 Dade Co	Road & Bridge	681,072	0.3138	0.3138	686,871	0.3237	0.3237	696,741	0.3247	0.3247
	Sac Special Road Dist #2 Dade Co	Road & Bridge	866,805	0.2443	0.2443	833,217	0.2589	0.2589	904,706	0.2588	0.2588
	Shannon Valley Spec Rd Dist Dade Co	Road & Bridge	534,583	0.2919	0.2919	518,466	0.3013	0.3013	0	0.0000	0.0000
	Southeast Special Road Dist Dade Co	Road & Bridge	265,930	0.3757	0.3757	284,008	0.3704	0.3704	315,874	0.3703	0.3703
	Birchwood Special Road District	Road & Bridge	684,650	0.3099	0.3099	680,280	0.3160	0.3160	707,030	0.3161	0.3161
		Special Road and Bridge	684,650	0.2434	0.2434	680,280	0.2500	0.2500 A	707,030	0.2500	0.2500
	Village of Dadeville	General Revenue	1,178,463	0.4659	0.4659	1,120,021	0.5000	0.5000	1,141,131	0.5000	0.5000
	City of Everton	General Revenue	1,342,588	1.0271	1.0271	1,343,132	1.0440	1.0440	1,344,927	1.0000	1.0000
		Parks & Recreation	1,342,588	0.0822	0.0822	1,343,132	0.0836	0.0836	1,344,927	0.0853	0.0853
	City of Greenfield	General Revenue	9,310,899	0.4781	0.4781	9,498,871	0.4781	0.4781	9,847,063	0.4797	0.4797
		Parks & Recreation	9,310,899	0.1525	0.1525	9,498,871	0.1525	0.1525	9,847,063	0.1530	0.1530
		Streets	9,310,899	0.1932	0.1932	9,498,871	0.1932	0.1932	9,847,063	0.1939	0.1939
	Village of South Greenfield	General Revenue	499,584	0.5447	0.5447	549,624	0.5429	0.5429	554,277	0.5430	0.5430
	City of Lockwood	General Revenue	6,016,724	0.6050	0.6050	5,931,371	0.6194	0.6194	6,204,670	0.6217	0.6217
		Parks & Recreation	6,016,724	0.1613	0.1613	5,931,371	0.1651	0.1651	6,204,670	0.1657	0.1657
		Library	6,016,724	0.1917	0.1917	5,931,371	0.1963	0.1963	6,204,670	0.1970	0.1970
	Dade County Library District	General Revenue	70,045,207	0.0999	0.0999	71,144,919	0.0999	0.0999	74,153,046	0.1000	0.1000
	Cedar Township of Dade Co	Road & Bridge	3,783,698	0.3749	0.3749	3,738,896	0.3852	0.3852	3,985,099	0.3886	0.3886
		Special Road and Bridge	3,783,698	0.1300	0.1300 A	3,738,896	0.1300	0.1300	3,985,099	0.1300	0.1300
	Center Township of Dade Co	Road & Bridge	17,112,756	0.3441	0.3441	16,969,743	0.3507	0.3507	17,494,179	0.3534	0.3534
	Ernest Township of Dade Co	Road & Bridge	1,098,696	0.4278	0.4278	1,167,067	0.4243	0.4243	1,745,385	0.4358	0.4358
	Grant Township of Dade Co	Road & Bridge	3,818,322	0.3557	0.3557	3,803,865	0.3574	0.3574	3,925,169	0.3599	0.3599
	Lockwood Township of Dade Co	Road & Bridge	11,281,818	0.3316	0.3316	11,318,748	0.3327	0.3327	11,955,202	0.3327	0.3327
	Marion Township of Dade Co	Road & Bridge	3,490,261	0.3700	0.3700	3,724,919	0.3700	0.3700	3,796,133	0.3786	0.3786
	North Morgan Township of Dade Co	Road & Bridge	1,350,540	0.2351	0.2351	1,379,107	0.2351	0.2351	1,438,192	0.2376	0.2376
	North Township of Dade Co	Road & Bridge	3,190,390	0.4122	0.4122	3,322,914	0.4067	0.4067	3,527,823	0.4076	0.4076
	Pilgrim Township of Dade Co	Road & Bridge	1,620,039	0.3526	0.3526	1,718,900	0.3526	0.3526	1,780,184	0.3741	0.3741
		Special Road and Bridge	1,620,039	0.2300	0.2300 A	1,718,900	0.2300	0.2300	1,780,184	0.2300	0.2300
	Polk Township of Dade Co	Road & Bridge	4,743,471	0.3401	0.3401	4,908,572	0.3401	0.3401	5,114,408	0.3438	0.3438
		Special Road and Bridge	4,743,471	0.3300	0.3300 A	4,908,572	0.3300	0.3300	5,114,408	0.3300	0.3300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dade	Rock Prairie Township of Dade Co	Road & Bridge	8,106,719	0.3656	0.3656	8,410,572	0.3632	0.3632	8,828,598	0.3632	0.3632
		Special Road and Bridge	8,106,719	0.2300	0.2300 A	8,410,572	0.2285	0.2285	8,828,598	0.2285	0.2285
	Sac Township of Dade Co	Road & Bridge	2,649,241	0.2969	0.2969	2,751,542	0.2975	0.2975	2,939,536	0.2975	0.2975
	Smith Township of Dade Co	Road & Bridge	1,898,809	0.4335	0.4335	1,858,137	0.4438	0.4438	1,916,506	0.4480	0.4480
		Special Road and Bridge	1,898,809	0.2500	0.2500	1,858,137	0.2500	0.2500	1,916,506	0.2500	0.2500 A
	South Township of Dade Co	Road & Bridge	2,455,585	0.3845	0.3845	2,542,992	0.3825	0.3825	2,686,978	0.3825	0.3825
		Special Road and Bridge	2,455,585	0.3341	0.3341	2,542,992	0.3324	0.3324	2,686,978	0.3400	0.3400 A
	South Morgan Township of Dade Co	Road & Bridge	2,540,307	0.3944	0.3944	2,543,591	0.3981	0.3981	2,564,943	0.4053	0.4053
	Washington Township of Dade Co	Road & Bridge	2,675,749	0.3313	0.3313	2,827,683	0.3313	0.3313	2,854,915	0.3313	0.3313
	Dadeville Rural Fire Prot Dist	General Revenue	7,262,446	0.1957	0.1957	7,331,423	0.1966	0.1966	7,577,270	0.1998	0.1998
	Dade Co R-4 Rural Fire Prot Dist	General Revenue	30,684,585	0.1988	0.1988	30,853,662	0.2000	0.2000	31,506,623	0.2000	0.2000
	Lockwood R-I School District	Operating Funds-Schools	21,352,268	3.2634	3.2634	21,234,685	3.3593	3.2634	22,462,086	3.2842	3.2634
		Debt Service	21,352,268	0.5500	0.5500	21,234,685	0.8850	0.5500	22,462,086	0.5798	0.5500
	Dadeville R-II School District	Operating Funds-Schools	7,267,577	4.2164	3.3564	7,142,867	4.4153	3.4753	7,500,387	4.3880	3.4680
	Everton R-III School District	Operating Funds-Schools	7,115,605	3.3700	3.2700	7,102,162	3.5135	3.2900	7,452,226	3.3849	3.2900
		Debt Service	7,115,605	0.7000	0.7000	7,102,162	0.7354	0.7000	7,452,226	0.9293	0.7000
	Greenfield R-IV School District	Operating Funds-Schools	26,835,277	2.7500	2.7500	26,751,970	2.7585	2.7500	27,803,558	3.1500	3.1500 B
		Debt Service	26,835,277	0.9000	0.9000	26,751,970	0.9255	0.9000	27,803,558	1.4752	0.5000
	Dade County	General Revenue	76,035,741	0.2701	0.1300	77,046,918	0.2701	0.1200	80,311,854	0.2704	0.1100
		Health	76,035,741	0.0998	0.0998	77,046,918	0.0998	0.0998	80,311,854	0.0999	0.0999
		Township Tax	76,035,741	0.0998	0.0998	77,046,918	0.0998	0.0998	80,311,854	0.0999	0.0999
Dallas	City of Buffalo	General Revenue	24,262,988	0.5339	0.5300	24,867,706	0.5339	0.5300	26,097,983	0.5339	0.5300
	City of Urbana	General Revenue	2,376,320	0.5653	0.5653	2,416,419	0.5687	0.5687	2,492,493	0.5687	0.5687
		Debt Service	2,376,320	0.0227	0.0227	**	**	**	**	**	**
	Dallas County Library	General Revenue	120,401,085	0.1000	0.1000	122,953,314	0.1000	0.1000	129,498,230	0.1000	0.1000
	Southern Dallas Co Fire Prot Dist	General Revenue	15,910,170	0.2989	0.2989	16,589,338	0.2989	0.2989	17,711,256	0.2989	0.2989
	Dallas Co R-I School District	Operating Funds-Schools	86,368,136	3.3500	3.3500 B	87,960,629	3.3500	3.3500	93,523,569	3.3500	3.3500
	Dallas County	General Revenue	120,401,085	0.3561	0.0100	122,953,314	0.3572	0.0100	129,498,230	0.3572	0.0700
		Road & Bridge	120,401,085	0.2645	0.2600	122,953,314	0.2653	0.2600	129,498,230	0.2653	0.2600
		Health	120,401,085	0.1000	0.1000	122,953,314	0.1000	0.1000	129,498,230	0.1000	0.1000
	Community Ambulance District	General Revenue	65,358,721	0.3435	0.3435	67,525,078	0.3435	0.3435	80,091,363	0.3121	0.3121
Daviess	West Fork of Big Creek Watershed	Main & Op	792,500	0.2790	0.1500	1,174,937	0.1381	0.1381	973,270	0.1691	0.1500
	Jamesport Spec Rd Dist Daviess Co	Road & Bridge	6,356,633	0.3959	0.3959	6,217,066	0.3959	0.3959	7,168,697	0.3670	0.3670
		Special Road and Bridge	6,356,633	0.2584	0.2584	6,217,066	0.2584	0.2584	7,168,697	0.2700	0.2700 A
	Lock Springs Special Road District	Road & Bridge	2,099,182	0.3691	0.3691	2,318,254	0.3546	0.3546	2,403,767	0.3546	0.3546
		Special Road and Bridge	2,099,182	0.3500	0.3500	2,318,254	0.3363	0.3363	2,403,767	0.3500	0.3500 A
	Daviess County Special Rd Dist #1	Road & Bridge	10,086,245	0.3124	0.3124	10,463,981	0.3124	0.3124	16,417,163	0.2103	0.2103

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Daviess County Special Rd Dist #1	Special Road District	10,086,245	0.3417	0.3417	**	**	**	**	**	**
		Special Road and Bridge	**	**	**	10,463,981	0.3500	0.3500	16,417,163	0.2356	0.2356
		Debt Service	10,086,245	0.6731	0.6731	10,463,981	0.2357	0.2356	16,417,163	0.2336	0.2336
	Village of Altamont	General Revenue	604,865	0.6500	0.6500	661,405	0.6500	0.6500	723,032	0.6229	0.6229
	City of Coffey	General Revenue	440,097	1.0000	1.0000	419,830	1.0000	1.0000	441,281	0.9866	0.9866
	City of Gallatin	General Revenue	11,153,108	0.6015	0.6015	11,126,407	0.6077	0.6077	11,967,875	0.5983	0.5983
		Parks & Recreation	11,153,108	0.2141	0.2141	11,126,407	0.2163	0.2163	11,967,875	0.2129	0.2129
		Band	11,153,108	0.0200	0.0200	11,126,407	0.0200	0.0200	11,967,875	0.0197	0.0197
	City of Jamesport	General Revenue	2,391,774	0.7754	0.7754	2,419,760	0.7754	0.7754	2,896,854	0.6892	0.6892
		Parks & Recreation	2,391,774	0.1836	0.1836	2,419,760	0.1836	0.1836	2,896,854	0.1632	0.1632
	Village of Jameson	General Revenue	400,810	0.5000	0.5000	403,994	0.4999	0.4999	414,161	0.4999	0.4999
		General Revenue (temp)	**	**	**	**	**	**	414,161	0.2000	0.2000
	Village of Lock Springs	General Revenue	192,285	0.5000	0.4100	229,481	0.4749	0.4100	228,539	0.4586	0.4100
	City of Pattonsburg	General Revenue	1,768,210	1.0000	1.0000	1,946,314	0.9667	0.9667	1,985,509	0.9667	0.9667
	Village of Winston	General Revenue	861,258	0.4928	0.4928	864,588	0.5000	0.5000	1,082,056	0.4386	0.4386
		Streets	861,258	0.2957	0.0000	**	**	**	1,082,056	0.3000	0.3000
	Daviess County Library	General Revenue	76,476,921	0.1982	0.1982	79,382,763	0.1982	0.1982	92,911,832	0.1825	0.1825
	Benton Township of Daviess Co	General Revenue	4,177,695	0.1000	0.1000	4,674,470	0.0973	0.0973	4,971,132	0.0969	0.0969
		Road & Bridge	4,177,695	0.5000	0.5000	4,674,470	0.4864	0.4864	4,971,132	0.4842	0.4842
	Colfax Township of Daviess Co	General Revenue	4,273,449	0.1000	0.1000	4,520,370	0.1000	0.1000	5,284,035	0.0929	0.0929
		Road & Bridge	4,273,449	0.5000	0.5000	4,520,370	0.5000	0.5000	5,284,035	0.4645	0.4645
		Special Road and Bridge	4,273,449	0.2500	0.2500	4,520,370	0.2500	0.2500	5,284,035	0.2323	0.2323
	Grand River Township of Daviess Co	General Revenue	3,297,092	0.1000	0.1000	3,516,068	0.1000	0.1000	3,972,903	0.0967	0.0967
		Road & Bridge	3,297,092	0.5000	0.5000	3,516,068	0.5000	0.5000	3,972,903	0.4835	0.4835
		Special Road and Bridge	3,297,092	0.3500	0.3500	3,516,068	0.3500	0.3500	3,972,903	0.3385	0.3385
	Harrison Township of Daviess Co	General Revenue	1,674,642	0.1000	0.1000	1,880,276	0.0949	0.0949	1,958,330	0.0949	0.0949
		Road & Bridge	1,674,642	0.4937	0.4937	1,880,276	0.4681	0.4681	1,958,330	0.4681	0.4681
		Special Road and Bridge	1,674,642	0.3500	0.3500	1,880,276	0.3318	0.3318	1,958,330	0.3500	0.3500
	Jackson Township of Daviess Co	General Revenue	5,514,651	0.0989	0.0989	5,871,454	0.0984	0.0984	6,376,949	0.0965	0.0965
		Road & Bridge	3,415,469	0.4789	0.4789	3,553,200	0.4789	0.4789	3,973,182	0.4615	0.4615
		Special Road and Bridge	3,415,469	0.3500	0.3500	3,553,200	0.3500	0.3500	3,973,182	0.3373	0.3373
	Jamesport Township of Daviess Co	General Revenue	6,356,633	0.0957	0.0957	6,217,066	0.0957	0.0957	7,168,697	0.0887	0.0887
	Jefferson Township of Daviess Co	General Revenue	3,671,094	0.1000	0.1000	3,716,240	0.1000	0.1000	4,212,662	0.0974	0.0974
		Road & Bridge	3,671,094	0.4455	0.4455	3,716,240	0.4525	0.4525	4,212,662	0.4409	0.4409
		Special Road and Bridge	3,671,094	0.3500	0.3500	3,716,240	0.3500	0.3500	4,212,662	0.3410	0.3410
	Liberty Township of Daviess Co	General Revenue	13,100,058	0.0887	0.0887	13,534,171	0.0887	0.0887	19,928,448	0.0641	0.0641
		Road & Bridge	3,013,813	0.5000	0.5000	3,070,190	0.5000	0.5000	3,511,285	0.4815	0.4815

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Lincoln Township of Daviess Co	General Revenue	3,522,292	0.1000	0.1000	3,435,696	0.1000	0.1000	3,727,601	0.0999	0.0999
		Road & Bridge	3,522,292	0.5000	0.5000	3,435,696	0.5000	0.5000	3,727,601	0.4993	0.4993
		Special Road and Bridge	3,522,292	0.2000	0.2000 A	3,435,696	0.2000	0.2000	3,727,601	0.1997	0.1997
	Marion Township of Daviess Co	General Revenue	3,310,975	0.1000	0.1000	3,656,963	0.0986	0.0986	3,922,800	0.0975	0.0975
		Road & Bridge	3,310,975	0.5000	0.5000	3,656,963	0.4931	0.4931	3,922,800	0.4874	0.4874
		Special Road and Bridge	3,310,975	0.3500	0.3500 A	3,656,963	0.3452	0.3452	3,922,800	0.3412	0.3412
	Monroe Township of Daviess Co	General Revenue	2,120,551	0.1000	0.1000	2,222,678	0.1000	0.1000	2,647,078	0.0975	0.0975
		Road & Bridge	2,120,551	0.4747	0.4747	2,222,678	0.4747	0.4747	2,647,078	0.4629	0.4629
		Special Road and Bridge	2,120,551	0.3500	0.3500 A	2,222,678	0.3500	0.3500	2,647,078	0.3413	0.3413
		Debt Service	2,120,551	0.6064	0.6064	2,222,678	0.6605	0.6500	2,647,078	0.4148	0.4148
	Salem Township of Daviess Co	General Revenue	4,438,444	0.0978	0.0978	4,644,290	0.0980	0.0980	5,098,264	0.0971	0.0971
		Road & Bridge	4,438,444	0.4615	0.4615	4,644,290	0.4623	0.4623	5,098,264	0.4579	0.4579
		Special Road and Bridge	4,438,444	0.3423	0.3423	4,644,290	0.3429	0.3429	5,098,264	0.3500	0.3500 A
	Sheridan Township of Daviess Co	General Revenue	3,345,095	0.0964	0.0964	3,588,258	0.0964	0.0964	3,970,055	0.0919	0.0919
		Road & Bridge	3,345,095	0.4478	0.4478	3,588,258	0.4477	0.4477	3,970,055	0.4268	0.4268
		Special Road and Bridge	3,345,095	0.3376	0.3376	3,588,258	0.3376	0.3376	3,970,055	0.3500	0.3500 A
	Union Township of Daviess Co	General Revenue	15,172,189	0.0911	0.0500	15,365,838	0.0911	0.0500	16,921,388	0.0900	0.0500
		Road & Bridge	15,172,189	0.3847	0.3000	15,365,838	0.3847	0.3000	16,921,388	0.3799	0.3000
	Washington Township of Daviess Co	General Revenue	2,502,061	0.1000	0.1000	2,538,925	0.1000	0.1000	2,751,073	0.1000	0.1000
		Road & Bridge	2,502,061	0.5000	0.5000	2,538,925	0.5000	0.5000	2,751,073	0.5000	0.5000
		Special Road and Bridge	2,502,061	0.3500	0.3500	2,538,925	0.3500	0.3500	2,751,073	0.3500	0.3500 A
	KAW Fire Protection District	General Revenue	18,446,052	0.5000	0.5000	18,996,794	0.5047	0.5000	21,633,067	0.4854	0.4854
	Jameson Fire Protection District	General Revenue	4,178,983	0.2995	0.2995	4,576,772	0.2995	0.2995	5,043,748	0.2913	0.2913
	Coffey Fire Protection District	General Revenue	3,850,000	0.3000	0.3000	3,934,734	0.3000	0.3000	4,156,970	0.3000	0.3000
	Pattonsburg Rescue & Fire Prot Dist	General Revenue	9,394,100	0.3000	0.3000	10,384,916	0.2909	0.2909	11,067,202	0.2895	0.2895
	Gallatin Fire Protection District	General Revenue	19,680,103	0.2969	0.2969	20,059,853	0.2969	0.2969	22,319,729	0.2895	0.2895
	Pattonsburg R-II School District	Operating Funds-Schools	9,645,407	4.4781	4.4781	9,979,058	4.5143	4.5143	10,976,142	4.3461	4.2543
		Debt Service	9,645,407	0.3840	0.3840	9,979,058	0.3272	0.3272	10,973,592	1.6413	0.8013
	Winston R-VI School District	Operating Funds-Schools	12,173,295	3.9263	3.9263	12,554,455	3.9276	3.9276	17,297,265	3.0242	3.0242
		Debt Service	12,173,295	0.1838	0.1838	12,554,455	0.1279	0.1279	17,297,265	0.0503	0.0503
	North Daviess R-III School District	Operating Funds-Schools	7,391,263	5.3797	5.3797	7,655,979	5.4500	5.4500	8,493,856	5.3857	5.3857
	Gallatin R-V School District	Operating Funds-Schools	26,212,475	4.0870	3.8070	26,801,244	4.0608	3.8070	31,506,579	3.7131	3.7131
	Tri-County R-VII School District	Operating Funds-Schools	11,241,109	4.3000	4.3000	11,202,040	4.3048	4.3048	12,969,006	4.0197	4.0197
	Daviess County	General Revenue	76,476,921	0.3858	0.2900	79,382,763	0.3858	0.2900	92,911,832	0.3552	0.2400
		Health	76,476,921	0.2600	0.2600	79,382,763	0.2600	0.2600	92,911,832	0.2393	0.2393
		Senate Bill 40	76,476,921	0.1000	0.1000	79,382,763	0.1000	0.1000	92,911,832	0.0921	0.0921
De Kalb	DeKalb-Clinton Ambulance Dist No 1	General Revenue	56,803,572	0.2431	0.2431	58,089,261	0.2431	0.2431	61,820,575	0.2423	0.2423

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
De Kalb	Grindstone-Lost-Muddy-Creek Sub Dis	General Revenue	21,292,950	0.1568	0.1568	22,105,881	0.1558	0.1558	24,419,170	0.1510	0.1510
	Village of Amity	General Revenue	308,670	0.4205	0.4205	281,978	0.4626	0.4626	312,792	0.4492	0.4492
	City of Clarksdale	General Revenue	1,348,076	0.6651	0.6651	1,368,428	0.6689	0.6689	1,449,083	0.6625	0.6625
		Lights	1,348,076	0.2078	0.2078	1,368,428	0.2090	0.2090	1,449,083	0.2070	0.2070
		Streets	1,348,076	0.2286	0.2286	1,368,428	0.2299	0.2299	1,449,083	0.2277	0.2277
		Debt Service	1,348,076	1.4046	1.4046	1,368,428	1.4061	0.0000	1,449,083	0.0000	0.0000
	City of Maysville	General Revenue	6,959,663	0.8130	0.8130	7,040,277	0.8130	0.8130	7,676,629	0.7762	0.7762
	City of Stewartsville	General Revenue	4,527,059	0.5421	0.5421	4,447,121	0.5586	0.5586	5,046,735	0.5261	0.5261
		Lights	4,527,059	0.1305	0.1305	4,447,121	0.1345	0.1345	5,046,735	0.1266	0.1266
	City of Union Star	General Revenue	1,853,016	0.3986	0.3986	1,809,138	0.4105	0.4105	2,015,397	0.3949	0.3949
		Lights	1,853,016	0.3372	0.3372	1,809,138	0.3473	0.2473	2,015,397	0.3341	0.3341
		Streets	1,853,016	0.3066	0.3066	1,809,138	0.3158	0.3158	2,015,397	0.3038	0.3038
		Debt Service	1,853,016	0.4560	0.4560	**	**	**	2,015,397	0.4813	0.4813
	Village of Weatherby	General Revenue	433,827	0.4373	0.4373	420,782	0.4518	0.4518	422,541	0.4530	0.4530
		general revenu - temp (2)	433,827	0.3000	0.0000 A	420,782	0.3000	0.3000	422,541	0.3000	0.3000
		General Revenue-Temp	433,827	0.3000	0.3000	**	**	**	**	**	**
	City of Osborn	General Revenue	2,811,688	0.7638	0.7638	2,803,364	0.7735	0.7735	2,994,963	0.7561	0.7561
	Adams Township of DeKalb Co	General Revenue	5,669,491	0.1000	0.1000	6,123,059	0.0993	0.0993	6,440,200	0.0993	0.0993
		Road & Bridge	5,669,491	0.3746	0.3746	6,123,059	0.3721	0.3721	6,440,200	0.3721	0.3721
		Special Road and Bridge	5,669,491	0.1400	0.1400 A	6,123,059	0.1391	0.1391	6,440,200	0.1391	0.1391
	Camden Township of DeKalb Co	General Revenue	14,165,056	0.1000	0.1000	14,205,518	0.1000	0.1000	15,422,189	0.0967	0.0967
		Road & Bridge	14,165,056	0.3538	0.3538	14,205,518	0.3550	0.3550	15,422,189	0.3432	0.3432
	Colfax Township of DeKalb Co	General Revenue	7,242,667	0.1000	0.1000	7,233,937	0.1000	0.1000	7,605,102	0.0997	0.0997
		Road & Bridge	7,242,667	0.4135	0.4135	7,233,937	0.4164	0.4164	7,605,102	0.4152	0.4152
	Dallas Township of DeKalb Co	General Revenue	3,177,855	0.1000	0.1000	3,356,856	0.0995	0.0995	3,632,271	0.0995	0.0995
		Road & Bridge	3,177,855	0.4154	0.4154	3,356,856	0.4135	0.4135	3,632,271	0.4135	0.4135
		Special Road and Bridge	3,177,855	0.3500	0.3500	3,356,856	0.3484	0.3484	3,632,271	0.3484	0.3484
	Grand River Township of DeKalb Co	General Revenue	30,156,642	0.0977	0.0977	30,411,970	0.0997	0.0997	32,855,263	0.0983	0.0983
		Road & Bridge	30,156,642	0.3533	0.3533	30,411,970	0.3606	0.3606	32,855,263	0.3556	0.3556
	Grant Township of DeKalb Co	General Revenue	3,879,757	0.1000	0.1000	3,851,031	0.1000	0.1000	4,004,261	0.1000	0.1000
		Road & Bridge	3,879,757	0.5000	0.5000	3,851,031	0.5000	0.5000	4,004,261	0.5000	0.5000
		Special Road and Bridge	3,879,757	0.3500	0.3500	3,851,031	0.3500	0.3500	**	**	**
		Special Road & Bridge	**	**	**	3,851,031	0.3500	0.3500 A	4,004,261	0.3500	0.3500
	Polk Township of DeKalb Co	General Revenue	7,042,467	0.1000	0.1000	7,028,685	0.1000	0.1000	7,625,907	0.0987	0.0987
		Road & Bridge	7,042,467	0.3902	0.3902	7,028,685	0.3939	0.3939	7,625,907	0.3886	0.3886
	Sherman Township of DeKalb Co	General Revenue	5,796,914	0.1000	0.1000	5,912,308	0.1000	0.1000	6,475,453	0.0993	0.0993
		Road & Bridge	5,796,914	0.3892	0.3892	5,912,308	0.3892	0.3892	6,475,453	0.3864	0.3864

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
De Kalb	Sherman Township of DeKalb Co	Special Road and Bridge	5,796,914	0.3500	0.3500	5,912,308	0.3500	0.3500	6,475,453	0.3475	0.3475
	Washington Township of DeKalb Co	General Revenue	14,849,389	0.0904	0.0904	14,820,324	0.0913	0.0913	16,081,323	0.0910	0.0910
		Road & Bridge	14,849,389	0.3415	0.3415	14,820,324	0.3448	0.3448	16,081,323	0.3437	0.3437
	Osborn Fire Protection District	General Revenue	8,919,301	0.2456	0.2456	9,172,567	0.2456	0.2456	11,731,124	0.2003	0.2003
	Stewartsville Fire Protection Dist	General Revenue	14,366,724	0.1301	0.1301	14,540,868	0.2806	0.2806	15,865,923	0.2806	0.2806
	Central DeKalb Co Fire Prot Dist	General Revenue	26,164,516	0.2525	0.2525	26,355,520	0.2527	0.2527	28,488,829	0.2466	0.2466
	Clarksdale Fire Protection District	General Revenue	8,027,592	0.2408	0.2408	8,073,779	0.2418	0.2418	8,669,704	0.2401	0.2401
	Union Star Fire Protection District	General Revenue	8,078,387	0.2815	0.2815	8,287,201	0.2815	0.2815	8,858,912	0.2805	0.2805
	Osborn R-O School District	Operating Funds-Schools	7,594,819	4.8000	4.6000	7,418,960	4.8000	4.7700	7,758,142	4.8000	4.8000
		Debt Service	7,594,819	0.2400	0.2400	7,418,960	0.7223	0.4600	7,758,142	1.2895	0.4600
	Maysville R-I School District	Operating Funds-Schools	33,466,459	2.8214	2.8214	33,660,530	2.8162	2.8162	36,563,537	2.7671	2.7671
	Union Star R-II School District	Operating Funds-Schools	7,539,058	4.9882	4.9882	7,639,604	5.0363	5.0363	8,263,534	4.9196	4.9196
	Stewartsville C-2 School District	Operating Funds-Schools	10,447,658	4.0675	3.0475	10,586,940	4.0878	3.0678	11,797,848	4.0170	3.0366
		Debt Service	10,447,658	0.4154	0.4154	10,586,940	0.4214	0.4214	11,797,848	0.3976	0.3976
	DeKalb County	General Revenue	91,980,197	0.3022	0.0700	92,949,251	0.3022	0.0500	100,141,879	0.2984	0.0500
		Senate Bill 40	91,980,197	0.0900	0.0900	92,949,251	0.0900	0.0900	100,141,879	0.0889	0.0889
		Senior Services	91,980,197	0.0300	0.0300	92,949,251	0.0300	0.0300	100,141,879	0.0296	0.0296
Dent	Salem Memorial Hospital District	General Revenue	161,182,541	0.2500	0.2500	163,852,274	0.2500	0.2500	183,985,088	0.2373	0.2200
	City of Salem	General Revenue	37,512,248	0.6716	0.6200	37,986,091	0.6716	0.6200	41,975,402	0.6327	0.6200
		Library	37,512,248	0.2951	0.2951	37,986,091	0.2951	0.2951	41,975,402	0.2780	0.2780
	Dent County Fire Protection Dist	General Revenue	71,219,851	0.2436	0.2436	72,629,200	0.2436	0.2436	82,612,621	0.2253	0.2253
	Salem R-80 School District	Operating Funds-Schools	51,607,960	2.7500	2.7500	52,192,010	2.7500	2.7500	58,470,080	2.7500	2.7500
		Debt Service	51,607,960	0.6800	0.6800	52,192,010	0.9869	0.6800	58,470,080	0.8818	0.6100
	Oak Hill R-I School District	Operating Funds-Schools	9,276,205	3.2470	3.1900	9,357,200	3.2811	3.1900	11,155,725	3.0046	3.0046
	Green Forest R-II School District	Operating Funds-Schools	11,883,440	2.5389	2.5389	12,171,950	2.5658	2.5658	15,181,500	2.5263	2.5263
		Operating Funds-Temp	11,883,440	0.2500	0.2500	12,171,950	0.2500	0.2500	15,181,500	0.2237	0.2237
	Dent-Phelps R-III School District	Operating Funds-Schools	18,774,380	2.7500	2.7500	19,993,090	2.7500	2.7500	23,870,205	2.7500	2.7500
	North Wood R-IV School District	Operating Funds-Schools	12,779,769	2.8070	2.8070	13,208,290	2.8228	2.8206	15,530,500	2.7500	2.7500
	Dent County	General Revenue	114,105,182	0.3867	0.0350	116,474,613	0.3867	0.3850	134,994,310	0.3557	0.3500
		Road & Bridge	114,105,182	0.2850	0.2550	116,474,613	0.2850	0.2550	134,994,310	0.2622	0.2550
		Health	114,105,182	0.1000	0.1000	116,474,613	0.1000	0.1000	134,994,310	0.0920	0.0920
		Senate Bill 40	114,105,182	0.1831	0.1800	116,474,613	0.1831	0.1800	134,994,310	0.1684	0.1600
		Senior Services	114,105,182	0.0500	0.0500	116,474,613	0.0500	0.0500	134,994,310	0.0460	0.0460
Douglas	Ava Ambulance District	General Revenue	74,102,133	0.1108	0.1108	76,578,837	0.1119	0.1119	81,946,252	0.1119	0.1119
	Douglas County Library	General Revenue	98,535,626	0.0808	0.0808	101,329,192	0.0815	0.0815	108,315,634	0.0815	0.0815
	Skyline R-II School District	Operating Funds-Schools	6,541,840	2.7500	2.7500	6,481,826	2.7500	2.7500	6,943,978	2.7500	2.7500
	Plainview R-VIII School District	Operating Funds-Schools	4,186,105	2.8420	2.8420	4,252,642	2.8640	2.8569	4,559,284	2.8712	2.8712

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Douglas	Ava R-I School District	Operating Funds-Schools	65,593,649	2.6800	2.6800	68,571,200	2.6800	2.6800	73,739,759	2.7500	2.7500
	Douglas County	General Revenue	98,535,626	0.2927	0.1250	101,329,192	0.2954	0.0900	108,315,634	0.2954	0.0900
		Road & Bridge	98,535,626	0.2120	0.2120	101,329,192	0.2139	0.2139	108,315,634	0.2139	0.2139
		Health	98,535,626	0.2321	0.2000	101,329,192	0.2342	0.2000	108,315,634	0.2342	0.2000
		Senate Bill 40	98,535,626	0.0808	0.0808	101,329,192	0.0815	0.0815	108,315,634	0.0815	0.0815
Dunklin	City of Arbyrd	General Revenue	3,295,294	0.7400	0.7400	3,327,931	0.7400	0.7400	3,484,787	0.7400	0.7400
	City of Campbell	General Revenue	7,893,927	0.6312	0.0000	7,991,981	0.6312	0.6312	8,673,691	0.6224	0.0000
	City of Cardwell	General Revenue	2,831,039	0.4881	0.4881	2,841,546	0.4881	0.4881	3,021,610	0.4828	0.4828
		Streets	2,831,039	0.1486	0.1486	2,841,546	0.1486	0.1486	3,021,610	0.1470	0.1470
		Debt Service	2,831,039	0.4056	0.4056	2,841,546	1.0948	1.0948	3,021,610	2.0649	2.0649
	City of Clarkton	General Revenue	4,295,962	0.6145	0.6145	4,273,767	0.6193	0.6193	4,835,592	0.6116	0.6116
	City of Holcomb	General Revenue	2,975,442	0.6565	0.6565	2,947,737	0.6643	0.6643	3,168,904	0.6554	0.6554
	City of Hornersville	General Revenue	3,375,812	0.6967	0.6967	3,429,448	0.6967	0.6967	3,515,650	0.6967	0.6967
	City of Kennett	General Revenue	80,574,744	0.5380	0.5300	80,179,887	0.5474	0.5400	84,997,487	0.5418	0.5418
		Parks & Recreation	80,574,744	0.1500	0.1500	80,179,887	0.1500	0.1500	84,997,487	0.1485	0.1485
		Special Park	80,574,744	0.1000	0.1000	80,179,887	0.1000	0.1000	84,997,487	0.0990	0.0990
	City of Malden	General Revenue	27,296,979	0.6481	0.6481	26,589,349	0.6717	0.6717	28,260,864	0.6624	0.6624
	City of Senath	General Revenue	8,700,780	0.6342	0.5700	8,646,346	0.6457	0.5700	9,352,878	0.6318	0.5700
		Health	8,700,780	0.1637	0.1000	8,646,346	0.1667	0.1000	9,352,878	0.1631	0.1000
	Buffalo Township of Dunklin Co	General Revenue	10,016,152	0.1000	0.1000	10,031,812	0.1000	0.1000	10,433,703	0.1000	0.1000
		Road & Bridge	10,016,152	0.2694	0.2694	10,031,812	0.2694	0.2694	10,433,703	0.2694	0.2694
	Clay Township of Dunklin Co	General Revenue	16,330,785	0.1000	0.1000	16,908,337	0.1000	0.1000	17,042,781	0.1000	0.1000
		Road & Bridge	16,330,785	0.3048	0.3048	16,908,337	0.3048	0.3048	17,042,781	0.3048	0.3048
	Cotton Hill Township of Dunklin Co	General Revenue	39,150,384	0.1000	0.1000	38,752,361	0.1000	0.1000	41,163,808	0.0992	0.0992
		Road & Bridge	39,150,384	0.2843	0.2843	38,752,361	0.2898	0.2898	41,163,808	0.2875	0.2875
	Freeborn Township of Dunklin Co	General Revenue	9,800,428	0.1000	0.1000	9,997,116	0.1000	0.1000	10,735,621	0.1000	0.1000
		Road & Bridge	9,800,428	0.2552	0.2552	9,997,116	0.2552	0.2552	10,735,621	0.2552	0.2552
	Holcomb Township of Dunklin Co	General Revenue	11,319,744	0.0930	0.0930	11,651,626	0.0930	0.0930	12,096,244	0.0930	0.0930
		Road & Bridge	11,319,744	0.2272	0.2238	11,651,626	0.2272	0.2272	12,096,244	0.2272	0.2272
	Independence Township of Dunklin Co	General Revenue	104,305,122	0.1000	0.1000	104,517,820	0.1000	0.1000	110,434,898	0.0995	0.0995
		Road & Bridge	104,305,122	0.2433	0.2433	104,517,820	0.2459	0.2459	110,434,898	0.2446	0.2446
	Salem Township of Dunklin Co	General Revenue	23,885,513	0.1000	0.1000	24,145,735	0.1000	0.1000	25,409,880	0.1000	0.1000
		Road & Bridge	23,885,513	0.2790	0.2790	24,145,735	0.2790	0.2790	25,409,880	0.2790	0.2790
	Union Township of Dunklin Co	General Revenue	60,672,509	0.0904	0.0904	62,379,971	0.0904	0.0904	58,297,564	0.0981	0.0981
		Road & Bridge	60,672,509	0.3112	0.3112	62,379,971	0.3112	0.3112	58,297,564	0.3379	0.3379
	Malden R-I School District	Operating Funds-Schools	38,814,422	3.7500	3.1000	37,887,285	3.7500	3.1000	40,625,640	3.7008	3.4300
	Campbell R-II School District	Operating Funds-Schools	53,572,695	2.9764	2.9100	54,774,373	2.9840	2.9100	50,639,036	3.2517	2.9100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dunklin	Campbell R-II School District	Debt Service	53,572,695	0.6200	0.6200	54,774,373	1.0671	0.6200	50,639,036	1.1632	0.6200
	Holcomb R-III School District	Operating Funds-Schools	17,498,742	2.9761	2.9761	18,434,860	2.9913	2.9913	19,657,405	2.9228	2.9105
		Debt Service	17,498,742	0.4900	0.4900	18,434,860	0.7752	0.4900	19,657,405	0.8715	0.4900
	Clarkton C-4 School District	Operating Funds-Schools	10,563,080	2.9403	2.9402	10,611,460	2.9544	2.9544	11,139,630	2.8898	2.8898
	Senath-Hornersville C-8 School Dist	Operating Funds-Schools	37,975,490	3.4961	3.4300	37,773,996	3.5628	3.4300	38,234,500	3.5268	3.4300
		Debt Service	37,975,490	0.0100	0.0100	**	**	**	**	**	**
	Southland C-9 School District	Operating Funds-Schools	13,390,791	3.1409	3.0700	13,404,120	3.1461	3.0700	13,928,230	3.1533	3.0849
	Kennett 39 School District	Operating Funds-Schools	82,141,065	2.7500	2.7500	81,558,675	2.7500	2.7500	86,242,868	2.7500	2.7500
		Debt Service	82,141,065	0.3235	0.3235	81,558,675	0.3773	0.3773	83,950,508	0.6880	0.4000
	Dunklin County	General Revenue	275,480,637	0.2734	0.2734	278,384,778	0.2734	0.0000	285,614,499	0.2734	0.0000
		Library	275,480,637	0.2500	0.2500	278,384,778	0.2500	0.2500	285,614,499	0.2500	0.2500
		Johnson Grass	275,480,637	0.0500	0.0500	278,384,778	0.0500	0.0500	285,614,499	0.0500	0.0000
		Health	275,480,637	0.1000	0.1000	278,384,778	0.1000	0.1000	285,614,499	0.1000	0.1000
		Ambulance	275,480,637	0.1316	0.1316	278,384,778	0.1316	0.1316	285,614,499	0.1316	0.1316
		Senate Bill 40	275,480,637	0.1000	0.1000	278,384,778	0.1000	0.1000	285,614,499	0.1000	0.1000
Franklin	Gerald Ambulance District	General Revenue	82,930,303	0.3000	0.3000	85,889,188	0.3000	0.3000	96,617,346	0.2910	0.2910
	Meramec Ambulance District	General Revenue	388,446,538	0.2851	0.2850	385,502,384	0.2891	0.2890	433,310,217	0.2797	0.2741
		Dispatch	388,446,538	0.0297	0.0290	385,502,384	0.0300	0.0300	433,310,217	0.0290	0.0284
	St Clair Ambulance District	General Revenue	156,824,716	0.3493	0.3493	158,574,714	0.3510	0.3510	179,119,678	0.3363	0.3363
	Union Ambulance District	General Revenue	217,829,965	0.1800	0.1800	226,006,538	0.1800	0.1800	261,952,571	0.1715	0.1715
	Washington Area Ambulance District	General Revenue	321,776,840	0.1817	0.1817	333,605,918	0.1825	0.1825	390,734,392	0.1732	0.1732
	New Haven Ambulance District	General Revenue	70,163,442	0.2991	0.2991	72,406,424	0.2991	0.2991	79,972,169	0.2919	0.2919
	City of Berger	General Revenue	1,363,717	0.9358	0.9358	1,343,563	0.9499	0.9499	1,476,955	0.9127	0.9127
	City of Gerald	General Revenue	13,552,527	0.9175	0.8000	14,287,614	0.9175	0.8000	15,759,997	0.8997	0.8000
		Parks & Recreation	13,552,527	0.2500	0.2200	14,287,614	0.2500	0.2200	15,759,997	0.2452	0.2200
	Village of Leslie	General Revenue	619,130	0.5836	0.4800	665,292	0.5692	0.4800	726,963	0.5692	0.4800
	City of New Haven	General Revenue	29,367,164	0.5430	0.5400	30,200,820	0.5430	0.5400	32,932,686	0.5257	0.5257
		Parks & Recreation	29,367,164	0.2664	0.2600	30,200,820	0.2664	0.2600	32,932,686	0.2579	0.2579
	Village of Oak Grove	General Revenue	6,478,742	0.2166	0.1700	6,618,678	0.2177	0.1700	7,727,817	0.2060	0.1700
	City of Pacific	General Revenue	82,394,008	0.3965	0.3965	86,100,337	0.3969	0.3969	98,508,099	0.3747	0.3747
	Village of Parkway	General Revenue	2,535,451	0.5000	0.4945	2,633,846	0.4994	0.4994	3,682,059	0.4512	0.4512
	City of St Clair	General Revenue	47,939,843	0.4903	0.4903	48,539,170	0.4911	0.4911	53,557,676	0.4697	0.4697
		Parks & Recreation	47,939,843	0.1531	0.1531	48,539,170	0.1533	0.1533	53,557,676	0.1466	0.1466
		Debt Service	47,939,843	0.2799	0.2799	48,539,170	0.7397	0.3516	53,557,676	0.6389	0.6389
	City of Sullivan	General Revenue	56,682,502	0.4514	0.4514	56,062,320	0.4514	0.4514	67,445,009	0.4129	0.4129
		Library	55,725,386	0.1173	0.1173	55,109,227	0.1173	0.1173	66,316,549	0.1072	0.1072
	City of Union	General Revenue	106,101,009	0.5592	0.5592	111,244,514	0.5592	0.5592	130,564,088	0.5283	0.5283

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	City of Union	Parks & Recreation	106,101,009	0.1346	0.1346	111,244,514	0.1346	0.1346	130,564,088	0.1272	0.1272
	City of Washington	General Revenue	228,200,616	0.6090	0.5420	237,452,759	0.6130	0.5412	281,019,086	0.5805	0.5177
	Franklin County Library District	General Revenue	1,134,069,283	0.0997	0.0997	1,154,725,375	0.1000	0.1000	1,314,285,265	0.0959	0.0959
	Washington Public Library	General Revenue	124,293,643	0.0915	0.0915	127,669,880	0.0924	0.0923	151,700,722	0.0872	0.0872
	Beaufort Leslie Fire Prot District	General Revenue	40,909,148	0.2755	0.2754	41,929,277	0.2755	0.2754	47,678,397	0.4654	0.4654
	Boles Fire Protection District	General Revenue	215,994,350	0.5911	0.5911	207,469,584	0.5911	0.5911	232,536,140	0.5766	0.5766
		Debt Service	215,994,350	0.2573	0.2573	207,469,584	0.1386	0.1386	232,536,140	0.1125	0.1125
	Pacific Fire Protection District	General Revenue	169,293,030	0.4912	0.4910	174,703,221	0.6912	0.6912	198,161,890	0.6554	0.6554
		Pension	169,293,030	0.0491	0.0490	174,703,221	0.0491	0.0491	198,161,890	0.0466	0.0466
		Joint Dispatch	169,293,030	0.0491	0.0490	174,703,221	0.0491	0.0491	198,161,890	0.0466	0.0466
		Debt Service	169,293,030	0.0920	0.0920	174,703,221	0.0911	0.0911	198,161,890	0.1237	0.1237
	St Clair Fire Protection District	General Revenue	162,492,670	0.6114	0.6114	164,648,451	0.6114	0.6114	186,248,813	0.5845	0.5845
	Sullivan Fire Protection District	General Revenue	133,262,029	0.3935	0.3935	137,218,742	0.3935	0.3935	159,838,099	0.3717	0.3717
	Union Fire Protection District	General Revenue	211,148,618	0.2930	0.2930	219,244,811	0.2930	0.2930	254,124,222	0.2786	0.2786
	Gerald-Rosebud Fire Prot District	General Revenue	50,010,311	0.2488	0.2488	51,903,613	0.2488	0.2488	57,933,515	0.2424	0.2424
	New Haven-Berger Fire Prot Dist	General Revenue	76,528,529	0.2493	0.2492	78,632,550	0.2493	0.2493	84,179,704	0.2453	0.2453
	Gray Summit Sewer District	General Revenue	1,504,182	0.5824	0.5824	1,507,871	0.5824	0.5824	1,781,124	0.5153	0.5153
	Beauty View Sewer District	General Revenue	432,006	0.7460	0.7460	455,877	0.7482	0.7482	557,467	0.7034	0.7034
	Crestview Sewer District	General Revenue	865,879	0.5384	0.5384	872,072	0.5385	0.5385	1,007,746	0.4904	0.4904
	St Clair Sewer District	General Revenue	5,252,043	0.3667	0.3667	5,486,652	0.3691	0.3691	6,804,648	0.3392	0.3392
	Sylvan Manor Sunset Acres Sew Dist	General Revenue	1,224,070	0.6576	0.6576	1,239,920	0.6586	0.6586	1,440,280	0.5948	0.5948
	Calvey Creek Sewer District	General Revenue	11,566,633	0.4177	0.4177	11,906,181	0.4177	0.4177	13,766,830	0.3884	0.3884
		Debt Service	1,166,766,628	0.3795	0.3786	1,198,393,105	0.3795	0.3795	1,378,264,689	0.3632	0.3632
	East Central College	General Revenue	1,166,766,628	0.0905	0.0905	1,198,393,105	0.0574	0.0574	1,378,264,689	0.0841	0.0841
		Debt Service	1,166,766,628	0.0905	0.0905	1,198,393,105	0.0574	0.0574	1,378,264,689	0.0841	0.0841
	Franklin Co R-II School District	Operating Funds-Schools	16,888,017	3.0862	3.0230	17,376,882	3.1376	3.1376	25,120,983	3.1340	3.1340
		Debt Service	16,888,017	0.6652	0.6652	17,376,882	0.8079	0.5506	25,120,983	0.5513	0.5513
	Meramec Valley R-III School Dist	Operating Funds-Schools	240,216,794	2.9362	2.9360	237,440,628	3.3500	3.3500 B	266,154,956	3.4400	3.4400 B
		Debt Service	240,216,794	0.6900	0.6900	237,440,628	1.7219	0.6900	266,154,956	1.3432	0.6900
	Union R-XI School District	Operating Funds-Schools	198,970,083	3.0224	2.7900	205,593,239	3.0620	2.7900	240,193,604	2.8981	2.7900
		Debt Service	198,970,083	0.6800	0.6800	205,593,239	1.4084	0.6800	240,193,604	1.3579	0.6800
	Lonedell R-XIV School District	Operating Funds-Schools	26,105,896	3.3514	3.3100	27,019,859	3.4904	3.3860	30,676,266	3.9900	3.9900 B
		Debt Service	26,105,896	0.3500	0.3500	27,019,859	1.1326	0.2740	30,676,266	0.7163	0.1800
	Spring Bluff R-XV School District	Operating Funds-Schools	16,449,785	2.8175	2.8175	16,659,768	2.9107	2.9107	19,790,262	2.7500	2.7500
		Debt Service	16,449,785	0.6568	0.6568	16,659,768	0.9065	0.6600	19,790,262	0.9607	0.7000
	Franklin County R-XVI School Dist	Operating Funds-Schools	8,276,171	3.0871	3.0871	8,432,740	3.0937	3.0937	9,486,056	2.9235	2.9235
	St. Clair R-XIII School District	Operating Funds-Schools	109,738,289	2.6000	2.6000	109,572,753	2.7500	2.7500	124,954,581	2.7500	2.7500
		Debt Service	109,738,289	0.6200	0.6200	109,572,753	0.9131	0.6200	124,954,581	0.8501	0.6200

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

			2003			2004			2005		
County	Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	Sullivan C-2 School District	Operating Funds-Schools	111,068,202	3.1487	3.1487	115,166,436	3.1657	3.1657	134,708,227	2.9687	2.9687
		Debt Service	111,068,202	0.9700	0.9700	115,166,436	2.0792	0.9530	134,708,227	1.7397	1.0312
	New Haven School District	Operating Funds-Schools	30,888,319	4.1031	4.0900	31,499,581	4.1422	4.1300	29,452,534	4.3500	4.3500
	Washington School District	Operating Funds-Schools	512,958,864	3.4179	3.4178	525,037,517	3.4556	3.4556	612,699,049	3.3006	3.3000
		Debt Service	512,958,864	0.1853	0.1853	525,037,517	0.3065	0.2050	612,699,049	0.5188	0.3600
	Franklin County	General Revenue	1,318,801,832	0.3118	0.1398	1,344,163,518	0.3130	0.1334	1,538,058,698	0.2995	0.1378
		Road & Bridge	1,318,801,832	0.2314	0.2314	1,344,163,518	0.2323	0.2323	1,538,058,698	0.2223	0.2223
		Senate Bill 40	1,318,801,832	0.0999	0.0999	1,344,163,518	0.1000	0.1000	1,538,058,698	0.0957	0.0957
Gasconade	Owensville Ambulance District	General Revenue	71,125,948	0.2984	0.2984	70,685,544	0.3000	0.3000	75,785,528	0.2939	0.2939
		Dispatch	71,125,948	0.0298	0.0298	70,685,544	0.0300	0.0300	75,785,528	0.0294	0.0294
	Hermann Area Ambulance District	General Revenue	99,178,474	0.2952	0.2952	98,548,343	0.2973	0.2973	104,082,562	0.2972	0.2972
	Hermann Area Hospital District	General Revenue	93,012,235	0.7283	0.7283	92,172,071	0.7345	0.7345	97,344,212	0.7340	0.7340
	Morrison Levee Dist Gasconade Co	General Revenue	63,120	0.8381	0.8381	61,890	0.8547	0.8547	63,710	0.8554	0.8554
	Morrison Sp Rd Dist #4 Gasconade Co	Road & Bridge	4,438,059	0.2798	0.2798	4,273,620	0.2744	0.2744	4,404,255	0.2744	0.2744
	City of Bland	General Revenue	3,292,347	0.8697	0.8697	2,999,853	0.9544	0.9544	3,187,979	0.9314	0.9314
		Parks & Recreation	3,292,347	0.2326	0.2326	2,999,853	0.2553	0.2553	3,187,979	0.2492	0.2492
		Debt Service	3,292,347	0.5251	0.5251	2,999,853	0.0000	0.0000	3,187,979	0.0000	0.0000
	City of Gasconade	General Revenue	1,268,608	0.6314	0.6314	1,206,638	0.6348	0.6348	1,250,391	0.6348	0.6348
	City of Hermann	General Revenue	27,851,206	0.3792	0.3792	27,558,759	0.3822	0.3822	29,876,250	0.3735	0.3735
		Parks & Recreation	27,851,206	0.0099	0.0099	27,558,759	0.0100	0.0100	29,876,250	0.0098	0.0098
		Band	27,851,206	0.0198	0.0100	27,558,759	0.0200	0.0100	29,876,250	0.0195	0.0100
	City of Morrison	General Revenue	946,837	0.5932	0.5932	931,198	0.5932	0.5932	948,268	0.5932	0.5932
	City of Owensville	General Revenue	30,581,515	0.2834	0.2800	28,669,227	0.3067	0.3067	30,343,782	0.3061	0.3061
		Parks & Recreation	30,581,515	0.2834	0.2800	28,669,227	0.3067	0.3067	30,343,782	0.3061	0.3061
	City of Rosebud	General Revenue	2,904,641	0.4698	0.4698	3,008,106	0.4698	0.4698	3,341,058	0.4480	0.4480
	Gasconade County Library District	General Revenue	167,269,544	0.0992	0.0991	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975
	Bland Fire Protection District	General Revenue	15,397,738	0.2268	0.2268	15,903,662	0.2268	0.2268	17,517,681	0.2209	0.2209
	Gasconade Co R-II School District	Operating Funds-Schools	114,733,609	3.3986	2.9800	110,411,993	3.4802	2.9800	127,969,945	3.3736	3.1800
		Debt Service	114,733,609	0.8700	0.8700	115,991,682	1.0691	0.8700	127,969,945	0.7241	0.6700
	Gasconade County R-I School Dist	Operating Funds-Schools	85,724,258	3.1214	3.0500	84,307,958	3.1430	3.0500	90,263,499	3.0996	3.0996
		Debt Service	85,724,258	0.7500	0.7500	84,307,958	1.0780	0.7500	90,263,499	1.0069	0.7004
	Gasconade County	General Revenue	167,269,544	0.3738	0.1618	167,510,911	0.3750	0.1591	180,496,790	0.3676	0.1597
		Common Road District	162,831,487	0.2729	0.2729	163,237,293	0.2741	0.2741	176,092,537	0.2684	0.2684
		Health	167,269,544	0.0992	0.0992	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975
		Mental Health	167,269,544	0.0992	0.0992	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975
		Senate Bill 40	167,269,544	0.0992	0.0992	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975
Gentry	Grand River Regional Ambulance Dist	General Revenue	86,017,158	0.1800	0.1800	87,539,427	0.1800	0.1800	90,618,098	0.1800	0.1800

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	City of Albany	General Revenue	12,503,426	0.6163	0.6163	13,196,902	0.6183	0.6183	14,484,126	0.5844	0.5844
		Parks & Recreation	12,503,426	0.2729	0.2729	13,196,902	0.2738	0.2738	14,484,126	0.2588	0.2588
		Library	12,503,426	0.3100	0.3100	13,196,902	0.3100	0.3100	14,484,126	0.4600	0.4600
		Health	12,503,426	0.1718	0.1718	13,196,902	0.1724	0.1724	14,484,126	0.1630	0.1630
	Village of Darlington	General Revenue	217,381	0.5000	0.5000	178,889	0.5000	0.5000	324,029	0.4251	0.4251
	Village of Gentry	General Revenue	256,490	0.5000	0.5000	246,447	0.5000	0.5000	249,708	0.4998	0.4998
	City of King City	General Revenue	5,161,499	0.6962	0.6900	5,100,038	0.7336	0.7336	5,605,984	0.6955	0.6955
		Parks & Recreation	5,161,499	0.1715	0.1700	5,100,038	0.1807	0.1807	5,605,984	0.1713	0.1713
		Health	5,161,499	0.1715	0.1700	5,100,038	0.1807	0.1807	5,605,984	0.1713	0.1713
		Police	5,161,499	0.1499	0.1499	5,100,038	0.1500	0.1500	5,605,984	0.1422	0.1422
	City of McFall	General Revenue	522,730	0.6041	0.6041	486,341	0.6495	0.6495	531,011	0.6162	0.6162
	City of Stanberry	General Revenue	7,614,192	0.6141	0.6141	7,385,229	0.6415	0.6415	8,056,436	0.6183	0.6183
		Parks & Recreation	7,614,192	0.1694	0.1694	7,385,229	0.1700	0.1700	8,056,436	0.1638	0.1638
		Streets	7,614,192	0.3624	0.3624	7,385,229	0.3786	0.3786	8,056,436	0.3649	0.3649
	Gentry County Library Dist	General Revenue	51,054,856	0.2000	0.2000	51,378,060	0.2000	0.2000	54,050,619	0.2000	0.2000
		Debt Service	51,054,856	0.1000	0.1000	51,378,060	0.1632	0.1000	54,050,619	0.1592	0.1000
	Athens Township of Gentry Co	General Revenue	18,074,432	0.1000	0.1000	18,963,167	0.1000	0.1000	20,769,945	0.0954	0.0954
		Road & Bridge	18,074,432	0.3820	0.3820	18,963,167	0.3825	0.3825	20,769,945	0.3651	0.3651
		Special Road and Bridge	18,074,432	0.2500	0.2500	18,963,167	0.2500	0.2500 A	20,769,945	0.2386	0.2386
		Special Road District	18,074,432	0.2000	0.2000	18,963,167	0.2000	0.2000	20,769,945	0.2000	0.2000 A
	Bogle Township of Gentry Co	General Revenue	4,746,349	0.1000	0.1000	4,500,807	0.1000	0.1000	4,593,684	0.1000	0.1000
		Road & Bridge	4,746,349	0.5000	0.5000	4,500,807	0.5000	0.5000	4,593,684	0.5000	0.5000
		Special Road and Bridge	4,746,349	0.3200	0.3200	4,500,807	0.3200	0.3200 A	4,593,684	0.3200	0.3200
		Gravel	4,746,349	0.3500	0.3500	4,500,807	0.3500	0.3500 A	4,593,684	0.3500	0.3500
		Gravel & Maintenance	4,746,349	0.4500	0.4500	4,500,807	0.4500	0.4500	4,593,684	0.4500	0.4500
	Cooper Township of Gentry Co	General Revenue	13,989,524	0.1000	0.1000	13,827,320	0.1000	0.1000	14,655,322	0.0994	0.0994
		Road & Bridge	13,989,524	0.4583	0.4583	13,827,320	0.4709	0.4709	14,655,322	0.4680	0.4680
		Special Road and Bridge	13,989,524	0.1500	0.1500	13,827,320	0.1500	0.1500 A	14,655,322	0.1491	0.1491
	Howard Township of Gentry Co	General Revenue	1,756,328	0.1000	0.1000	1,830,351	0.1000	0.1000	1,933,304	0.1000	0.1000
		Road & Bridge	1,756,328	0.4971	0.4971	1,830,351	0.5000	0.0000	1,933,304	0.5000	0.5000
		Special Road and Bridge	1,756,328	0.3000	0.3000	1,830,351	0.3500	0.3500 A	1,933,304	0.3500	0.3500
	Huggins Township of Gentry Co	General Revenue	2,156,371	0.1000	0.1000	2,291,838	0.1000	0.1000	2,285,241	0.1000	0.1000
		Road & Bridge	2,156,371	0.5000	0.5000	2,291,838	0.5000	0.5000	2,285,241	0.5000	0.5000
		Special Road and Bridge	2,156,371	0.3300	0.3300	2,291,838	0.3300	0.3300 A	2,285,241	0.3300	0.3300
	Jackson Township of Gentry Co	General Revenue	11,644,100	0.1000	0.1000	11,817,391	0.1000	0.1000	12,667,802	0.0979	0.0979
		Road & Bridge	11,644,100	0.4547	0.4547	11,817,391	0.4664	0.4664	12,667,802	0.4565	0.4565
		Special Road and Bridge	11,644,100	0.1200	0.1200	11,817,391	0.1200	0.1200 A	12,667,802	0.1174	0.1174

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	Jackson Township of Gentry Co	Other	11,644,100	0.2500	0.2500 A	11,817,391	0.2500	0.2500	12,667,802	0.2447	0.2447
	Miller Township of Gentry Co	General Revenue	7,856,753	0.1000	0.1000	7,855,522	0.1000	0.1000	8,018,869	0.1000	0.1000
		Road & Bridge	7,856,753	0.5000	0.5000	7,855,522	0.5000	0.5000	8,018,869	0.5000	0.5000
		Special Road and Bridge	7,856,753	0.3500	0.3500 A	7,855,522	0.3500	0.3500	8,018,869	0.3500	0.3500
		General Road & Bridge	7,856,753	0.2900	0.2900	7,855,522	0.2900	0.2900	**	**	**
		Special Road District	**	**	**	**	**	**	8,018,869	0.2900	0.2900 A
	Wilson Township of Gentry Co	General Revenue	3,334,425	0.1000	0.1000	3,488,568	0.1000	0.1000	3,610,578	0.1000	0.1000
		Road & Bridge	3,334,425	0.5000	0.5000	3,488,568	0.5000	0.5000	3,610,578	0.5000	0.5000
		Gravel	**	**	**	3,488,568	0.3000	0.3000 A	3,610,578	0.3000	0.3000
		Special Road and Bridge	3,334,425	0.2900	0.2900	3,488,568	0.2900	0.2900	3,610,578	0.2900	0.2900 A
	Albany Community Fire Prot District	General Revenue	28,692,973	0.1616	0.1616	29,542,452	0.1616	0.1616	31,839,667	0.1577	0.1577
		Fire	28,692,973	0.1516	0.1516	29,542,452	0.1516	0.1516	31,839,667	0.1480	0.1480
	Stanberry Fire Protection Dist	General Revenue	18,621,393	0.1000	0.1000	18,835,185	0.1000	0.1000	19,967,878	0.0997	0.0997
		General Revenue-Temp	18,621,393	0.3000	0.2000	18,835,185	0.3000	0.2000	19,967,878	0.2991	0.2991
	McFall Fire Protection District	General Revenue	2,667,766	0.3000	0.3000	2,674,172	0.3000	0.3000	2,990,866	0.2904	0.2904
	King City Fire Protection District	General Revenue	19,004,290	0.2987	0.2987	18,996,763	0.3000	0.3000	19,908,382	0.3000	0.3000
	King City R-I School District	Operating Funds-Schools	19,506,188	4.3190	3.7043	19,555,619	4.3600	3.8280	20,374,619	4.3600	3.8255
		Debt Service	19,506,188	0.5100	0.5100	19,555,619	0.6372	0.5100	20,374,619	0.5682	0.5100
	Stanberry R-II School District	Operating Funds-Schools	17,472,199	4.1000	4.0000	17,557,847	4.1000	4.0000	18,775,695	4.0803	4.0803
		Operating Temp	**	**	**	**	**	**	18,775,695	0.4197	0.4197 A
		Debt Service	17,472,199	0.1000	0.1000	17,557,847	0.6457	0.1000	18,775,695	0.5526	0.1000
	Albany R-III School District	Operating Funds-Schools	27,269,832	3.7500	3.7500	28,112,489	3.7500	3.7500	30,556,983	3.6439	3.6439
	Gentry County	General Revenue	63,558,282	0.3342	0.3300	64,574,965	0.3357	0.3300	68,534,745	0.3325	0.3300
		General Revenue-Temp	63,558,282	0.1900	0.1900 A	64,574,965	0.1900	0.1900	68,534,745	0.1882	0.1800
Greene	City of Ash Grove	General Revenue	10,348,476	0.5463	0.5463	10,734,843	0.5463	0.5463	11,554,785	0.5411	0.5411
	City of Battlefield	General Revenue	26,136,680	0.3208	0.3208	29,561,090	0.3228	0.3228	35,980,780	0.2889	0.2889
		Debt Service	26,136,680	0.3197	0.3197	29,561,090	0.3018	0.3018	35,980,780	0.3156	0.3156
	Village of Brookline	General Revenue	4,189,247	0.4507	0.4507	4,438,867	0.4507	0.4507	4,065,420	0.0000	0.0000
	City of Fair Grove	General Revenue	9,446,229	0.5266	0.5266	10,302,119	0.5266	0.5266	11,812,777	0.4970	0.4970
		Debt Service	9,446,229	0.6331	0.6331	10,302,119	0.4888	0.4888	11,812,777	0.6033	0.4888
	City of Republic	General Revenue	70,928,013	0.5200	0.5200	77,574,788	0.5200	0.5200	94,970,275	0.4687	0.4687
		Parks & Recreation	70,928,013	0.1400	0.1400	77,574,788	0.1400	0.1400	94,970,275	0.1262	0.1262
		Lights	70,928,013	0.0800	0.0800	77,574,788	0.0800	0.0800	94,970,275	0.0721	0.0721
	City of Springfield	Parks & Recreation	1,965,537,975	0.1880	0.1800	2,006,188,877	0.1882	0.1880	2,220,877,744	0.1830	0.1830
		Health	1,965,537,975	0.1283	0.1100	2,006,188,877	0.1284	0.1284	2,220,877,744	0.1248	0.1248
		Art Museum	1,965,537,975	0.0394	0.0394	2,006,188,877	0.0394	0.0394	2,220,877,744	0.0383	0.0383
		General Revenue-Temp	1,965,537,975	0.2700	0.2700	2,006,188,877	0.2700	0.2700	2,220,877,744	0.2625	0.2625

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	City of Strafford	General Revenue	15,458,215	0.4086	0.4086	16,084,727	0.4086	0.4086	19,064,678	0.3680	0.3680
	City of Walnut Grove	General Revenue	4,514,476	0.5561	0.5561	4,646,203	0.5561	0.5561	4,791,837	0.5561	0.5561
	City of Willard	General Revenue	25,377,903	0.4597	0.4597	27,681,141	0.4597	0.4597	31,940,190	0.4217	0.4217
		Parks & Recreation	25,377,903	0.1407	0.1407	27,681,141	0.1407	0.1407	31,940,190	0.1291	0.1291
	Springfield Greene County Library	General Revenue	3,067,953,143	0.2547	0.2547	3,174,731,774	0.2547	0.2547	3,544,068,647	0.2455	0.2455
	Battlefield Fire Protection Dist	General Revenue	334,479,724	0.2611	0.2611	357,689,322	0.3611	0.3611	411,446,469	0.3390	0.3390
	Strafford Fire Protection District	General Revenue	86,610,028	0.2498	0.2498	86,283,602	0.2624	0.2624	100,837,748	0.2448	0.2448
	Fair Grove Fire Protection District	General Revenue	45,800,402	0.1825	0.1825	47,931,077	0.1825	0.1825	53,950,580	0.1753	0.1753
	Brookline Fire Protection District	General Revenue	74,772,719	0.2593	0.2593	82,003,627	0.2593	0.2593	80,926,033	0.2535	0.2535
	Logan-Rogersville Fire Prot Dist	General Revenue	258,288,831	0.2539	0.2539	276,361,071	0.2529	0.2529	301,527,815	0.2457	0.2466 C
	Willard Fire Protection District	General Revenue	92,459,190	0.2641	0.2641	98,259,549	0.2641	0.2641	112,414,933	0.2502	0.2502
	Walnut Grove Fire Protection Dist	General Revenue	28,261,874	0.2929	0.2929	30,136,827	0.2925	0.2925	32,099,457	0.2924	0.2924
	West Republic Fire Protection Dist	General Revenue	17,881,015	0.2657	0.2657	19,163,412	0.2657	0.2657	21,797,773	0.2518	0.2518
	Ebenezer Fire Protection District	General Revenue	75,592,300	0.2933	0.2933	79,935,888	0.2933	0.2933	90,622,148	0.2783	0.2783
	Bois D'Arc Fire Protection District	General Revenue	16,462,224	0.3891	0.3853	17,733,614	0.3891	0.3853	20,095,789	0.3783	0.3783
	Ash Grove Fire Protection District	General Revenue	19,312,326	0.2586	0.2586	20,115,598	0.2586	0.2586	21,719,181	0.2568	0.2568
		Debt Service	**	**	**	20,115,598	0.0671	0.0671	**	**	**
	Pleasant View Fire Protection Dist	General Revenue	24,203,780	0.3000	0.3000	25,732,540	0.3000	0.3000	27,123,700	0.3000	0.3000
	Springfield Spec Parking District	General Revenue	3,276,000	0.1982	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	C and E Community Improvement Dist	General Revenue	5,012,930	3.0000	3.0000	5,012,930	3.0000	3.0000	14,191,260	2.9132	2.9132
	Ozarks Technical Community College	General Revenue	3,746,089,791	0.0972	0.0972	3,889,921,101	0.0972	0.0972	4,370,235,274	0.0937	0.0937
		General Revenue-Temp	3,746,089,791	0.0486	0.0486	3,889,921,101	0.0486	0.0486	4,370,235,274	0.0469	0.0469
	Willard R-II School District	Operating Funds-Schools	200,590,630	2.9264	2.7500	216,251,140	3.2000	3.1000 B	243,390,410	3.3000	3.3000 B
		Debt Service	200,590,630	0.9400	0.9400	216,251,140	1.5874	0.9400	243,390,410	1.4155	0.6900
	Republic R-III School District	Operating Funds-Schools	168,026,036	1.8614	1.8614	180,801,093	2.1514	2.1014 B	210,543,376	3.1400	3.1400 B
		Buildings-Temp	168,026,036	0.4048	0.4048	180,801,093	0.4048	0.4048	210,543,376	0.3802	0.0000
		Building-Temp	168,026,036	0.4838	0.4838	180,801,093	0.4838	0.4838	210,543,376	0.4544	0.0000
		Debt Service	168,026,036	0.6500	0.6500	180,801,093	1.0474	0.6500	210,543,376	0.9058	0.5500
	Ash Grove R-IV School District	Operating Funds-Schools	37,281,040	3.1795	2.7500	39,871,850	3.1864	2.7500	44,388,265	3.1059	2.7500
		Debt Service	37,281,040	0.5000	0.5000	39,871,850	0.5752	0.5000	44,388,265	0.4968	0.4968
	Walnut Grove R-V School District	Operating Funds-Schools	13,994,220	3.0337	3.0337	14,640,270	3.0646	3.0646	15,739,810	3.3146	3.3146 B
	Strafford R-VI School District	Operating Funds-Schools	114,359,524	2.7500	2.7500	109,553,882	2.8456	2.7500	124,332,905	2.7500	2.7500
		Debt Service	114,359,524	0.7000	0.7000	109,553,882	1.0004	0.7000	124,332,905	1.0000	0.7000
	Greene Co R-VIII School District	Operating Funds-Schools	130,897,235	2.7500	2.7500	139,339,131	3.1500	3.1500 B	157,261,850	3.0728	3.0728
		Debt Service	130,897,235	0.7900	0.7900	138,047,831	1.2141	0.7900	157,261,850	1.2203	0.8662
	Springfield R-XII School District	Operating Funds-Schools	2,350,599,750	2.8935	2.8935	2,416,478,030	3.0435	3.0435 B	2,687,705,870	3.1435	3.0003 B
		Debt Service	2,350,599,750	0.3300	0.3300	2,416,478,030	0.5354	0.3300	2,687,705,870	0.4832	0.3300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	Fair Grove R-X School District	Operating Funds-Schools	41,365,240	3.0427	2.7500	45,211,171	2.9883	2.7500	50,432,170	2.8274	2.7500
		Debt Service	41,365,240	0.2500	0.2500	45,211,171	0.4100	0.4100	50,432,170	0.4100	0.4100
	Greene County	General Revenue	3,067,953,143	0.2632	0.1120	3,174,731,774	0.2632	0.1010	3,544,069,587	0.2536	0.1099
		Road & Bridge	3,067,953,143	0.2632	0.1120	3,174,731,774	0.2632	0.1010	3,544,069,587	0.2536	0.1099
		Senate Bill 40	3,067,953,143	0.0488	0.0488	3,174,731,774	0.0488	0.0488	3,544,069,587	0.0470	0.0470
		Senior Services	**	**	**	**	**	**	3,544,069,587	0.0500	0.0500 A
Grundy	Grundy County Nursing Home District	General Revenue	96,014,668	0.1429	0.1429	90,792,209	0.1500	0.1500	96,265,616	0.1500	0.1500
	Spickard Special Road District	Special Road and Bridge	1,244,512	0.3258	0.3258	1,189,652	0.3417	0.3417	1,168,238	0.3500	0.3500
	Village of Brimson	General Revenue	259,992	0.1881	0.1881	207,609	0.2355	0.2000	217,812	0.2487	0.2000
	City of Galt	General Revenue	934,186	0.9238	0.9238	846,769	1.0000	1.0000	750,029	1.0000	1.0000
	City of Laredo	General Revenue	760,558	0.6046	0.6046	672,869	0.6834	0.6834	667,213	0.7000	0.7000
		Streets	760,558	0.2849	0.2849	672,869	0.3000	0.3000 A	667,213	0.3000	0.3000
	City of Spickard	General Revenue	1,063,859	0.9274	0.9274	968,722	1.0000	1.0000	958,067	1.0000	1.0000
		Debt Service	1,063,859	1.0528	1.0528	968,722	1.1562	1.1562	958,067	1.0438	1.0438
	City of Tindall	General Revenue	445,213	0.4162	0.4162	327,861	0.4500	0.4162	383,613	0.4500	0.4500
	City of Trenton	General Revenue	49,897,257	0.7163	0.7163	45,759,006	0.7852	0.7852	49,437,276	0.7969	0.7969
		Parks & Recreation	49,897,257	0.2769	0.2769	45,759,006	0.3000	0.1500	49,437,276	0.3000	0.1500
	Grundy Co Jewett Norris Library	General Revenue	96,014,668	0.1905	0.1905	90,792,209	0.2000	0.2000	96,265,616	0.2000	0.2000
	Franklin Township of Grundy Co	General Revenue	3,655,680	0.0961	0.0961	3,680,392	0.0970	0.0970	3,618,491	0.1000	0.1000
		Road & Bridge	3,655,680	0.4152	0.4152	3,680,392	0.4192	0.4192	3,618,491	0.4374	0.4374
		Special Road and Bridge	3,655,680	0.3500	0.3500 A	3,680,392	0.3500	0.3500	3,618,491	0.3500	0.3500
	Harrison Township of Grundy Co	General Revenue	1,783,806	0.0974	0.0974	1,761,334	0.1000	0.1000	1,818,631	0.1000	0.1000
		Road & Bridge	1,783,806	0.4873	0.4873	1,761,334	0.5000	0.5000	1,818,631	0.5000	0.5000
		Special Road and Bridge	1,783,806	0.3412	0.3412	1,761,334	0.3500	0.3500	1,818,631	0.3500	0.3500 A
	Jackson Township of Grundy Co	General Revenue	3,082,022	0.1000	0.1000	3,031,828	0.1000	0.1000	3,170,291	0.1000	0.1000
		Road & Bridge	3,082,022	0.3881	0.3881	3,031,828	0.3954	0.3954	3,170,291	0.4043	0.4043
		Special Road and Bridge	3,082,022	0.3500	0.3500 A	3,031,828	0.3500	0.3500	3,170,291	0.3500	0.3500
	Jefferson Township of Grundy Co	General Revenue	4,582,255	0.0944	0.0944	4,623,500	0.0948	0.0944	4,833,495	0.0976	0.0976
		Road & Bridge	4,582,255	0.2653	0.2653	4,623,500	0.2663	0.2653	4,833,495	0.2741	0.2741
		Special Road and Bridge	4,582,255	0.3500	0.3500 A	4,623,500	0.3500	0.3500	4,833,495	0.3500	0.3500
	Liberty Township of Grundy Co	General Revenue	3,385,792	0.0974	0.0974	3,273,291	0.1000	0.1000	3,135,322	0.1000	0.1000
		Road & Bridge	3,385,792	0.4872	0.4872	3,273,291	0.5000	0.5000	3,135,322	0.5000	0.5000
		Special Road and Bridge	3,385,792	0.3410	0.3410	3,273,291	0.3500	0.3500	3,135,322	0.3500	0.3500 A
	Lincoln Township of Grundy Co	General Revenue	5,744,471	0.0974	0.0974	5,886,099	0.0974	0.0974	5,940,800	0.1000	0.1000
		Road & Bridge	5,744,471	0.2929	0.2929	5,886,099	0.2929	0.2929	5,940,800	0.3021	0.3021
		Special Road and Bridge	5,744,471	0.3411	0.3411	5,886,099	0.3411	0.3411	5,940,800	0.3500	0.3500 A
	Madison Township of Grundy Co	General Revenue	6,057,778	0.0952	0.0952	5,296,099	0.1000	0.0952	5,375,124	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Grundy	Madison Township of Grundy Co	Road & Bridge	6,057,778	0.4759	0.4759	5,296,099	0.5000	0.5000	5,375,124	0.5000	0.5000
		Special Road and Bridge	6,057,778	0.3500	0.3500 A	5,296,099	0.3500	0.3500	5,375,124	0.3500	0.3500
	Marion Township of Grundy Co	General Revenue	3,505,576	0.1000	0.1000	3,461,958	0.1000	0.1000	3,516,982	0.1000	0.1000
		Road & Bridge	3,505,576	0.4804	0.4804	3,461,958	0.4940	0.4940	3,516,982	0.5000	0.5000
		Special Road and Bridge	3,505,576	0.3500	0.3500 A	3,461,958	0.3500	0.3500	3,516,982	0.3500	0.3500
		Debt Service	3,505,576	0.2654	0.2654	3,461,958	0.0220	0.0220	**	**	**
	Myers Township of Grundy County	General Revenue	1,763,717	0.1000	0.1000	1,782,737	0.1000	0.1000	1,729,148	0.1000	0.1000
		Road & Bridge	1,763,717	0.5000	0.5000	1,782,737	0.5000	0.5000	1,729,148	0.5000	0.5000
		Special Road and Bridge	1,763,717	0.3500	0.3500 A	1,782,737	0.3500	0.3500	1,729,148	0.3500	0.3500
	Taylor Township of Grundy Co	General Revenue	1,651,538	0.0910	0.0910	1,395,523	0.1000	0.1000	1,774,731	0.0886	0.0886
		Road & Bridge	1,651,538	0.3643	0.3643	1,395,523	0.4312	0.4312	1,774,731	0.3818	0.3818
		Special Road and Bridge	1,651,538	0.3185	0.3185	1,395,523	0.3500	0.3500	1,774,731	0.3500	0.3500 A
	Trenton Township of Grundy Co	General Revenue	56,344,827	0.0952	0.0952	52,358,764	0.1000	0.0952	56,791,891	0.1000	0.1000
		Road & Bridge	56,344,827	0.2788	0.2788	52,358,764	0.3021	0.2788	56,791,891	0.3061	0.3061
	Wilson Township of Grundy Co	General Revenue	3,391,064	0.0917	0.0917	3,102,683	0.1000	0.1000	3,390,101	0.0999	0.0999
		Road & Bridge	3,391,064	0.4585	0.4585	3,102,683	0.5000	0.5000	3,390,101	0.4993	0.4993
		Special Road and Bridge	3,391,064	0.3500	0.3500 A	3,102,683	0.3500	0.3500	3,390,101	0.3495	0.3495
	Washington Township of Grundy Co	General Revenue	1,110,305	0.0994	0.0994	1,138,001	0.0992	0.0992	1,170,455	0.1000	0.1000
		Road & Bridge	1,110,305	0.4395	0.4395	1,138,001	0.4387	0.4387	1,170,455	0.4675	0.4675
		Special Road and Bridge	1,110,305	0.3479	0.3479	**	**	**	**	**	**
		Special Road and Bridge	1,110,305	0.3500	0.0000 A	1,138,001	0.3493	0.3493	1,170,455	0.3500	0.3500
	Grundy County Rural Fire Prot Dist	General Revenue	24,329,681	0.2906	0.2500	23,566,208	0.3000	0.2500	25,008,982	0.3000	0.2800
	Laredo Fire Protection District	General Revenue	7,842,355	0.2864	0.2800	7,577,858	0.2996	0.2800	8,053,153	0.2996	0.2800
	Spickard Fire Protection District	General Revenue	9,945,674	0.2910	0.2910	10,036,688	0.2933	0.2933	10,030,955	0.3000	0.3000
	North Central Missouri College	General Revenue	71,092,909	0.3657	0.3657	66,915,083	0.3913	0.3913	72,076,216	0.3956	0.3956
	Grundy Co R-V School District	Operating Funds-Schools	10,466,283	4.3027	4.3027	10,358,263	4.3400	4.3400	10,653,935	4.3086	4.3086
		Operating Funds-Temp	**	**	**	10,358,263	0.4500	0.4500 A	10,653,935	0.4500	0.4500
		Debt Service	10,466,283	1.2490	1.2490	10,358,263	1.2309	1.2100	10,653,935	1.1307	1.1307
	Spickard R-II School District	Operating Funds-Schools	3,550,477	3.8233	3.8233	3,309,940	4.1676	4.1676	3,481,208	4.1648	4.1648
		Debt Service	3,550,477	0.6459	0.6459	3,309,940	0.1647	0.1647	3,481,208	0.5315	0.5315
	Pleasant View R-VI School District	Operating Funds-Schools	5,492,669	4.2916	4.2916	5,362,340	4.4645	4.4645	5,724,989	4.4652	4.4652
	Laredo R-VII School District	Operating Funds-Schools	4,049,997	4.5581	4.5581	3,776,500	4.8891	4.5581	4,111,866	4.9000	4.9000
		Operating Funds-Temp	**	**	**	3,776,500	1.4000	1.4000 A	4,111,866	1.3994	1.0581
	Trenton R-IX School District	Operating Funds-Schools	65,559,668	3.2752	2.7500	60,291,085	3.6144	3.6144	66,298,870	3.5504	3.5504
		Debt Service	65,559,668	0.9900	0.9900	60,291,085	1.2300	0.9000	66,298,870	1.0615	0.9000
	Grundy County	General Revenue	96,014,668	0.3567	0.1371	92,769,119	0.3723	0.2071	96,265,616	0.3790	0.1270
		Health	96,014,668	0.2857	0.2857	92,769,119	0.2982	0.2982	96,265,616	0.3000	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Grundy	Grundy County	Developmentally Disabled	96,014,668	0.0952	0.0952	92,769,119	0.0994	0.0994	96,265,616	0.1000	0.1000
Harrison	North Harrison Co Ambulance Dist	General Revenue	25,503,631	0.5000	0.5000	25,799,723	0.5000	0.5000	27,533,676	0.4961	0.4961
	Noel Adams Ambulance District	General Revenue	62,225,902	0.2687	0.2500	62,583,093	0.2701	0.0000	65,109,796	0.2777	0.0000
	Harrison County Hospital District	General Revenue	83,445,386	0.4975	0.4500	81,635,360	0.5000	0.4500	85,776,920	0.5000	0.4500
	Panther Creek Watershed Sub Dist	General Revenue	1,467,430	0.2721	0.2721	1,500,150	0.2721	0.2721	1,515,840	0.2729	0.2729
	West Fork of Big Creek Sub Dist	General Revenue	9,132,473	0.3843	0.3843	10,031,480	0.3735	0.3735	9,939,217	0.3851	0.3851
	East Fork of Big Creek Subdistrict	General Revenue	3,695,579	0.3915	0.3915	3,934,552	0.3873	0.3873	4,000,337	0.4000	0.4000
	City of Bethany	General Revenue	25,714,279	0.4606	0.4606	24,869,044	0.4779	0.4779	25,524,277	0.5202	0.5202
		Parks & Recreation	25,714,279	0.1702	0.1702	24,869,044	0.1766	0.1766	25,524,277	0.1922	0.1922
		Road	25,714,279	0.2604	0.2604	24,869,044	0.2702	0.2702	25,524,277	0.2941	0.2941
	Village of Blythedale	General Revenue	669,565	0.7932	0.7932	652,767	0.8147	0.8147	605,799	0.8778	0.8778
	City of Cainsville	General Revenue	1,549,831	0.6718	0.5000	1,444,216	0.7221	0.5000	1,471,003	0.7373	0.5000
		Fire	1,549,831	0.2277	0.0000	1,444,216	0.2448	0.0000	1,471,003	0.2499	0.0000
		General Revenue-Temp	1,549,831	0.3000	0.3000 A	1,444,216	0.3000	0.3000	1,471,003	0.3000	0.3000
		Gravel	1,549,831	1.0185	0.5000	1,444,216	1.0948	0.5000	1,471,003	1.1177	0.5000
		Debt Service	1,549,831	0.2973	0.2973	1,444,216	0.3540	0.3540	1,471,003	0.3706	0.3706
	City of Gilman City	General Revenue	1,463,749	0.4568	0.4568	1,412,048	0.4775	0.4775	1,461,891	0.4845	0.4845
		Parks & Recreation	1,463,749	0.0482	0.0482	1,412,048	0.0500	0.0500	1,461,891	0.0500	0.0500
		Streets	1,463,749	0.1654	0.1654	1,412,048	0.1729	0.1729	1,461,891	0.1754	0.1754
	Village of Mount Moriah	General Revenue	452,363	0.5000	0.5000	445,753	0.5000	0.5000	444,239	0.5000	0.5000
	City of New Hampton	General Revenue	1,086,079	0.6932	0.6932	1,005,391	0.7493	0.7493	944,276	0.7500	0.7500
		Lights	1,086,079	0.1386	0.1386	1,005,391	0.1498	0.1498	944,276	0.1500	0.1500
		Streets	1,086,079	0.2982	0.2982	1,005,391	0.3000	0.3000	944,276	0.3000	0.3000
	City of Ridgeway	General Revenue	1,900,602	0.9370	0.9370	1,668,412	1.0853	1.0853	1,812,044	1.0000	1.0000
		Parks & Recreation	1,900,602	0.0500	0.0500	1,668,412	0.0500	0.0500	1,812,044	0.0500	0.0500
	Adams Township of Harrison Co	General Revenue	2,077,094	0.1000	0.1000	1,970,928	0.1000	0.1000	2,089,948	0.1000	0.1000
		Road & Bridge	2,077,094	0.5000	0.5000	1,970,928	0.5000	0.5000	2,089,948	0.5000	0.5000
		Special Road and Bridge	2,077,094	0.3500	0.3500	1,970,928	0.3500	0.3500 A	2,089,948	0.3500	0.3500
	Bethany Township of Harrison County	General Revenue	30,321,481	0.0981	0.0981	29,179,057	0.1000	0.1000	32,336,060	0.1000	0.1000
		Road & Bridge	30,321,481	0.2904	0.2904	29,179,057	0.3038	0.3038	32,336,060	0.3044	0.3044
	Butler Township of Harrison Co	General Revenue	1,599,974	0.1000	0.1000	1,743,140	0.0959	0.0959	1,789,427	0.0987	0.0987
		Road & Bridge	1,599,974	0.4237	0.4237	1,743,140	0.4062	0.4062	1,789,427	0.4179	0.4179
		Special Road and Bridge	1,599,974	0.3500	0.3500	1,743,140	0.3500	0.3500 A	1,789,427	0.3500	0.3500
	Clay Township of Harrison Co	General Revenue	2,618,792	0.1000	0.1000	2,384,341	0.1000	0.1000	2,488,874	0.1000	0.1000
		Road & Bridge	2,618,792	0.4517	0.4517	2,384,341	0.4961	0.4961	2,488,874	0.4961	0.4961
		Special Road and Bridge	2,618,792	0.3500	0.3500	2,384,341	0.3500	0.3500 A	2,488,874	0.3500	0.3500
	Colfax Township of Harrison Co	General Revenue	4,966,836	0.1000	0.1000	4,966,294	0.1000	0.1000	5,698,630	0.0953	0.0953

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Colfax Township of Harrison Co	Road & Bridge	4,966,836	0.4458	0.4458	4,966,294	0.4479	0.4479	5,698,630	0.4268	0.4268
		Special Road and Bridge	4,966,836	0.3500	0.3500	4,966,294	0.3500	0.3500 A	5,698,630	0.3335	0.3335
	Cypress Township of Harrison Co	General Revenue	1,855,467	0.1000	0.1000	1,821,499	0.1000	0.1000	1,979,374	0.1000	0.1000
		Road & Bridge	1,855,467	0.3725	0.3725	1,821,499	0.3937	0.3937	1,979,374	0.3937	0.3937
		Special Road and Bridge	1,855,467	0.3500	0.3500	1,821,499	0.3500	0.3500 A	1,979,374	0.3500	0.3500
	Dallas Township of Harrison Co	General Revenue	1,742,300	0.1000	0.1000	1,710,554	0.1000	0.1000	1,803,351	0.1000	0.1000
		Road & Bridge	1,742,300	0.3984	0.3984	1,710,554	0.4109	0.4109	1,803,351	0.4109	0.4109
		Special Road and Bridge	1,742,300	0.3500	0.3500	1,710,554	0.3500	0.3500 A	1,803,351	0.3500	0.3500
	Fox Creek Township of Harrison Co	General Revenue	1,641,072	0.1000	0.1000	1,572,575	0.1000	0.1000	1,705,309	0.1000	0.1000
		Road & Bridge	1,641,072	0.4159	0.4159	1,572,575	0.4481	0.4481	1,705,309	0.4481	0.4481
		Special Road and Bridge	1,641,072	0.3500	0.3500	1,572,575	0.3500	0.3500 A	1,705,309	0.3500	0.3500
	Grant Township of Harrison Co	General Revenue	3,187,452	0.1000	0.1000	3,095,042	0.1000	0.1000	3,298,743	0.0996	0.0996
		Road & Bridge	3,187,452	0.4536	0.4536	3,095,042	0.4731	0.4731	3,298,743	0.4713	0.4713
		Special Road and Bridge	3,187,452	0.3500	0.3500	3,095,042	0.3500	0.3500 A	3,298,743	0.3487	0.3487
	Hamilton Township of Harrison Co	General Revenue	2,373,789	0.0991	0.0991	2,254,601	0.1000	0.1000	2,373,662	0.1000	0.1000
		Road & Bridge	2,373,789	0.4649	0.4649	2,254,601	0.4942	0.4942	2,373,662	0.4942	0.4942
		Special Road and Bridge	2,373,789	0.3470	0.3470	2,254,601	0.3500	0.3500 A	2,373,662	0.3500	0.3500
	Jefferson Township of Harrison Co	General Revenue	2,956,506	0.1000	0.1000	3,128,085	0.0979	0.0979	3,247,145	0.1000	0.1000
		Road & Bridge	2,956,506	0.4217	0.4217	3,128,085	0.4129	0.4129	3,247,145	0.4291	0.4291
		Special Road and Bridge	2,956,506	0.3500	0.3500	3,128,085	0.3500	0.3500 A	3,247,145	0.3500	0.3500
	Lincoln Township of Harrison Co	General Revenue	1,749,924	0.1000	0.1000	1,694,847	0.1000	0.1000	1,784,162	0.1000	0.1000
		Road & Bridge	1,749,924	0.4934	0.4934	1,694,847	0.5000	0.5000	1,784,162	0.5000	0.5000
		Special Road and Bridge	1,749,924	0.3500	0.3500	1,694,847	0.3500	0.3500 A	1,784,162	0.3500	0.3500
	Madison Township of Harrison Co	General Revenue	4,106,277	0.1000	0.1000	3,818,483	0.1000	0.1000	4,243,258	0.0954	0.0954
		Road & Bridge	4,106,277	0.4371	0.4371	3,818,483	0.4759	0.4759	4,243,258	0.4541	0.4541
		Special Road and Bridge	4,106,277	0.3500	0.3500	3,818,483	0.3500	0.3500 A	4,243,258	0.3340	0.3340
	Marion Township of Harrison Co	General Revenue	4,401,076	0.0964	0.0964	4,318,249	0.0994	0.0994	4,372,105	0.1000	0.1000
		Road & Bridge	4,401,076	0.3964	0.3964	4,318,249	0.4087	0.4087	4,372,105	0.4127	0.4127
		Special Road and Bridge	4,401,076	0.3500	0.3500	4,318,249	0.3500	0.3500 A	4,372,105	0.3500	0.3500
	Sherman Township of Harrison Co	General Revenue	2,725,239	0.1000	0.1000	2,614,080	0.1000	0.1000	2,780,758	0.1000	0.1000
		Road & Bridge	2,725,239	0.5000	0.5000	2,614,080	0.5000	0.5000	2,780,758	0.5000	0.5000
		Special Road and Bridge	2,725,239	0.3500	0.3500	2,614,080	0.3500	0.3500 A	2,780,758	0.3500	0.3500
	Sugar Creek Township of Harrison Co	General Revenue	3,160,357	0.0993	0.0993	3,041,745	0.1000	0.1000	3,380,670	0.0967	0.0967
		Road & Bridge	3,160,357	0.3573	0.3573	3,041,745	0.3728	0.3728	3,380,670	0.3606	0.3606
		Special Road and Bridge	3,160,357	0.3477	0.3477	3,041,745	0.3500	0.3500	3,380,670	0.3500	0.3500 A
	Trail Creek Township of Harrison Co	General Revenue	3,222,383	0.0975	0.0975	3,345,667	0.1000	0.1000	3,507,325	0.0999	0.0999
		Road & Bridge	3,222,383	0.4877	0.4877	3,345,667	0.5000	0.5000	3,507,325	0.4995	0.4995

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Trail Creek Township of Harrison Co	Special Road and Bridge	3,222,383	0.3414	0.3414	3,345,667	0.3500	0.3500 A	3,507,325	0.3497	0.3497
	Union Township of Harrison Co	General Revenue	3,466,455	0.1000	0.1000	3,538,128	0.1000	0.1000	3,554,705	0.1000	0.1000
		Road & Bridge	3,466,455	0.4701	0.4701	3,538,128	0.4701	0.4701	3,554,705	0.4779	0.4779
		Special Road and Bridge	3,466,455	0.3500	0.3500	3,538,128	0.3500	0.3500 A	3,554,705	0.3500	0.3500
	Washington Township of Harrison Co	General Revenue	1,784,134	0.1000	0.1000	2,029,427	0.0899	0.0899	1,866,065	0.1000	0.1000
		Road & Bridge	1,784,134	0.4489	0.4489	2,029,427	0.4037	0.4037	1,866,065	0.4608	0.4608
		Special Road and Bridge	1,784,134	0.3500	0.3500	2,029,427	0.3500	0.3500 A	1,866,065	0.3500	0.3500
	White Oak Township of Harrison Co	General Revenue	3,488,778	0.1000	0.1000	3,408,618	0.1000	0.1000	3,513,189	0.1000	0.1000
		Road & Bridge	3,488,778	0.4382	0.4382	3,408,618	0.4519	0.4519	3,513,189	0.4589	0.4589
		Special Road and Bridge	3,488,778	0.3500	0.3500	3,408,618	0.3500	0.3500 A	3,513,189	0.3500	0.3500
	Ridgeway Fire Protection District	General Revenue	6,763,890	0.2988	0.2988	6,984,040	0.2995	0.2995	6,252,597	0.3000	0.3000
	Gilman City Fire Protection Dist	General Revenue	8,395,942	0.2864	0.2864	8,651,284	0.2864	0.2864	8,640,053	0.2971	0.2971
	New Hampton Fire Protection Dist	General Revenue	8,020,262	0.2901	0.2901	8,260,701	0.2901	0.2901	8,109,845	0.3000	0.3000
	North Harrison Fire Protection Dist	Fire	14,083,783	0.2852	0.2852	13,816,603	0.2908	0.2908	13,546,869	0.3000	0.3000
	Cainsville Fire Protection District	General Revenue	6,506,862	0.3000	0.3000	6,460,970	0.3000	0.3000	7,207,395	0.2842	0.2842
	Cainsville R-I School District	Operating Funds-Schools	4,802,734	5.6079	5.6079	4,662,790	5.8307	5.7000	5,113,185	5.8400	5.6000
	South Harrison Co R-II School Dist	Operating Funds-Schools	48,925,982	3.4237	3.4237	48,128,291	3.4670	3.4670	51,733,695	3.4444	3.4444
	North Harrison Co R-III School Dist	Operating Funds-Schools	13,450,153	4.3469	4.3469	13,195,560	4.4062	4.4062	14,130,775	4.3389	4.3389
	Gilman City R-IV School District	Operating Funds-Schools	8,048,843	4.8011	4.8011	7,928,377	4.9014	4.9014	8,558,696	4.9043	4.9043
	Ridgeway R-V School District	Operating Funds-Schools	6,212,060	5.4247	4.8034	6,482,530	5.5000	4.8486	6,666,385	5.4840	4.9091
	Harrison County	General Revenue	83,445,386	0.3555	0.3555	81,635,360	0.3664	0.3664	87,812,760	0.3664	0.3664
		Health	83,445,386	0.1393	0.1393	81,635,360	0.1400	0.1400	87,812,760	0.1400	0.1400
Henry	Windsor Ambulance District	General Revenue	38,709,252	0.2921	0.2921	38,671,793	0.2941	0.2941	39,102,778	0.2947	0.2947
	Bethlehem Spec Rd Dist #2 Henry Co	Road & Bridge	2,103,897	0.6082	0.6082	2,063,676	0.6100	0.6100	2,312,066	0.5844	0.5844
	Deerfield Creek SRD, Henry Co	Road & Bridge	3,238,826	0.7266	0.2000	3,383,319	0.7266	0.2000	3,782,797	0.7266	0.2000
	Fields Creek Sp Rd Dist #1 Henry Co	Road & Bridge	19,249,823	0.2495	0.2495	16,938,632	0.2854	0.2854	17,221,446	0.2854	0.2854
	Honey Creek Sp Rd Dist #1 Henry Co	Road & Bridge	1,743,595	0.3563	0.3563	1,805,274	0.3563	0.3563	1,991,182	0.3563	0.3563
	Montrose Spec Rd Dist Henry Co	Road & Bridge	3,080,611	0.2960	0.2960	3,030,443	0.3039	0.3039	3,065,036	0.3039	0.3039
	Mt Hope Spec Rd Dist Henry Co	Road & Bridge	1,067,703	0.4900	0.4900	1,057,414	0.4900	0.4900	1,105,920	0.4900	0.4900
	Osage Spec Rd Dist #1 Henry Co	Road & Bridge	4,264,220	0.3322	0.3000	4,465,513	0.3317	0.3317	4,916,796	0.3299	0.3299
	Shawnee Spec Rd Dist #1 Henry Co	Road & Bridge	3,437,789	0.4659	0.2500	3,500,922	0.4728	0.2500	3,811,616	0.4737	0.2500
	Wagner Spec Rd Dist Henry Co	Road & Bridge	544,148	0.4946	0.4946	562,279	0.5000	0.5000	530,199	0.5000	0.5000
	Windsor Spec Rd Dist Henry Co	Road & Bridge	27,307,147	0.2841	0.2841	27,304,735	0.2850	0.2850	27,526,904	0.2867	0.2867
	Clinton Country Club Spec Rd Dist	Special Road and Bridge	833,830	0.3499	0.3499	1,005,759	0.3021	0.3021	1,158,965	0.2971	0.2971
	City of Blainstown	General Revenue	602,324	1.0000	1.0000	578,055	1.0000	1.0000	555,379	1.0000	1.0000
		Streets	602,324	0.5000	0.5000	578,055	0.5000	0.5000 A	555,379	0.5000	0.5000
	Village of Brownington	General Revenue	392,154	0.6678	0.6678	392,816	0.6780	0.6780	387,562	0.6871	0.6871

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	City of Calhoun	General Revenue	1,732,517	0.5657	0.5657	1,626,292	0.6045	0.6045	1,700,685	0.6045	0.6045
		Police	1,732,517	0.2432	0.2432	1,626,292	0.2500	0.2500	1,700,685	0.2500	0.2500 A
		Fire	1,732,517	0.1946	0.1946	1,626,292	0.2000	0.2000	1,700,685	0.2000	0.2000 A
	City of Clinton	General Revenue	102,225,979	0.4859	0.4859	102,308,829	0.4888	0.4888	108,285,844	0.4888	0.4888
		Parks & Recreation	102,225,979	0.1361	0.1361	102,308,829	0.1369	0.1369	108,285,844	0.1369	0.1369
	City of Deepwater	General Revenue	2,180,719	0.9279	0.9279	2,173,745	0.9340	0.9279	2,257,614	0.9340	0.9340
		Lights	2,180,719	0.1356	0.1356	2,173,745	0.1365	0.1365	2,257,614	0.1365	0.1365
		Cemetery	2,180,719	0.1000	0.1000	2,173,745	0.1000	0.1000	2,257,614	0.1000	0.1000
	City of Montrose	General Revenue	2,536,084	0.9262	0.9262	2,535,949	0.9371	0.9371	2,597,104	0.9371	0.9371
		Debt Service	2,536,084	0.4515	0.4515	2,535,949	0.6101	0.6101	2,597,104	0.5914	0.5914
	City of Urich	General Revenue	2,753,919	0.9387	0.9387	2,779,720	0.9465	0.9465	2,879,308	0.9465	0.9465
		Parks & Recreation	2,753,919	0.2897	0.2897	2,779,720	0.2921	0.2921	2,879,308	0.2921	0.2921
	City of Windsor	General Revenue	21,005,991	0.5817	0.5817	20,870,736	0.5866	0.5866	20,969,967	0.5866	0.5866
		Library	21,005,991	0.1167	0.1167	20,870,736	0.1177	0.1177	20,969,967	0.1177	0.1177
		Park	21,005,991	0.2268	0.2268	20,870,736	0.2287	0.2287	20,969,967	0.2287	0.2287
		Pool	21,005,991	0.1167	0.1167	20,870,736	0.1177	0.1177	20,969,967	0.1177	0.1177
		Recreation	21,005,991	0.0584	0.0584	20,870,736	0.0589	0.0589	20,969,967	0.0589	0.0589
	Henry County Library District	General Revenue	223,734,590	0.1955	0.1955	228,365,514	0.1955	0.1955	240,898,469	0.1955	0.1955
	Bear Creek Township of Henry Co	General Revenue	2,823,080	0.2000	0.2000	2,791,874	0.2000	0.2000	2,928,590	0.2000	0.2000
		Road & Bridge	2,823,080	0.3500	0.3500	2,791,874	0.3500	0.3500	2,928,590	0.3500	0.3500
		Special Road and Bridge	2,823,080	0.2600	0.2600	2,791,874	0.2600	0.2600	2,928,590	0.2600	0.2600
	Bethlehem Township of Henry County	General Revenue	8,647,650	0.1208	0.1208	9,014,567	0.1202	0.1202	9,816,507	0.1187	0.1187
		Road & Bridge	6,425,111	0.2659	0.2659	6,721,155	0.2653	0.2653	7,235,263	0.2647	0.2647
	Bogard Township of Henry Co	General Revenue	7,335,500	0.1741	0.1741	7,332,691	0.1759	0.1759	7,726,816	0.1759	0.1759
		Road & Bridge	7,335,500	0.3585	0.3585	7,332,691	0.3622	0.3622	7,726,816	0.3622	0.3622
		Special Road and Bridge	7,335,500	0.2472	0.2472	7,332,691	0.2497	0.2497	7,726,816	0.2497	0.0000
		Spec Rd and Bridge - temp	**	**	**	**	**	**	7,726,816	0.2500	0.2500 A
	Clinton Township of Henry Co	General Revenue	88,159,973	0.1334	0.1000	91,201,564	0.1334	0.1000	95,228,960	0.1334	0.1000
		Road & Bridge	88,159,973	0.2669	0.2000	91,201,564	0.2669	0.2000	95,228,960	0.2669	0.2000
	Davis Township of Henry Co	General Revenue	7,924,171	0.2000	0.0300	9,764,749	0.2000	0.0300	9,440,680	0.2000	0.0300
		Road & Bridge	7,924,171	0.5000	0.5000	9,764,749	0.5000	0.5000	9,440,680	0.5000	0.5000
	Deepwater Township of Henry Co	General Revenue	6,145,222	0.1668	0.1668	6,106,154	0.1687	0.1668	6,214,414	0.1687	0.1687
		Road & Bridge	1,452,760	0.3961	0.3961	1,456,018	0.3990	0.3961	1,514,379	0.3990	0.3990
	Deer Creek Township of Henry Co	General Revenue	5,327,629	0.1540	0.1540	5,442,640	0.1540	0.1540	5,779,626	0.1540	0.1540
		Road & Bridge	3,662,230	0.4477	0.4477	3,703,958	0.4477	0.4477	3,934,977	0.4477	0.4477
	Fairview Township of Henry Co	General Revenue	6,011,384	0.1544	0.1400	6,072,158	0.1544	0.1400	6,294,057	0.1544	0.1400
		Road & Bridge	6,011,384	0.3294	0.3100	6,072,158	0.3294	0.3100	6,294,057	0.3294	0.3100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Fields Creek Township of Henry Co	General Revenue	30,952,198	0.1361	0.1361	28,737,165	0.1479	0.1479	31,860,862	0.1479	0.1479
		Road & Bridge	9,420,450	0.3049	0.3049	9,382,723	0.3088	0.3088	11,811,481	0.3088	0.3088
	Honey Creek Township of Henry Co	General Revenue	2,860,480	0.1806	0.1500	2,933,456	0.1808	0.1500	3,225,582	0.1808	0.1500
		Road & Bridge	1,116,885	0.4923	0.1000	1,128,182	0.5000	0.1000	1,234,400	0.5000	0.1000
	Leesville Township of Henry Co	General Revenue	11,519,477	0.1299	0.1299	12,145,305	0.1299	0.1299	12,980,727	0.1298	0.1298
		Road & Bridge	11,519,477	0.2600	0.2600	12,145,305	0.2600	0.2600	12,980,727	0.2598	0.2598
	Osage Township of Henry Co	General Revenue	7,639,333	0.1308	0.0800	7,913,724	0.1308	0.1308	8,512,987	0.1308	0.1308
		Road & Bridge	3,388,073	0.2823	0.2800	3,461,151	0.2823	0.2823	3,608,051	0.2823	0.2823
	Shawnee Township of Henry Co	General Revenue	6,174,138	0.1617	0.0500	6,257,909	0.1634	0.0500	6,660,247	0.1634	0.0500
		Road & Bridge	2,736,349	0.4129	0.4100	2,756,987	0.4150	0.4100	2,848,631	0.4150	0.4150
	Springfield Township of Henry Co	General Revenue	3,073,678	0.1399	0.1399	3,130,934	0.1407	0.1407	3,305,948	0.1407	0.1407
		Road & Bridge	3,073,678	0.3197	0.3197	3,130,934	0.3217	0.3217	3,305,948	0.3217	0.3217
	Tebo Township of Henry Co	General Revenue	6,993,082	0.1753	0.1753	6,954,714	0.1779	0.1779	7,305,659	0.1779	0.1779
		Road & Bridge	6,993,082	0.3817	0.3817	6,954,714	0.3875	0.3875	7,305,659	0.3875	0.3875
		Special Road and Bridge	6,993,082	0.1774	0.1774	6,954,714	0.1800	0.1774	7,305,659	0.1800	0.1800
	Walker Township of Henry Co	General Revenue	4,430,105	0.1942	0.1942	4,574,153	0.1942	0.1942	4,774,095	0.1942	0.1942
		Road & Bridge	4,430,105	0.4855	0.4855	4,574,153	0.4855	0.4855	4,774,095	0.4855	0.4855
		Special Road and Bridge	4,430,105	0.1456	0.1456	**	**	**	**	**	**
	White Oak Township of Henry Co	General Revenue	6,276,172	0.1855	0.1855	6,318,240	0.1871	0.1871	6,493,744	0.1871	0.1871
		Road & Bridge	6,276,172	0.3914	0.3914	6,318,240	0.3947	0.3947	6,493,744	0.3947	0.3947
	Windsor Township of Henry Co	General Revenue	27,307,147	0.1420	0.1420	27,303,735	0.1424	0.1424	27,526,904	0.1432	0.1432
	Big Creek Township of Henry Co	General Revenue	4,366,511	0.1589	0.1589	4,461,867	0.1589	0.1589	4,597,339	0.1589	0.1589
		Road & Bridge	4,366,511	0.2583	0.2583	4,461,867	0.2583	0.2583	4,597,339	0.2583	0.2583
	Tightwad Fire Protection District	General Revenue	11,519,477	0.2976	0.1500	12,145,305	0.2976	0.2000	12,980,727	0.2973	0.2000
	Henry County R-I School District	Operating Funds-Schools	36,229,845	3.2527	2.7500	36,267,827	3.2611	2.7500	37,524,098	3.2759	2.7500
		Debt Service	36,229,845	0.5000	0.5000	36,267,827	1.2694	0.5000	37,524,098	0.7488	0.5000
	Shawnee R-III School District	Operating Funds-Schools	6,879,275	3.8487	3.8487	7,103,235	4.2000	4.2000 ^B	7,850,026	4.2000	4.2000
		Debt Service	6,879,275	0.6379	0.6379	7,103,235	0.3086	0.3000	7,850,026	0.4381	0.3000
	Calhoun R-VIII School District	Operating Funds-Schools	7,530,397	4.0201	3.6600	7,545,193	3.9902	3.6600	8,131,320	4.0645	3.6600
	Leesville R-IX School District	Operating Funds-Schools	10,930,338	3.1125	3.1125	11,517,143	3.1181	3.1181	12,364,410	3.0992	3.0992
	Davis R-XII School District	Operating Funds-Schools	10,964,194	3.5600	3.5600	12,899,885	3.5590	3.5590	12,965,472	3.5600	3.5600
	Montrose R-XIV School District	Operating Funds-Schools	8,031,994	4.4444	3.7861	8,066,061	4.4291	4.4291	8,872,944	4.4430	4.4430
	Clinton School District	Operating Funds-Schools	129,454,696	3.3145	3.3145	131,250,060	3.3157	3.3157	139,988,744	3.3356	3.3356
	Henry County	General Revenue	243,967,222	0.2485	0.0215	248,458,773	0.2485	0.0200	261,080,308	0.2485	0.0236
		Health	243,967,222	0.0977	0.0977	248,458,773	0.0977	0.0977	261,080,308	0.0977	0.0977
Hickory	Village of Cross Timbers	General Revenue	679,911	0.4736	0.3500	732,008	0.4737	0.4500	705,890	0.4921	0.4921
	City of Hermitage	General Revenue	4,000,156	0.5166	0.5000	4,033,321	0.5170	0.5000	4,157,938	0.5170	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Hickory	City of Weaubleau	General Revenue	2,015,575	0.3630	0.3630	2,050,370	0.3630	0.3630	2,169,888	0.3630	0.3630
	City of Wheatland	General Revenue	1,824,967	0.3792	0.3792	1,772,358	0.3949	0.3949	1,857,085	0.3949	0.3949
	Hickory County Library District	General Revenue	78,177,321	0.1373	0.1373	79,594,569	0.1373	0.1373	83,738,471	0.1373	0.1373
	Hickory Co. R-I School District	Operating Funds-Schools	28,462,484	2.7500	2.7500	29,165,766	2.9000	2.9000	31,081,165	2.9157	2.9000
		Debt Service	28,462,484	0.8000	0.8000	29,165,766	0.6466	0.6466	31,081,165	0.6500	0.6500
	Wheatland R-II School District	Operating Funds-Schools	21,857,743	3.0867	3.0867	22,410,004	3.0709	3.0709	23,403,303	3.0746	3.0746
		Debt Service	21,857,743	0.4064	0.4064	22,410,004	0.5749	0.4379	23,403,303	0.5783	0.4342
	Weaubleau R-III School District	Operating Funds-Schools	16,207,531	2.7500	2.7500	16,556,903	2.7500	2.7500	17,501,657	2.7500	2.7500
		Debt Service	16,207,531	0.8234	0.8234	16,556,903	0.8037	0.4982	17,501,657	0.7069	0.5900
	Hermitage R-IV School District	Operating Funds-Schools	26,681,826	2.7500	2.7500	27,024,297	2.7500	2.7500	28,858,365	2.7500	2.7500
		Debt Service	26,681,826	0.5076	0.5076	27,024,297	0.7587	0.5076	28,858,365	0.7693	0.6500
	Hickory County	General Revenue	78,177,321	0.3334	0.1779	79,594,569	0.3334	0.1500	83,738,471	0.3334	0.1933
		Road & Bridge	78,177,321	0.2549	0.2549	79,594,569	0.2549	0.2549	83,738,471	0.2549	0.2549
		Health	78,177,321	0.0784	0.0784	79,594,569	0.0784	0.0784	83,738,471	0.0784	0.0784
Holt	Corning Special Road Dist Holt Co	Special Road District	2,272,606	0.3500	0.3500	2,244,963	0.3500	0.3500	2,558,330	0.3500	0.3500
	South Union Twp Indpt Sp Rd Holt	Special Road and Bridge	2,023,154	0.3500	0.3500	2,131,427	0.3500	0.3500	2,055,755	0.3500	0.3500
	Village of Bigelow	General Revenue	276,615	0.7239	0.7239	260,021	0.7699	0.7699	276,798	0.7701	0.7701
	Village of Corning	General Revenue	127,258	0.5000	0.5000	134,049	0.4999	0.4900	146,398	0.4941	0.4941
		Lights	127,258	0.2500	0.2500	134,049	0.2496	0.2400	146,398	0.2474	0.2474
	City of Craig	General Revenue	1,202,700	1.0000	1.0000	1,167,314	1.0000	1.0000	1,179,726	1.0000	1.0000
		Motor Fuel	1,202,700	0.4000	0.4000	1,167,314	0.4000	0.4000	1,179,726	0.4000	0.4000
		Debt Service	1,202,700	1.4161	1.4161	1,167,314	1.2927	1.2927	1,179,726	1.5437	1.5437
	City of Forest City	General Revenue	2,058,727	0.8956	0.8933	1,982,272	0.9369	0.9369	2,132,663	0.9369	0.9369
		Debt Service	2,058,727	0.1294	0.1294	1,982,272	0.1748	0.1748	2,132,663	0.1624	0.1624
	Village of Fortescue	General Revenue	270,306	0.7000	0.7000	269,438	0.7000	0.7000	820,711	0.2403	0.2403
	City of Maitland	General Revenue	1,696,633	0.9406	0.9406	1,700,228	0.9489	0.9489	1,813,426	0.9417	0.9417
		Lights	1,696,633	0.3500	0.3500	1,700,228	0.3500	0.3500	1,813,426	0.3473	0.3473
		Health	1,696,633	0.1500	0.1500	1,700,228	0.1500	0.1500	1,813,426	0.1488	0.1488
		General Revenue-temp	1,696,633	0.1400	0.1400	1,700,228	0.1400	0.1400	**	**	**
		General Revenue - Temp	**	**	**	**	**	**	1,813,426	0.2400	0.2400
	City of Mound City	General Revenue	9,348,803	0.7111	0.7111	9,381,293	0.7220	0.7220	10,009,996	0.7197	0.7197
		Parks & Recreation	9,348,803	0.2540	0.2540	9,381,293	0.2579	0.2579	10,009,996	0.2571	0.2571
		Library	9,348,803	0.2540	0.2540	9,381,293	0.2579	0.2579	10,009,996	0.2571	0.2571
		Health	9,348,803	0.1524	0.1524	9,381,293	0.1548	0.1548	10,009,996	0.1543	0.1543
		General Revenue-temp	9,348,803	0.3000	0.3000	9,381,293	0.3000	0.3000	**	**	**
		Street Lights	**	**	**	**	**	**	10,009,996	0.3000	0.3000
	City of Oregon	General Revenue	5,664,787	0.9335	1.0000	5,637,806	0.9554	1.0000	6,074,477	0.9389	1.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Holt	City of Oregon	Library	5,664,787	0.2409	0.2400	5,637,806	0.2465	0.2400	6,074,477	0.2422	0.2400
		Health	5,664,787	0.1706	0.1700	5,637,806	0.1746	0.1700	6,074,477	0.1716	0.1700
		Debt Service	5,664,787	0.8900	0.8900	5,637,806	1.3392	0.8900	6,074,477	1.0465	0.8900
	Village of Big Lake	General Revenue	3,213,260	0.2728	0.2728	3,328,502	0.2731	0.2728	4,175,767	0.2314	0.2314
		Health	3,213,260	0.1212	0.1212	3,328,502	0.1213	0.1213	4,175,767	0.1028	0.1028
		General Revenue-Temp	**	**	**	3,328,502	0.3000	0.3000 A	4,175,767	0.2542	0.2542
	Mound City Rural Fire Prot Dist	General Revenue	24,056,069	0.2212	0.2212	23,962,369	0.2243	0.2243	26,351,917	0.2224	0.2224
	Southern Fire Protection District	General Revenue	26,800,993	0.2295	0.2295	26,665,042	0.2329	0.2329	28,082,829	0.2329	0.2329
	Northwest Holt Co Fire Prot Dist	General Revenue	8,557,990	0.4735	0.4735	8,709,302	0.4741	0.4741	9,172,750	0.4762	0.4762
	Craig R-III School District	Operating Funds-Schools	12,052,297	4.1530	4.1530	12,293,950	4.9030	4.9030 B	14,631,070	4.6348	4.6348
	Mound City R-2 School District	Operating Funds-Schools	20,804,644	4.0034	4.0034 B	20,860,565	4.0034	4.0034	22,399,260	3.9828	3.9828
	South Holt Co R-I School District	Operating Funds-Schools	22,609,511	3.2917	3.2917	22,430,420	3.3275	3.3275	24,325,290	3.3529	3.3529
		Debt Service	22,609,511	0.5051	0.5051	22,430,420	0.3713	0.3713	24,325,290	0.5919	0.5000
	Holt County	General Revenue	75,199,389	0.4309	0.3274	75,276,774	0.4357	0.3319	80,153,679	0.4357	0.3162
		Johnson Grass	75,199,389	0.0500	0.0300	75,276,774	0.0500	0.0300	80,153,679	0.0500	0.0300
		Road & Bridge	75,199,389	0.4309	0.4309	75,276,774	0.4357	0.4357	80,153,679	0.4357	0.4357
		Senior Services	**	**	**	**	**	**	80,153,679	0.0500	0.0500 A
Howard	Howard County Ambulance District	General Revenue	89,371,726	0.2900	0.2900	91,590,495	0.2900	0.2900	94,916,417	0.2900	0.2900
	Moniteau Creek Watershed Sub Dist	General Revenue	14,082,744	0.2878	0.2878 D	14,871,460	0.3466	0.3466 D	9,488,880	0.3466	0.3368
	Armstrong Spec Rd Dist Howard Co	Special Road and Bridge	6,401,482	0.3400	0.3400	6,555,712	0.3400	0.3400	**	**	**
		General Revenue	**	**	**	**	**	**	6,856,538	0.3500	0.3500 A
	Glasgow Spec Rd Dist #60 Howard Co	Special Road and Bridge	16,196,508	0.2255	0.2255	16,488,447	0.2255	0.2255	**	**	**
		General Revenue	**	**	**	**	**	**	16,923,598	0.2300	0.2300 A
	City of Armstrong	General Revenue	1,384,188	0.9596	0.9596	1,379,962	0.9636	0.9636	1,500,543	0.9636	0.9636
	City of Fayette	General Revenue	13,887,708	0.5527	0.5527	14,128,388	0.5527	0.5527	14,401,017	0.5527	0.5527
	City of Franklin	General Revenue	469,084	1.0000	1.0000	477,404	1.0000	1.0000	478,429	1.0000	1.0000
	City of New Franklin	General Revenue	6,030,601	0.6215	0.6215	6,014,113	0.6294	0.6294	6,226,934	0.6294	0.6294
	City of Glasgow	General Revenue	9,461,448	0.5129	0.5129	9,364,848	0.5240	0.5240	9,602,055	0.5245	0.5245
		Parks & Recreation	9,461,448	0.2413	0.2413	9,364,848	0.2465	0.2465	9,602,055	0.2467	0.2467
		Library	9,461,448	0.2499	0.2499	9,364,848	0.2500	0.2500	9,602,055	0.2500	0.2500
	Howard County Library	General Revenue	80,297,476	0.1000	0.1000	82,606,329	0.1000	0.1000	85,730,046	0.1000	0.1000
	Howard Co Fire Protection District	General Revenue	50,347,132	0.2938	0.2938	51,717,637	0.2938	0.2938	53,909,825	0.2938	0.2938
	Armstrong Fire Protection District	General Revenue	11,396,679	0.1971	0.1971	11,838,053	0.1960	0.1960	12,544,728	0.1960	0.1960
	Glasgow Fire Protection District	General Revenue	22,995,285	0.2884	0.2884	23,551,079	0.2884	0.2884	24,267,722	0.2884	0.2884
	New Franklin R-I School District	Operating Funds-Schools	19,264,586	3.3716	3.3300	19,262,701	3.4359	3.3700	20,644,258	3.3593	3.3593
		Debt Service	19,264,586	0.5400	0.5400	19,262,701	0.7271	0.5000	20,644,258	0.8726	0.5107
	Fayette R-III School District	Operating Funds-Schools	34,667,550	3.4861	3.4861	37,567,430	3.4298	3.4298	39,125,615	3.4146	3.4146

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Howard	Fayette R-III School District	Debt Service	34,667,550	0.6500	0.6500	37,567,430	1.2511	0.7200	39,125,615	1.0632	0.7200
	Howard Co R-II School District	Operating Funds-Schools	18,732,264	4.0216	3.6307	18,829,733	4.0427	3.6953	19,439,198	4.0427	3.7291
		Debt Service	18,732,264	0.1670	0.1670	**	**	**	**	**	**
	Howard County	General Revenue	89,371,726	0.4000	0.2587	91,590,495	0.4000	0.2588	94,916,417	0.4000	0.2420
		Road & Bridge	71,494,126	0.2723	0.2723	73,601,531	0.2723	0.2723	76,275,982	0.2723	0.2723
		Senate Bill 40	89,371,726	0.1000	0.0900	91,590,495	0.1000	0.0900	94,916,417	0.1000	0.1000
Howell	South Howell Co Ambulance District	General Revenue	222,539,085	0.1882	0.1882	227,240,192	0.1890	0.1890	243,014,201	0.1890	0.1890
	Willow Springs Ambulance District	General Revenue	47,798,566	0.2747	0.2700	48,684,702	0.2760	0.2600	54,759,374	0.2689	0.2500
	Mountain-View Summersville Amb Dis	General Revenue	56,034,017	0.1737	0.1737	57,871,929	0.1753	0.1753	63,322,767	0.1730	0.1730
	City of Mountain View	General Revenue	17,634,133	0.5945	0.0000	18,807,103	0.5954	0.0000	21,320,490	0.5577	0.0000
		Library	17,634,133	0.1485	0.0000	18,807,103	0.1487	0.0000	21,320,490	0.1393	0.0000
	City of West Plains	General Revenue	107,611,050	0.2725	0.2700	109,396,726	0.2742	0.2700	115,461,474	0.2742	0.2700
		Library	107,611,050	0.2221	0.2221	109,396,726	0.2235	0.2221	115,461,474	0.2235	0.2235
	City of Willow Springs	General Revenue	13,238,263	0.5109	0.5109	13,258,144	0.5131	0.5131	16,043,339	0.4746	0.4746
		Library	13,238,263	0.1631	0.1631	13,258,144	0.1638	0.1638	16,043,339	0.1515	0.1515
	Howell County Rural Fire Dist. #1	General Revenue	65,045,438	0.2585	0.2585	67,124,187	0.2598	0.2598	72,872,868	0.2597	0.2597
	Pomona Fire Protection District	General Revenue	13,799,910	0.2711	0.2711	14,305,197	0.2750	0.2750	15,309,056	0.2745	0.2745
	Howell Valley R-I School District	Operating Funds-Schools	16,536,210	3.2631	3.2600	16,904,100	3.2624	3.2600	18,112,620	3.2757	3.2700
	Mountain View-Birch Tree R-III SD	Operating Funds-Schools	48,353,092	2.7500	2.7500	50,851,495	2.7500	2.7500	55,955,755	2.7500	2.7500
	Willow Springs R-IV School District	Operating Funds-Schools	42,631,960	2.7500	2.7500	43,694,402	2.7500	2.7500	49,809,560	2.7500	2.7500
	Richards R-V School District	Operating Funds-Schools	24,325,170	2.7500	2.7500	25,793,410	2.7500	2.7500	27,714,410	2.7500	2.7500
	West Plains R-VII School District	Operating Funds-Schools	111,434,790	3.3881	2.7500	113,433,460	3.3977	3.3977	120,699,470	3.4080	3.3977
	Glenwood R-VIII School District	Operating Funds-Schools	15,484,430	2.7370	2.7370	15,928,760	3.1000	2.9200 B	17,795,640	3.0705	3.0690
		Operating Funds-Temp	15,484,430	0.2000	0.2000	**	**	**	**	**	**
		Debt Service	15,484,430	0.0830	0.0830	15,928,760	0.1802	0.1800	17,795,640	0.1600	0.0310
	Junction Hill C-12 School District	Operating Funds-Schools	11,669,380	3.0001	2.9900	11,770,550	2.9707	2.9707	12,858,540	2.9413	2.9413
		Operating Funds-Temp	**	**	**	11,770,550	0.3000	0.3000 A	12,858,540	0.2963	0.2963
	Fairview R-XI School District	Operating Funds-Schools	28,245,570	2.7000	2.7000	29,242,930	3.0000	3.0000 B	31,903,010	3.3000	3.0000 B
	Howell County	General Revenue	299,531,157	0.2508	0.0000	307,133,549	0.2517	0.0000	333,179,818	0.2505	0.0000
		Road & Bridge	299,531,157	0.1906	0.0000	307,133,549	0.1913	0.0000	333,179,818	0.1904	0.0000
		Health	299,531,157	0.1000	0.1000 A	307,133,549	0.1000	0.1000	333,179,818	0.0995	0.0995
		Senate Bill 40	299,531,157	0.0903	0.0500	307,133,549	0.0906	0.0500	333,179,818	0.0902	0.0500
Iron	Iron County Ambulance District	General Revenue	140,524,076	0.1500	0.1500	141,256,241	0.1500	0.1500	148,931,158	0.1499	0.1499
	Road District #1	Road & Bridge	140,524,076	0.3017	0.3017	141,256,241	0.3017	0.3017	148,931,158	0.3015	0.3015
	City of Annapolis	General Revenue	10,845,829	0.5500	0.5500	9,692,355	0.5500	0.5500	9,816,763	0.5500	0.5500
	City of Arcadia	General Revenue	3,946,657	0.5165	0.5165	3,987,530	0.5168	0.5168	4,507,849	0.4782	0.4782
	Village of Des Arc	General Revenue	600,486	0.3729	0.3729	588,644	0.3804	0.3804	654,739	0.3597	0.3597

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Iron	City of Ironton	General Revenue	10,668,762	0.5813	0.5813	10,640,091	0.5830	0.5830	11,910,756	0.5443	0.5443
		Parks & Recreation	10,668,762	0.1662	0.1662	10,640,091	0.1667	0.1667	11,910,756	0.1556	0.1556
	City of Pilot Knob	General Revenue	4,746,044	0.3989	0.3989	4,828,079	0.3994	0.3994	5,432,879	0.3753	0.3753
	City of Viburnum	General Revenue	8,515,847	1.0000	0.9400	8,579,051	1.0000	0.9400	9,032,832	1.0000	1.0000
		Parks & Recreation	8,515,847	0.2300	0.1900	8,579,051	0.2300	0.1900	9,032,832	0.2300	0.2300
		Solid Waste Landfill	8,515,847	0.1000	0.0700	8,579,051	0.1000	0.0700	9,032,832	0.1000	0.1000
		Health	8,515,847	0.2000	0.1800	8,579,051	0.2000	0.1800	9,032,832	0.2000	0.2000
		Debt Service	8,515,847	0.8700	0.8700	8,579,051	1.6669	0.8700	**	**	**
		General Revenue	140,524,076	0.1000	0.1000	141,256,241	0.1000	0.1000	148,931,158	0.0999	0.0999
		General Revenue	62,354,319	0.2000	0.2000	56,723,097	0.4000	0.4000	58,699,398	0.4000	0.4000
	Southern Iron County Fire Prot Dist	General Revenue	36,914,594	0.2448	0.2448	35,640,735	0.2500	0.2500	30,917,931	0.2500	0.2500
	South Iron Co R-I School District	Operating Funds-Schools	37,495,452	3.1828	2.8100	36,218,888	3.2000	3.2000	37,525,128	3.2000	3.2000
	Arcadia Valley R-II School District	Operating Funds-Schools	35,038,254	2.7500	2.7500	34,989,064	2.7500	2.7500	39,632,570	2.7500	2.7500
		Debt Service	35,038,254	0.4194	0.4194	34,989,064	0.7765	0.4800	39,632,570	1.2697	0.4800
	Bellevue R-III School District	Operating Funds-Schools	7,326,808	2.7500	2.7500	6,931,580	2.7500	2.7500	7,976,925	2.7500	2.7500
	Iron Co C-4 School District	Operating Funds-Schools	59,773,240	2.8000	2.8000	52,675,959	2.8000	2.8000	55,630,604	2.8000	2.8000
	Iron County	General Revenue	140,524,076	0.4246	0.3098	141,256,241	0.4246	0.3085	148,931,158	0.4243	0.3085
		Health	140,524,076	0.1000	0.1000	141,256,241	0.1000	0.1000	148,931,158	0.0999	0.0999
		Senate Bill 40	140,524,076	0.1000	0.1000	141,256,241	0.1000	0.1000	148,931,158	0.0999	0.0999
Jackson	Public Water Sup Dist 17 Jackson Co	General Revenue	49,202,939	0.0563	0.0563	53,672,897	0.0561	0.0561	60,449,664	0.0561	0.0561
	City of Blue Springs	General Revenue	607,576,964	0.5630	0.5630	624,599,073	0.5640	0.5640	675,307,330	0.5527	0.5527
		Debt Service	607,576,964	0.1500	0.1500	624,599,073	0.2319	0.1500	675,307,330	0.2021	0.1500
	City of Buckner	General Revenue	20,182,286	0.5747	0.5747	20,528,144	0.5769	0.5769	22,401,745	0.5660	0.5457
	City of Grain Valley	General Revenue	87,346,119	0.6066	0.5899	102,106,171	0.6066	0.5899	118,580,271	0.5917	0.5899
		Parks & Recreation	87,346,119	0.1267	0.1232	102,106,171	0.1267	0.1232	118,580,271	0.1236	0.1232
		Health	87,346,119	0.1450	0.0533	102,106,171	0.1450	0.0500	118,580,271	0.1414	0.0500
		Debt Service	87,346,119	0.9502	0.9502	102,106,171	0.9461	0.9335	118,580,271	1.2051	0.9335
	City of Grandview	General Revenue	241,854,514	0.9604	0.9604	244,663,141	0.9637	0.9600	271,351,961	0.9489	0.9480
		Parks & Recreation	241,854,514	0.1153	0.1153	244,663,141	0.1157	0.1150	271,351,961	0.1139	0.1130
		Debt Service	241,854,514	0.3800	0.3800	244,663,141	0.3834	0.3800	271,351,961	0.4878	0.3740
	City of Greenwood	General Revenue	47,176,977	0.4642	0.4638	50,238,376	0.4642	0.4641	56,833,851	0.4376	0.4376
		GR-Fire Temp	47,176,977	0.6474	0.6468	50,238,376	0.6300	0.6300 A	56,833,851	0.5939	0.5939
		GR-Hydrant Temp	**	**	**	50,238,376	0.0200	0.0200 A	56,833,851	0.0189	0.0188
	City of Independence	General Revenue	923,882,650	0.4713	0.4713	940,714,676	0.4713	0.4713	1,037,563,769	0.4506	0.4506
		Indep. Sq. Spec. Benefit	6,020,925	0.3811	0.3811	5,429,255	0.4226	0.4226	5,775,354	0.4112	0.4112
		Public Health & Recreatio	923,882,650	0.2218	0.2218	940,714,676	0.2218	0.2218	1,037,563,769	0.2121	0.2121
	City of Kansas City	General Revenue	5,821,000,929	0.6692	0.6692	5,915,554,836	0.6713	0.6713	6,454,462,787	0.6519	0.6519

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	City of Kansas City	Museum	5,821,000,929	0.0195	0.0195	5,915,554,836	0.0196	0.0196	6,454,462,787	0.0190	0.0190
		Health	5,821,000,929	0.4872	0.4872	5,915,554,836	0.4887	0.4887	6,454,462,787	0.4746	0.4746
		Health Temp	**	**	**	**	**	**	6,454,462,787	0.2200	0.2200 A
		Debt Service	5,821,000,929	0.1400	0.1400	5,915,554,836	0.3533	0.1400	6,454,462,787	0.3856	0.1400
	City of Lake Lotawana	General Revenue	38,303,776	0.3412	0.3412	39,050,581	0.3435	0.3435	61,037,546	0.2300	0.2300
	City of Lake Tapawingo	General Revenue	13,094,289	0.3585	0.3585	13,442,894	0.3585	0.3585	15,318,635	0.3324	0.3324
		Debt Service	13,094,289	0.4200	0.4200	13,442,894	0.4463	0.4463	15,318,635	0.9792	0.9792
	City of Levasy	General Revenue	1,038,832	0.9337	0.7815	864,081	1.0000	0.7815	928,436	0.9654	0.7815
	City of Lone Jack	General Revenue	7,624,332	0.8188	0.8188	8,374,821	0.8188	0.8188	9,672,272	0.7981	0.7854
		Debt Service	7,624,332	1.0032	1.0032	8,374,821	0.6250	0.6250	9,672,272	0.3315	0.3249
	City of Oak Grove	General Revenue	66,969,304	0.6316	0.6300	69,657,429	0.6304	0.6300	77,481,265	0.6092	0.6092
		Debt Service	66,969,304	0.2300	0.2300	69,657,429	0.3100	0.2300	77,481,265	0.2132	0.2132
	City of Raytown	General Revenue	306,888,718	0.3268	0.3268	310,096,261	0.3268	0.3268	335,911,661	0.3133	0.3133
		Parks & Recreation	306,888,718	0.1634	0.1634	310,096,261	0.1634	0.1634	335,911,661	0.1566	0.1566
	Village of Sibley	General Revenue	2,235,251	0.5000	0.5000	2,235,873	0.5000	0.5000	3,213,014	0.3774	0.3774
	City of Sugar Creek	General Revenue	46,835,076	0.9413	0.9413	46,978,745	0.9413	0.9413	48,494,663	0.9413	0.9413
		Health	46,835,076	0.1272	0.1272	46,978,745	0.1272	0.1272	48,494,663	0.1272	0.1272
	City of Lee's Summit	General Revenue	1,222,521,038	0.9057	0.9057	1,283,251,447	0.9057	0.9057	1,414,260,161	0.8900	0.8900
		Parks & Recreation	1,222,521,038	0.1604	0.1604	1,283,251,447	0.1604	0.1604	1,414,260,161	0.1576	0.1576
		Debt Service	1,222,521,038	0.4800	0.4800	1,283,251,447	0.5263	0.4800	1,414,260,161	0.5211	0.4800
	Village of River Bend	General Revenue	902,410	0.4918	0.4918	852,774	0.4294	0.4294	1,539,409	0.2879	0.2879
	Mid Continent Public Library	General Revenue	9,235,487,872	0.3289	0.3289	9,401,778,470	0.3329	0.3289	10,610,342,797	0.3225	0.3225
	Kansas City Public Library	General Revenue	2,753,944,542	0.4863	0.4863	2,746,558,916	0.4897	0.4897	2,979,502,645	0.4690	0.4690
	Central Jackson Co Fire Prot Dist	General Revenue	748,093,279	1.0254	1.0254	781,823,415	1.0260	1.0260	852,180,492	1.0063	1.0063
		Dispatch	748,093,279	0.0187	0.0187	781,823,415	0.0187	0.0187	852,180,492	0.0183	0.0183
		Debt Service	748,093,279	0.1047	0.1047	781,823,415	0.0955	0.0900	852,180,492	0.0900	0.0900
	Lone Jack Community Fire Prot Dist	General Revenue	47,058,415	0.5655	0.5655	49,646,296	0.8655	0.8655	54,809,092	0.5549	0.5549
		Ambulance	**	**	**	**	**	**	54,809,092	0.2944	0.2944
	Prairie Township Fire Prot District	General Revenue	71,926,762	0.7351	0.7351	77,338,957	0.7351	0.7351	86,980,829	0.6952	0.6952
		Ambulance	71,926,762	0.3000	0.3000 A	77,338,957	0.3000	0.3000	86,980,829	0.2837	0.2837
	Raytown Fire Protection District	General Revenue	307,221,644	0.5092	0.5092	309,057,724	0.5105	0.5105	336,682,448	0.4864	0.4864
		Pension	307,221,644	0.0475	0.0475	309,057,724	0.0476	0.0476	336,682,448	0.0453	0.0453
	Lotawana Fire Protection District	General Revenue	53,291,930	0.6321	0.6321	54,214,260	0.6321	0.6321	75,030,268	0.4775	0.4775
		Ambulance	53,291,930	0.3000	0.3000 A	54,214,260	0.3000	0.3000	75,030,268	0.2266	0.2266
	Fort Osage Fire Protection District	General Revenue	125,135,142	0.8365	0.8365	131,939,349	0.8341	0.8341	146,902,329	0.8073	0.8073
		Ambulance	125,135,142	0.4702	0.4702	131,939,349	0.4689	0.4689	146,902,329	0.4538	0.4538
		Dispatch	125,135,142	0.0288	0.0288	131,939,349	0.0287	0.0287	146,902,329	0.0278	0.0278

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	Fort Osage Fire Protection District	Debt Service	**	**	**	131,939,349	0.3723	0.2200	146,902,329	0.3695	0.2200
	Inter City Fire Protection District	General Revenue	6,789,329	0.6151	0.6151	6,804,734	0.6151	0.6151	5,846,781	0.6151	0.6151
	Metropolitan Community College Dist	General Revenue	10,769,698,048	0.2233	0.2232	11,053,610,510	0.2233	0.2233	12,015,643,574	0.2171	0.2171
	Fort Osage R-I School District	Operating Funds-Schools	219,450,250	3.9145	3.6091	230,997,603	4.2091	4.2091 B	248,369,329	4.1519	4.1519
		Debt Service	219,450,250	0.7500	0.7500	230,997,603	0.8200	0.7500	248,369,329	0.9187	0.8072
	Blue Springs R-IV School District	Operating Funds-Schools	1,002,528,048	4.8684	4.4327 B	1,046,552,892	4.8684	4.4019	1,143,235,578	5.0330	4.6664 C
		Debt Service	1,002,528,048	0.9566	0.9566	1,046,552,892	1.1455	0.9874	1,143,235,578	1.6823	0.7229
	Grain Valley R-V School District	Operating Funds-Schools	144,426,561	2.9757	2.9757	163,279,709	3.4757	3.4757 B	187,529,298	3.7257	3.7257 B
		Debt Service	144,426,561	1.2662	1.2662	163,279,709	1.7899	1.2662	187,529,298	1.8954	1.2662
	Oak Grove R-VI School District	Operating Funds-Schools	99,048,560	3.7052	3.0052	102,497,866	3.6963	3.1940	111,533,834	3.5869	3.5869
		Debt Service	99,048,560	1.0060	1.0060	102,497,866	1.3792	1.0060	111,533,834	1.6680	1.0131
	Lee's Summit R-VII School District	Operating Funds-Schools	1,189,119,001	4.6400	4.4276	1,246,294,514	5.2300	4.9966 B	1,399,344,226	5.0353	4.8202
		Debt Service	1,189,119,001	1.0700	1.0700	1,246,294,514	1.6126	1.0700	1,399,344,226	1.6016	1.0700
	Hickman Mills C-I School District	Operating Funds-Schools	405,577,776	4.4305	4.4305	399,630,753	4.5000	4.5000	430,917,315	4.8600	4.8600 B
		Debt Service	405,577,776	0.6800	0.6800	399,630,753	1.1814	0.6800	430,917,315	0.7543	0.6800
	Raytown C-2 School District	Operating Funds-Schools	594,409,872	3.8712	3.8712	598,606,176	3.8698	3.8698	654,820,571	3.6767	3.6767
		Debt Service	594,409,872	0.9600	0.9600	598,606,176	1.0015	0.9600	654,820,571	1.1656	0.9600
	Grandview C-4 School District	Operating Funds-Schools	374,806,323	4.6436	4.6400	390,347,914	5.0936	4.9700 B	424,658,959	5.0042	4.9500
		Debt Service	374,806,323	0.5000	0.5000	390,347,914	0.8932	0.5000	424,658,959	0.5549	0.5000
	Lone Jack C-6 School District	Operating Funds-Schools	32,066,958	3.3825	3.3825 B	33,885,696	3.3840	3.3840	37,878,692	3.3003	3.3003
		Debt Service	32,066,958	1.3675	1.3675	33,885,696	1.4124	1.3675	37,878,692	2.1391	1.3875
	Independence 30 School District	Operating Funds-Schools	704,137,494	4.4300	4.4300 B	714,086,438	4.4300	4.4300	765,847,018	4.3241	4.3241
		Debt Service	704,137,494	0.7600	0.7600	714,086,438	1.1652	0.7600	765,847,018	1.4515	0.7600
	Kansas City 33 School District	Operating Funds-Schools	2,666,269,179	2.7500	2.3046 F	2,650,102,209	2.6751	2.1802 F	2,875,618,963	2.7500	4.9500 F
		Desegregation Levy	2,666,269,179	2.6454	2.6454 A	2,650,102,209	2.6949	2.6949 A	**	**	**
		Operating Funds-Schools	**	**	**	2,650,102,209	0.0749	0.0749 A	**	**	**
	Center 58 School District	Operating Funds-Schools	375,619,213	4.4292	4.4292	369,774,342	4.4500	4.4500	403,236,195	4.2971	4.2971
		Debt Service	375,619,213	0.8600	0.8600	369,774,342	1.3469	0.8600	403,236,195	0.9261	0.8600
	Jackson County	General Revenue	7,983,821,336	0.2795	0.1800	8,135,546,773	0.2795	0.1800	8,867,322,697	0.2695	0.1580
		Parks & Recreation	7,983,821,336	0.1538	0.0900	8,135,546,773	0.1538	0.0900	8,867,322,697	0.1483	0.0880
		Road & Bridge	7,983,821,336	0.2795	0.1400	8,135,546,773	0.2795	0.1400	8,867,322,697	0.2695	0.1360
		Health	7,983,821,336	0.2988	0.1600	8,135,546,773	0.2988	0.1600	8,867,322,697	0.2881	0.1555
		Developmentally Disabled	7,983,821,336	0.0961	0.0800	8,135,546,773	0.0961	0.0800	8,867,322,697	0.0927	0.0766
		Mental Health	7,983,821,336	0.1278	0.1278	8,135,546,773	0.1278	0.1278	8,867,322,697	0.1232	0.1232
Jasper	Carl Junction Sp Rd Dist Jasper Co	Road & Bridge	65,281,572	0.2184	0.2150	45,940,681	0.3192	0.2700	46,965,811	0.3192	0.2850
	Carterville Sp Road Dist Jasper Co	Road & Bridge	38,144,630	0.3071	0.3071	39,880,978	0.3071	0.3071	0	0.0000	0.0000
	Carthage Sp Rd Dist Jasper Co	Road & Bridge	246,681,396	0.2311	0.2400 D	257,370,605	0.2311	0.2200	268,678,083	0.2311	0.2300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	Jasper Spec Rd Dist Jasper Co	Road & Bridge	12,437,498	0.2940	0.2940	12,675,053	0.2940	0.2940	12,893,292	0.2950	0.2950
	La Russell Spec Rd Dist Jasper Co	Road & Bridge	17,819,042	0.3153	0.3153	6,294,175	0.3500	0.3153	6,571,698	0.3500	0.3100
	Sarcoxie Spec Rd Dist Jasper Co	Road & Bridge	22,975,361	0.2337	0.2337	23,464,126	0.2337	0.2337	23,815,048	0.2337	0.2337
	Webb City Spec Rd Dist Jasper Co	Road & Bridge	96,692,348	0.2016	0.2016	96,153,015	0.2070	0.2069	96,757,685	0.2079	0.2043
	Joplin Road Dist Newton & Jasper Co	Road & Bridge	908,607,406	0.2026	0.2026	946,898,389	0.2026	0.2026	966,018,289	0.2026	0.2026
	City of Alba	General Revenue	3,297,347	0.5689	0.5689	3,287,007	0.5810	0.5810	3,409,417	0.5815	0.5811
		Parks & Recreation	3,297,347	0.1501	0.1501	3,287,007	0.1533	0.1533	3,409,417	0.1534	0.1534
	City of Asbury	General Revenue	3,484,097	0.4743	0.4743	3,642,769	0.4816	0.4816	3,670,062	0.4816	0.4816
	Village of Avilla	General Revenue	827,136	0.2000	0.2000	847,974	0.2000	0.2000	834,982	0.2000	0.2000
	City of Carl Junction	General Revenue	52,433,287	0.5059	0.5059	54,045,922	0.5090	0.5090	58,249,950	0.5090	0.5090
		Debt Service	52,433,287	0.2486	0.2486	54,045,922	0.2455	0.2455	58,249,950	0.2352	0.2352
	City of Cartersville	General Revenue	7,122,171	0.5411	0.5411	7,388,801	0.5411	0.5411	7,518,224	0.5485	0.5485
	City of Carthage	General Revenue	93,065,385	0.3571	0.3564	94,926,973	0.3571	0.3571	96,895,257	0.3571	0.3571
		Parks & Recreation	93,065,385	0.1541	0.1539	94,926,973	0.1541	0.1541	96,895,257	0.1541	0.1541
		Library	93,065,385	0.1785	0.1783	94,926,973	0.1785	0.1785	96,895,257	0.1785	0.1785
		Health	93,065,385	0.0812	0.0811	94,926,973	0.0812	0.0812	96,895,257	0.0812	0.0812
	City of Duenweg	General Revenue	5,682,563	0.7500	0.7500	5,813,021	0.7500	0.7500	5,786,331	0.7500	0.7500
	City of Jasper	General Revenue	6,681,399	0.6975	0.6975	6,747,936	0.6981	0.6981	6,869,580	0.7002	0.6900
	City of La Russell	General Revenue	595,750	0.2666	0.2000	590,580	0.2748	0.2000	595,043	0.2749	0.2000
	City of Neck City	General Revenue	804,420	0.2361	0.2361	815,351	0.2403	0.2403	802,897	0.2440	0.2440
	City of Oronogo	General Revenue	6,743,892	0.3420	0.3420	8,610,397	0.3420	0.3420	11,693,279	0.3144	0.3144
		Streets	6,743,892	0.1633	0.1633	8,610,397	0.1633	0.1633	11,693,279	0.1501	0.1501
	City of Purcell	General Revenue	1,926,351	0.3156	0.3156	1,884,654	0.3266	0.3266	1,903,273	0.3285	0.3285
	Village of Reeds	General Revenue	588,073	0.2084	0.2084	587,026	0.2102	0.2102	609,565	0.2103	0.2000
	City of Sarcoxie	General Revenue	8,514,934	0.5546	0.5546	8,484,475	0.5585	0.5585	8,504,277	0.5614	0.5614
		Parks & Recreation	8,514,934	0.1061	0.1061	8,484,475	0.1068	0.1068	8,504,277	0.1073	0.1073
		Health	8,514,934	0.1305	0.1305	8,484,475	0.1314	0.0000	8,504,277	0.1321	0.0000
	City of Waco	General Revenue	539,881	0.2154	0.2154	581,791	0.2154	0.2154	597,754	0.2154	0.2154
	City of Webb City	General Revenue	64,647,432	0.4247	0.4275	9,206,355	1.0000	0.4310	66,216,294	0.4307	0.4300
		Parks & Recreation	64,647,432	0.0962	0.0983	9,206,355	0.2000	0.0976	66,216,294	0.0976	0.0974
		Library	64,647,432	0.1363	0.1416	9,206,355	0.2000	0.1383	66,216,294	0.1382	0.1380
	City of Joplin	Parks & Recreation	453,136,818	0.0506	0.0506	461,654,991	0.0509	0.0509	470,957,170	0.0509	0.0509
		Library	453,136,818	0.1535	0.1535	461,654,991	0.1545	0.1545	470,957,170	0.1545	0.1545
		Health	453,136,818	0.0506	0.0506	461,654,991	0.0509	0.0509	470,957,170	0.0509	0.0509
		Garbage	453,136,818	0.0506	0.0262	461,654,991	0.0509	0.0509	470,957,170	0.0509	0.0509
	Carthage Fire Protection District	General Revenue	107,853,881	0.2715	0.2700	112,286,601	0.2715	0.2700	118,841,257	0.2715	0.2700
	Duenweg Fire Protection District	General Revenue	63,785,964	0.2888	0.2888	66,713,132	0.2888	0.2888	68,677,100	0.2888	0.2888

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	Carl Junction Fire Protection Dist	General Revenue	162,677,056	0.2488	0.2488	165,721,385	0.2512	0.2512	169,898,045	0.2512	0.2512
	Oronogo Fire Protection District	General Revenue	20,520,667	0.2999	0.2999	23,643,783	0.2999	0.2999	24,045,147	0.3000	0.3000
	Central Jasper Co Fire Prot Dist	General Revenue	9,180,005	0.2337	0.2337	10,126,150	0.2269	0.2269	10,944,532	0.2269	0.2269
	Tri-Cities Fire Protection District	Fire	19,823,435	0.1179	0.1179	20,627,438	0.1179	0.1179	21,338,780	0.1179	0.1179
	Asbury Fire Protection District	General Revenue	9,249,001	0.2472	0.2472	9,333,913	0.2501	0.2501	12,819,286	0.2507	0.2507
	Carl Junction R-I School District	Operating Funds-Schools	167,714,950	2.7500	2.7500	172,189,550	2.7500	2.7500	181,390,060	2.9000	2.9000
		Debt Service	167,714,950	0.6100	0.6100	172,189,550	0.9299	0.6100	181,390,060	1.0243	0.6100
	Avilla R-XIII School District	Operating Funds-Schools	24,941,500	2.8844	2.7500	13,512,980	3.4500	2.7500	14,297,530	3.4500	2.7500
	Jasper County R-V School District	Operating Funds-Schools	29,125,000	3.4366	3.2100	29,683,100	3.4403	3.2100	30,750,650	3.4157	3.2100
	Sarcoxie R-II School District	Operating Funds-Schools	29,039,720	2.7500	2.7500	29,186,210	2.7500	2.7500	29,648,820	2.7500	2.7500
		Debt Service	29,039,720	0.5500	0.5500	29,186,210	0.7061	0.5500	29,648,820	0.8146	0.5500
	Carthage R-IX School District	Operating Funds-Schools	230,673,330	2.7547	2.7500	240,755,960	2.7463	2.7463	252,919,090	2.7482	2.7482
		Operating Funds-Temp	**	**	**	240,755,960	0.6737	0.4237	252,919,090	0.6736	0.6718
		Debt Service	230,673,330	0.4900	0.4900	240,755,960	0.5269	0.4900	252,919,090	0.5705	0.1600
	Webb City R-VII School District	Operating Funds-Schools	146,966,010	2.8500	2.8500	150,094,140	2.8864	2.6500	160,367,570	2.8897	2.8897
		Operating Funds-Temp	**	**	**	150,094,140	0.4000	0.4000	160,367,570	0.4000	0.4000
		Debt Service	146,966,010	0.4200	0.4200	150,094,140	0.9511	0.4200	160,367,570	0.9871	0.1803
	Joplin R-VIII School District	Operating Funds-Schools	735,437,587	2.7500	2.7500	745,336,060	2.7500	2.7500	759,825,040	2.7500	2.7500
		Debt Service	735,437,587	0.2100	0.2100	745,336,060	0.2743	0.2100	759,825,040	0.3337	0.2100
	Jasper County	General Revenue	1,281,352,077	0.2887	0.0830	1,291,017,360	0.2916	0.0827	1,314,856,644	0.2916	0.0843
		Common Road District	96,002,079	0.2280	0.2280	101,213,383	0.2280	0.2280	151,141,420	0.2280	0.2280
		Mental Health	1,281,352,077	0.0788	0.0788	1,291,017,360	0.0796	0.0796	1,314,856,644	0.0796	0.0796
		Senate Bill 40	1,281,352,077	0.0788	0.0788	1,291,017,360	0.0796	0.0796	1,314,856,644	0.0796	0.0796
Jefferson	Big River Ambulance District	General Revenue	212,351,443	0.4271	0.4271	219,614,968	0.4271	0.4271	238,246,530	0.4172	0.4172
	Joachim-Plattin Ambulance District	General Revenue	540,736,724	0.3300	0.3300	578,601,851	0.3300	0.3300	624,454,270	0.3258	0.3258
	No Jefferson Co Ambulance District	General Revenue	242,558,116	0.2947	0.2947	257,509,303	0.2947	0.2947	282,482,819	0.3947	0.3947
		Pension	**	**	**	**	**	**	282,482,819	0.0500	0.0500
	Valle Ambulance District	General Revenue	262,826,891	0.3095	0.3095	273,133,245	0.3595	0.3595	303,410,965	0.4095	0.4095
	Rock Township Ambulance District	General Revenue	817,532,547	0.2244	0.2244	844,360,839	0.2244	0.2244	934,142,119	0.2173	0.1454
	Festus Spec Rd Dist Jefferson Co	Road & Bridge	322,388,300	0.1881	0.1881	336,354,264	0.1881	0.1881	373,413,880	0.1822	0.1822
	Hillsboro Spec Rd Dist Jefferson Co	Road & Bridge	15,889,441	0.1927	0.1927	17,566,889	0.1907	0.1907	20,320,568	0.1834	0.1834
	City of Arnold	General Revenue	258,994,625	0.4516	0.4516	263,064,070	0.4516	0.4516	289,392,753	0.4379	0.4379
	Village of Cedar Hill Lakes	General Revenue	1,682,426	0.5000	0.5000	1,672,251	0.5000	0.5000	1,840,987	0.4780	0.4780
	City of Crystal City	General Revenue	54,799,718	0.5275	0.5275	58,368,915	0.5275	0.5275	64,012,873	0.5166	0.5166
		Parks & Recreation	54,799,718	0.1393	0.1393	58,368,915	0.1393	0.1393	64,012,873	0.1364	0.1364
		Library	54,799,718	0.1393	0.1393	58,368,915	0.1393	0.1393	64,012,873	0.1364	0.1364
	City of De Soto	General Revenue	48,515,709	0.4611	0.4611	49,047,995	0.4612	0.4612	56,653,561	0.4467	0.4467

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	City of De Soto	Parks & Recreation	48,515,709	0.1177	0.1177	49,047,995	0.1177	0.1177	56,653,561	0.1140	0.1140
		Library	48,515,709	0.1962	0.1962	49,047,995	0.1963	0.1963	56,653,561	0.1901	0.1901
	City of Festus	General Revenue	98,344,079	0.4155	0.1500	109,723,269	0.4047	0.1500	129,273,988	0.3885	0.1500
		Parks & Recreation	98,344,079	0.1188	0.1100	109,723,269	0.1157	0.1100	129,273,988	0.1111	0.1100
		Library	98,344,079	0.1188	0.1100	109,723,269	0.1157	0.1100	129,273,988	0.1111	0.1100
		Health	98,344,079	0.0890	0.0800	109,723,269	0.0867	0.0800	129,273,988	0.0832	0.0800
	City of Herculaneum	General Revenue	49,091,435	0.6889	0.6889	46,871,658	0.7454	0.7454	54,241,255	0.6939	0.6939
		General Revenue-Temp	49,091,435	0.1322	0.1322	46,871,658	0.1400	0.1400	**	**	**
	City of Hillsboro	General Revenue	16,530,767	0.5009	0.5009	18,412,407	0.4962	0.4962	21,367,050	0.4712	0.4712
		Parks & Recreation	16,530,767	0.0898	0.0898	18,412,407	0.0890	0.0890	21,367,050	0.0845	0.0845
	City of Kimmswick	General Revenue	1,493,668	0.2877	0.0000	1,644,303	0.2713	0.0000	4,276,748	0.2449	0.0000
	City of Olympian Village	General Revenue	3,386,823	0.2467	0.2467	3,419,508	0.2467	0.2467	3,675,663	0.2417	0.2417
		Parks & Recreation	3,386,823	0.1283	0.1283	3,419,508	0.1283	0.1283	3,675,663	0.1257	0.1257
		Road	3,386,823	0.1283	0.1283	3,419,508	0.1283	0.1283	3,675,663	0.1257	0.1257
		Debt Service	3,386,823	1.5000	1.5000	3,419,508	1.8990	1.5000	3,675,663	1.7666	1.5000
	Village of Parkdale	General Revenue	1,275,975	0.0991	0.0987	1,285,891	0.0990	0.0000	1,344,620	0.0980	0.0000
	City of Pevely	General Revenue	66,384,637	0.7942	0.7942	67,555,150	0.7978	0.7978	70,243,771	0.7978	0.7978
		Debt Service	66,384,637	0.0000	0.0000	**	**	**	**	**	**
	Village of Scotsdale	General Revenue	2,075,620	0.3438	0.3438	2,063,947	0.3522	0.3438	2,276,211	0.3428	0.3428
	City of Byrnes Mill	General Revenue	20,689,589	0.4558	0.4558	22,825,815	0.4558	0.4558	27,157,032	0.4286	0.4286
	Northwest Library Subdistrict	General Revenue	431,441,192	0.1983	0.1983	452,300,796	0.1983	0.1983	487,727,925	0.1942	0.1942
	Windsor-Fox Library Subdistrict	General Revenue	792,553,044	0.1855	0.1855	818,710,139	0.1855	0.1855	913,060,644	0.1789	0.1789
	Antonia Fire Protection District	General Revenue	129,315,811	0.9358	0.8524	134,172,734	0.9358	0.9358	149,146,906	0.9008	0.9008
		Pension	129,315,811	0.0490	0.0490	134,172,734	0.0490	0.0490	149,146,906	0.0472	0.0472
		Dispatch	129,315,811	0.0294	0.0294	134,172,734	0.0294	0.0294	149,146,906	0.0283	0.0283
		Debt Service	129,315,811	0.2300	0.2300	134,172,734	0.2625	0.2300	149,146,906	0.3503	0.2300
	Cedar Hill Fire Protection District	General Revenue	121,904,937	0.8700	0.8700	125,089,822	0.8700	0.8700	136,115,762	0.8498	0.8498
		Pension	121,904,937	0.0496	0.0496	125,089,822	0.0496	0.0496	136,115,762	0.0484	0.0484
		Debt Service	121,904,937	0.0788	0.0788	125,089,822	0.0762	0.0762	136,115,762	0.0811	0.0811
	Dunklin Fire Protection District	General Revenue	105,679,105	0.4191	0.4191	108,538,307	0.4191	0.4191	115,060,518	0.4175	0.4175
	Goldman Fire Protection District	General Revenue	43,356,498	0.6105	0.6105	45,178,770	0.6605	0.6605	49,407,444	0.6403	0.6403
		Dispatch	43,356,498	0.0500	0.0500	45,178,770	0.0500	0.0500	49,407,444	0.0485	0.0485
	Hematite Fire Protection District	General Revenue	50,363,599	0.5100	0.5100	52,016,816	0.5100	0.5100	57,005,572	0.4960	0.4960
	High Ridge Fire Protection District	General Revenue	292,868,266	0.8171	0.8171	310,113,391	0.8171	0.8171	339,588,379	0.7928	0.7928
		Pension	292,868,266	0.0788	0.0788	310,113,391	0.0788	0.0788	339,588,379	0.0765	0.0765
		Dispatch	292,868,266	0.0492	0.0492	310,113,391	0.0492	0.0492	339,588,379	0.0477	0.0477
		Debt Service	292,868,266	0.1101	0.1101	310,113,391	0.1246	0.1246	339,588,379	0.0855	0.0855

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	Hillsboro Fire Protection District	General Revenue	82,634,105	0.5601	0.5601	87,721,960	0.6101	0.6101	98,313,061	0.6601	0.6601
	Jefferson R7 Fire Prot Dist	General Revenue	109,332,586	0.3000	0.3000	126,202,614	0.3000	0.3000	122,566,236	0.3000	0.3000
	Rock Community Fire Prot Dist	General Revenue	537,086,978	0.8267	0.8267	549,530,733	0.8267	0.8267	612,065,626	0.7975	0.7975
		Pension	537,086,978	0.0886	0.0886	549,530,733	0.0986	0.0986	612,065,626	0.0951	0.0951
		Communications	537,086,978	0.0486	0.0486	549,530,733	0.0486	0.0486	612,065,626	0.0469	0.0469
	Shady Valley Fire Prot Dist	General Revenue	53,053,674	1.0499	1.0499	60,162,842	1.0474	1.0474	67,757,183	1.1474	1.1474
		Dispatch	53,053,674	0.0461	0.0461	60,162,842	0.0460	0.0460	67,757,183	0.0445	0.0445
	Springdale Fire Protection District	General Revenue	109,822,363	1.1965	1.1965	112,488,076	1.1965	1.1965	117,667,559	1.1965	1.1965
		Pension	109,822,363	0.0943	0.0943	112,488,076	0.0943	0.0943	117,667,559	0.0943	0.0943
		Dispatch	109,822,363	0.0283	0.0283	112,488,076	0.0283	0.0283	117,667,559	0.0283	0.0283
		Debt Service	109,822,363	0.4200	0.4200	112,488,076	0.3923	0.3923	117,667,559	0.2951	0.2951
	De Soto Rural Fire Protection Dist	General Revenue	140,902,597	0.4501	0.4488	146,318,678	0.6287	0.6287	158,965,100	0.6787	0.6787
		Debt Service	140,902,597	0.1286	0.1286	**	**	**	**	**	**
	Mapaville Fire Protection District	General Revenue	33,311,642	0.3970	0.3970	35,810,229	0.3970	0.3970	41,143,534	0.3822	0.3822
	Jefferson College	General Revenue	2,095,359,126	0.2983	0.2983	2,193,618,042	0.2983	0.2983	2,408,117,039	0.3483	0.3483
		Debt Service	2,095,359,126	0.0500	0.0500	2,193,618,042	0.0770	0.0500	**	**	**
	Northwest R-I School District	Operating Funds-Schools	405,252,550	3.5100	3.5100	424,057,041	4.1100	4.1100	458,685,911	4.0459	4.0459
		Debt Service	405,252,550	0.4500	0.4500	424,057,041	0.4500	0.4500	458,685,911	0.4500	0.4500
	Grandview R-II School District	Operating Funds-Schools	35,234,818	3.4501	3.4500	37,213,219	3.4679	3.4500	41,027,544	3.2941	3.2900
		Debt Service	35,234,818	1.3500	1.3500	37,213,219	2.1663	1.3500	41,027,544	2.4723	1.5100
	Hillsboro R-III School District	Operating Funds-Schools	167,284,462	3.4275	3.4203	175,839,921	3.9675	3.9675	191,094,631	3.9033	3.9033
		Debt Service	167,284,462	0.6897	0.6897	175,839,921	0.9890	0.6897	191,094,631	1.2544	0.7325
	Dunklin R-V School District	Operating Funds-Schools	116,761,270	3.6582	3.6582	115,186,940	3.7321	3.8043	122,275,358	3.6970	3.6970
		Debt Service	116,761,270	0.5500	0.5500	115,186,940	1.1610	0.6700	122,275,358	1.1723	0.6700
	Festus R-VI School District	Operating Funds-Schools	158,943,288	2.9211	2.9200	172,466,083	2.9111	2.9100	201,081,058	2.7500	2.7500
		Debt Service	158,943,288	0.7900	0.7900	172,466,083	1.2427	0.8000	201,081,058	1.1166	0.8000
	Jefferson Co R-VII School District	Operating Funds-Schools	105,765,228	3.1353	3.1353	122,259,224	3.8853	3.8853	117,857,351	3.8724	3.8724
		Debt Service	105,765,228	0.4247	0.4247	122,259,224	0.3943	0.3943	117,857,351	0.4217	0.4217
	Sunrise R-IX School District	Operating Funds-Schools	22,275,784	3.1681	3.1681	23,908,512	3.2161	3.2100	26,472,109	3.1171	3.1168
		Debt Service	22,275,784	0.6500	0.6500	23,908,512	1.0050	0.6500	26,472,109	0.7003	0.6500
	Windsor C-1 School District	Operating Funds-Schools	155,917,437	3.2524	3.2524	161,441,165	3.7524	3.7524	182,344,105	3.6238	3.6238
		Debt Service	155,917,437	1.0000	1.0000	161,441,165	1.5856	1.0000	182,344,105	1.0865	1.0000
	Fox C-6 School District	Operating Funds-Schools	606,116,522	3.2493	3.2493	624,442,671	4.4700	4.3200	692,755,816	4.3322	4.3322
		Debt Service	606,116,522	0.2800	0.2800	624,442,671	0.5273	0.2800	692,755,816	0.5172	0.1300
	Crystal City 47 School District	Operating Funds-Schools	45,923,610	3.5507	3.5507	48,264,220	3.5624	3.5624	51,256,490	4.0624	4.0624
		Debt Service	45,923,610	0.8000	0.8000	48,264,220	1.1130	0.8000	51,256,490	1.0149	0.8000
	DeSoto 73 School District	Operating Funds-Schools	136,897,513	3.7079	3.7079	139,269,831	3.7359	3.7359	154,742,768	3.6015	3.6015

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	DeSoto 73 School District Jefferson County	Debt Service	136,897,513	0.3800	0.3800	139,269,831	0.5627	0.3800	154,742,768	0.7451	0.4535
		General Revenue	2,127,612,076	0.1981	0.0000	2,226,122,753	0.1981	0.0000	2,441,484,473	0.1925	0.0000
		Parks & Recreation	2,127,612,076	0.0297	0.0297	2,226,122,753	0.0297	0.0297	2,441,484,473	0.0289	0.0289
		Road & Bridge	1,789,721,736	0.2253	0.2096	1,872,395,243	0.2253	0.2165	2,048,097,704	0.2190	0.2181
		Health	2,127,612,076	0.0792	0.0792	2,226,122,753	0.0792	0.0792	2,441,484,473	0.0769	0.0769
		Developmentally Disabled	2,127,612,076	0.0991	0.0991	2,226,122,753	0.0991	0.0991	2,441,484,473	0.0963	0.0963
		Mental Health	2,127,612,076	0.0991	0.0991	2,226,122,753	0.0991	0.0991	2,441,484,473	0.0963	0.0963
Johnson	Johnson County Ambulance District Western Missouri Medical Center	General Revenue	401,225,199	0.3000	0.3000	408,556,495	0.3000	0.3000	433,779,324	0.3000	0.3000
		General Revenue	406,149,341	0.1523	0.1497	413,904,421	0.1532	0.1497	439,649,771	0.1532	0.1497
	South Fork of Blackwater Watershed City of Centerview	General Revenue	27,240,899	0.0786	0.0786	36,179,117	0.0896	0.0734	39,239,884	0.0896	0.0896
		General Revenue	1,009,505	0.8384	0.8302	1,090,684	0.8328	0.8308	1,130,826	0.8327	0.8327
	City of Chilhowee City of Holden	General Revenue	1,415,455	1.0000	1.0000	1,365,210	1.0000	1.0000	1,337,913	1.0000	1.0000
		General Revenue	15,780,175	0.7105	0.7105	15,574,995	0.7228	0.7228	15,973,788	0.7228	0.7228
		Library	15,780,175	0.1567	0.1567	**	**	**	**	**	**
		Debt Service	15,780,175	0.1186	0.1186	15,574,995	0.2046	0.1186	15,973,788	0.1911	0.1186
	City of Kingsville City of Knob Noster	General Revenue	5,342,522	0.7471	0.7471	5,369,644	0.7471	0.7471	5,576,361	0.7471	0.7471
		General Revenue	15,270,497	0.6608	0.6608	15,354,838	0.6724	0.6724	16,311,235	0.6724	0.6724
		Fire	15,270,497	0.3000	0.3000	15,354,838	0.3000	0.3000	16,311,235	0.3000	0.3000 A
		General Revenue	200,868	0.5000	0.5000	220,618	0.5000	0.5000	221,639	0.5000	0.5000
	City of Leeton City of Warrensburg	General Revenue	2,885,920	0.8257	0.8257	2,860,712	0.8455	0.8455	2,912,935	0.8455	0.8455
		General Revenue	143,171,741	0.3540	0.3540	143,990,908	0.3567	0.3567	151,058,838	0.3567	0.3567
		Parks & Recreation	143,171,741	0.1922	0.1922	143,990,908	0.1937	0.1937	151,058,838	0.1937	0.1937
		General Revenue	682,947,419	0.2151	0.2146	708,314,885	0.2669	0.2156	748,367,441	0.2669	0.2669
	Fire District #2 of Johnson County Johnson County Fire Prot Dist	General Revenue	77,317,423	0.3700	0.3700	82,189,410	0.3699	0.3699	86,737,273	0.3699	0.3699
		General Revenue	147,840,483	0.3600	0.3600	153,268,058	0.3600	0.3600	161,731,948	0.3600	0.3600
	Kingsville R-I School District	Operating Funds-Schools	18,367,229	3.2940	3.2500	18,707,142	3.3580	3.2500	19,553,857	3.4490	3.4490
		Debt Service	18,367,229	0.9433	0.9433	18,707,142	2.0739	0.9433	19,553,857	1.9988	0.9433
	Holden R-III School District	Operating Funds-Schools	66,207,507	3.7030	3.3100	68,515,875	3.7500	3.3100	74,526,384	3.7481	3.3100
		Debt Service	66,207,507	0.3000	0.3000	67,847,822	0.4746	0.3000	74,526,384	0.5029	0.3000
	Chilhowee R-IV School District	Operating Funds-Schools	7,137,060	4.1228	4.1228	7,306,402	4.1423	4.1423	7,876,364	4.1495	4.0628
		Operating Funds-Temp	**	**	**	7,306,402	0.2500	0.2500 A	7,876,364	0.2500	0.2500
		Debt Service	7,137,060	0.5000	0.5000	7,306,402	0.4849	0.2305	7,876,364	0.8833	0.3100
	Johnson Co R-VII School District	Operating Funds-Schools	26,003,278	2.7500	2.7500	26,853,448	2.7500	2.7500	29,645,521	2.7500	2.7500
		Debt Service	26,003,278	0.8000	0.8000	26,853,448	1.2962	0.8000	29,645,521	1.3277	0.8000
	Knob Noster R-VIII School District	Operating Funds-Schools	39,544,198	2.7500	2.7500	40,195,211	2.7500	2.7500	44,876,436	2.7500	2.7500
	Leeton R-X School District	Operating Funds-Schools	12,018,614	3.7313	3.7313	12,314,804	3.7771	3.7771	13,085,352	3.7922	3.7922
		Debt Service	12,018,614	0.3921	0.3921	12,314,804	0.5307	0.5100	13,085,352	0.5213	0.5100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Johnson	Warrensburg R-VI School District	Operating Funds-Schools	192,363,209	3.7322	3.7322	195,146,794	3.7365	3.7365	206,918,038	3.7500	3.7500
		Debt Service	192,363,209	0.6600	0.6600	195,146,794	0.7434	0.6600	206,918,038	0.6887	0.6500
	Johnson County	General Revenue	406,149,341	0.3249	0.0900	413,904,421	0.3268	0.1000	439,649,771	0.3268	0.1000
		Road & Bridge	406,149,341	0.2437	0.2300	413,904,421	0.2451	0.2300	439,649,771	0.2451	0.2300
		Health	406,149,341	0.1000	0.1000	413,904,421	0.1000	0.1000	439,649,771	0.1000	0.1000
		Senate Bill 40	406,149,341	0.1200	0.1200	413,904,421	0.1200	0.0600	439,649,771	0.1200	0.0800
Knox	Knox County Ambulance District	General Revenue	52,140,384	0.3500	0.3500	54,066,288	0.3500	0.3500	56,193,223	0.3500	0.3500
		Dispatch	52,140,384	0.0300	0.0300	54,066,288	0.0300	0.0300	56,193,223	0.0300	0.0300
	Knox County Nursing Home District	General Revenue	51,435,824	0.1500	0.1500	53,358,397	0.3000	0.3000	55,429,450	0.3000	0.3000
	City of Baring	General Revenue	761,434	0.8356	0.8356	753,979	0.8462	0.8462	770,731	0.8536	0.8536
	City of Edina	General Revenue	8,771,484	0.7767	0.7767	8,832,200	0.7767	0.7767	8,976,603	0.7767	0.7767
		Lights	8,771,484	0.1469	0.1469	8,832,200	0.1469	0.1469	8,976,603	0.1469	0.1469
	City of Hurdland	General Revenue	757,323	0.7496	0.7459	748,895	0.7581	0.7581	763,684	0.7580	0.7580
		Fire	757,323	0.2772	0.2759	748,895	0.2803	0.2803	763,684	0.2802	0.2802
		Debt Service	757,323	0.6743	0.6743	748,895	0.9613	0.9613	763,684	0.4117	0.4117
	City of Knox City	General Revenue	1,099,341	1.0000	0.9800	1,202,694	0.9999	0.9800	1,154,941	1.0000	0.9800
		Streets	1,099,341	0.1500	0.1500	1,202,694	0.1500	0.1500 A	1,154,941	0.1500	0.1500
	Village of Newark	General Revenue	489,671	0.4796	0.4796	530,665	0.4708	0.4708	504,255	0.4973	0.4973
	Village of Novelty	General Revenue	556,192	1.2636	1.2636	562,631	1.2801	1.2801	553,644	1.0000	1.0000
	Knox County Library	General Revenue	52,140,383	0.1000	0.1000	54,066,288	0.1000	0.1000	56,193,223	0.1000	0.1000
	Knox Co R-I School District	Operating Funds-Schools	43,189,581	3.7000	3.7000	44,606,187	3.7000	3.7000	47,147,563	3.6664	3.6664
		Debt Service	43,189,581	0.0100	0.0100	44,606,187	0.0270	0.0100	47,147,563	0.0000	0.0000
	Knox County	General Revenue	52,140,384	0.4312	0.2700	54,066,288	0.4312	0.2813	56,193,223	0.4312	0.2623
		Road & Bridge	52,140,384	0.3127	0.2931	54,066,288	0.3127	0.2931	56,193,223	0.3127	0.2700
		Special Road and Bridge	**	**	**	54,066,288	0.3500	0.3500 A	56,193,223	0.3500	0.3500
		Health	52,140,384	0.1000	0.1000	54,066,288	0.1000	0.1000	56,193,223	0.1000	0.1000
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	183,209,910	0.2000	0.1500	187,405,325	0.2000	0.2000	195,866,752	0.2000	0.2000
		Rd & Bridge (County)	183,209,910	0.3411	0.3411	187,405,325	0.3423	0.3411	195,866,752	0.3423	0.3423
	Phillipsburg Spec Rd #3 Laclede Co	Road & Bridge	11,323,563	0.2646	0.2646	11,404,405	0.2652	0.2652	11,783,103	0.2652	0.2652
		Special Road and Bridge	11,323,563	0.2300	0.2300	11,404,405	0.2300	0.2300	11,783,103	0.2300	0.2300
	Laclede County Road District	Road & Bridge	99,620,229	0.2110	0.0000	101,482,079	0.2110	0.0000	108,104,359	0.2110	0.0000
	Conway Spec Road Dist #2 Laclede Co	Road & Bridge	8,723,008	0.2322	0.2322	8,893,506	0.2327	0.2327	9,366,296	0.2327	0.2327
		Special Road and Bridge	8,723,008	0.3500	0.3500	8,893,506	0.3500	0.3500 A	9,366,296	0.3500	0.3500
	City of Conway	General Revenue	3,529,392	0.0600	0.0000	3,569,012	0.0600	0.0000	3,778,854	0.0595	0.0000
	City of Lebanon	General Revenue	146,415,072	0.2565	0.2565	150,194,484	0.2576	0.2576	157,082,846	0.2576	0.2576
		Parks & Recreation	146,415,072	0.2565	0.2565	150,194,484	0.2576	0.2576	157,082,846	0.2576	0.2576
	Village of Phillipsburg	General Revenue	904,960	0.4566	0.4566	917,060	0.4586	0.4586	1,055,545	0.4587	0.4587

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Laclede	Village of Evergreen	Building Maintenance	749,808	0.2893	0.2893	789,045	0.2973	0.2973	824,722	0.2973	0.2973
		Fire Equipment	749,808	0.2893	0.2893	789,045	0.2973	0.2973	824,722	0.2973	0.2973
		Fire Truck Maintenance	749,808	0.2893	0.2893	789,045	0.2973	0.2973	824,722	0.2973	0.2973
		Police Truck	749,808	0.2893	0.2893	789,045	0.2973	0.2973	824,722	0.2973	0.2973
		Police Truck #2	749,808	0.2893	0.2893	789,045	0.2973	0.2973	824,722	0.2973	0.2973
		Pumper Fire Truck	749,808	0.2893	0.2893	789,045	0.2973	0.2973	824,722	0.2973	0.2973
	Lebanon-Laclede County Library	General Revenue	302,876,711	0.1326	0.1326	309,185,316	0.1328	0.1328	325,120,512	0.1328	0.1328
	Lebanon Rural Fire Protection Dist	General Revenue	82,598,176	0.1804	0.1800	83,839,094	0.1805	0.1800	88,363,028	0.1805	0.1805
	Bennett Spring Fire Protection Dist	General Revenue	7,723,042	0.2859	0.2859	8,025,323	0.2859	0.2859	8,578,799	0.2859	0.2859
	Lebanon Special Business District	General Revenue	3,510,790	0.6846	0.6800	3,510,790	0.6846	0.6846	3,627,200	0.6846	0.6846
	Laclede Co. R-I School District	Operating Funds-Schools	25,917,299	2.7500	2.7500	26,236,065	2.7500	2.7500	27,471,553	2.7500	2.7500
	Gasconade C-4 School District	Operating Funds-Schools	6,455,965	3.4941	3.1000	6,462,582	3.5632	3.1000	6,897,572	3.5581	3.2500
	Lebanon R-III School District	Operating Funds-Schools	222,573,430	2.7500	2.7500	227,057,973	2.7500	2.7500	238,505,019	2.7500	2.7500
		Debt Service	222,573,430	0.4700	0.4700	227,057,973	0.8174	0.4700	238,505,019	0.6740	0.4700
	Laclede Co C-5 School District	Operating Funds-Schools	21,392,835	3.0452	2.9500 B	21,752,150	3.0453	2.9500	23,082,157	3.0251	2.9500
	Laclede County	General Revenue	302,876,711	0.2957	0.0834	309,185,316	0.2961	0.0606	325,120,512	0.2961	0.0696
		Health	302,876,711	0.1000	0.1000	309,185,316	0.1000	0.1000	325,120,512	0.1000	0.1000
		Senate Bill 40	302,876,711	0.0662	0.0662	309,185,316	0.0663	0.0663	325,120,512	0.0663	0.0663
		Senate Bill 40-LEEP	302,876,711	0.0662	0.0625	309,185,316	0.0663	0.0655	325,120,512	0.0663	0.0655
Lafayette	Little Sni A Bar Watershed Sub Dist	General Revenue	4,864,699	0.0900	0.0859	5,015,244	0.0901	0.0901	5,253,062	0.0901	0.0901
	Tabo Creek Watershed Sub District	General Revenue	12,131,732	0.0832	0.0829	12,289,916	0.0832	0.0832	12,994,089	0.0816	0.0816
	Wellington Napoleon Sub District	General Revenue	3,579,658	0.0894	0.0894	3,580,454	0.0894	0.0894	3,716,052	0.0894	0.0894
	Alma Spec Road Dist Lafayette Co	Special Road and Bridge	8,898,124	0.3000	0.2932 A	8,864,382	0.3000	0.2932	9,202,819	0.3000	0.3000
	Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	7,291,157	0.2898	0.2898	7,388,649	0.3000	0.3000 A	7,774,609	0.3000	0.3000
	Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	35,441,912	0.3300	0.3300 A	36,076,452	0.3300	0.3300	36,965,316	0.3300	0.3300
	Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	6,633,778	0.3475	0.3475	4,786,750	0.3500	0.3500 A	6,841,534	0.3500	0.3500
	Higginsville Road Dist Lafayette Co	Special Road and Bridge	45,920,573	0.1357	0.1357	33,910,622	0.1500	0.1500 A	49,613,502	0.1473	0.1473
	Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	10,573,331	0.2500	0.2500 A	10,794,447	0.2500	0.2500	11,139,299	0.2500	0.2500
	Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	86,248,788	0.2400	0.2400 A	85,182,721	0.2400	0.2400	91,389,893	0.2400	0.2400
	Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	12,407,327	0.2400	0.2400 A	12,836,179	0.2400	0.2400	13,403,406	0.2400	0.2400
	Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	19,197,460	0.2000	0.2000 A	19,344,639	0.2000	0.2000	19,789,139	0.2000	0.2000
	City of Alma	General Revenue	3,071,775	0.5744	0.5744	3,020,343	0.5842	0.5842	3,102,341	0.5842	0.5842
		General Revenue-Temp	3,071,775	0.3000	0.3000	3,020,343	0.3000	0.3000	3,102,341	0.3000	0.3000
	Village of Aullville	General Revenue	570,561	0.3723	0.3723	546,233	0.3888	0.3723	556,484	0.3902	0.3902
	Village of Bates City	General Revenue	2,468,208	0.3077	0.3077	2,434,346	0.3159	0.3159	2,452,260	0.3159	0.3159
	City of Concordia	General Revenue	23,891,780	0.5252	0.5252	24,222,899	0.5252	0.5252	24,681,108	0.5252	0.5252
	City of Corder	General Revenue	2,292,427	0.6107	0.6107	2,270,386	0.6191	0.6191	2,327,255	0.6191	0.6191

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	City of Corder	Parks & Recreation	2,292,427	0.1505	0.1505	2,270,386	0.1526	0.1526	2,327,255	0.1526	0.1526
	Village of Dover	General Revenue	559,452	0.2486	0.2486	579,944	0.2636	0.2636	595,590	0.2658	0.2658
	City of Higginsville	General Revenue	34,192,122	0.4412	0.4412	33,948,994	0.4507	0.4507	36,522,539	0.4434	0.4434
		Parks & Recreation	34,192,122	0.3511	0.3511	33,948,994	0.3587	0.3587	36,522,539	0.3529	0.3529
		Library	28,017,123	0.1805	0.1805	27,856,739	0.1845	0.1845	29,842,884	0.1821	0.1821
	City of Lexington	General Revenue	35,507,729	0.5630	0.5630	35,909,661	0.5630	0.5630	36,802,608	0.5630	0.5630
		Parks & Recreation	35,507,729	0.2859	0.2859	35,909,661	0.2859	0.2859	36,802,608	0.2859	0.2859
		Health	35,507,729	0.1526	0.1526	35,909,661	0.1526	0.1526	36,802,608	0.1526	0.1526
		Debt Service	35,507,729	0.0446	0.0446	35,909,661	0.0441	0.0441	**	**	**
	City of Mayview	General Revenue	1,121,893	0.6445	0.6445	1,076,017	0.6789	0.6445	1,093,190	0.6789	0.6789
	City of Napoleon	General Revenue	1,663,333	0.8343	0.8343	1,733,557	0.8343	0.8343	1,723,195	0.8403	0.8403
	City of Odessa	General Revenue	42,124,287	0.5257	0.5257	40,225,800	0.5528	0.5528	44,183,447	0.5424	0.5424
		Parks & Recreation	42,124,287	0.1389	0.1389	40,225,800	0.1461	0.1461	44,183,447	0.1433	0.1433
	City of Waverly	General Revenue	5,212,859	0.5286	0.5286	5,453,162	0.5320	0.5291	5,728,009	0.5320	0.5320
		Streets	5,212,859	0.2134	0.2134	5,453,162	0.2148	0.2134	5,728,009	0.2148	0.2148
	City of Wellington	General Revenue	5,701,038	0.4704	0.4704	5,604,231	0.4837	0.4837	5,634,513	0.4846	0.4846
	City of Lake Lafayette	General Revenue	1,816,481	1.0000	1.0000	1,853,564	1.0000	1.0000	1,937,069	1.0000	1.0000
	Corder Fire Protection District	General Revenue	12,084,237	0.3332	0.3332	12,265,370	0.3332	0.3332	12,838,424	0.3332	0.3332
	Sni Valley Fire Protection District	General Revenue	135,202,728	0.4814	0.4814	138,858,535	0.4814	0.4814	150,866,461	0.4762	0.4762
		Dispatch	**	**	**	**	**	**	150,866,461	0.0300	0.0300 A
		Fire and Ambulance	**	**	**	**	**	**	150,866,461	0.1500	0.1500 A
		Debt Service	135,202,728	0.0541	0.0541	138,858,535	0.0557	0.0553	150,866,461	0.1177	0.1177
	Concordia Fire Protection District	General Revenue	42,865,819	0.2852	0.2852	43,499,251	0.2852	0.2852	44,667,225	0.2852	0.2852
	Alma Fire Protection District	General Revenue	11,124,927	0.5265	0.5265	11,099,990	0.5284	0.5265	11,521,945	0.5284	0.5284
	Wellington-Napoleon Fire Prot Dist	General Revenue	22,160,033	0.2668	0.2668	22,342,484	0.2672	0.2672	22,797,502	0.2693	0.2693
		Ambulance	22,160,033	0.0889	0.0889	22,342,484	0.0890	0.0890	22,797,502	0.0897	0.0897
	Odessa Fire Protection District	General Revenue	82,691,105	0.4525	0.4525	81,643,051	0.4663	0.4663	87,638,309	0.4663	0.4663
	Wellington-Napoleon R-IX Reg Rec Ds	Parks & Recreation	23,779,803	0.1755	0.1755	24,109,224	0.1755	0.1755	24,951,190	0.1755	0.1755
	Concordia R-II School District	Operating Funds-Schools	38,044,771	3.4081	3.4000	38,734,783	3.3952	3.3951	40,044,954	3.3927	3.3926
		Debt Service	38,044,771	0.4629	0.4629	38,734,783	0.7182	0.4629	40,044,954	0.6018	0.4629
	Lafayette Co C-I School District	Operating Funds-Schools	53,033,603	3.3022	3.1613	52,956,302	3.3345	3.1613	57,254,383	3.2487	3.1613
		Debt Service	53,033,603	1.0000	1.0000	52,956,302	1.3723	1.0000	57,254,383	1.4311	1.0000
	Odessa R-VII School District	Operating Funds-Schools	104,724,991	3.8817	3.8800 B	103,537,281	3.8817	3.8800	110,753,279	3.8817	3.8800
		Debt Service	104,724,991	0.6600	0.6600	103,537,281	1.0213	0.6600	110,726,363	1.0182	0.6600
	Santa Fe R-X School District	Operating Funds-Schools	22,961,018	3.7287	3.5400	22,740,291	3.7500	3.5400	24,022,028	3.7454	3.7200
		Debt Service	22,961,018	0.1800	0.1800	22,740,291	0.3953	0.1800	24,022,028	0.7832	0.6200
	Wellington-Napoleon R-IX Sch Dist	Operating Funds-Schools	21,131,872	3.8193	3.7000	21,194,112	3.7528	3.7500	22,221,368	3.8072	3.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	Wellington-Napoleon R-IX Sch Dist	Debt Service	21,131,872	0.7500	0.7500	21,194,112	1.2541	0.7500	22,221,368	1.5768	0.7500
	Lexington R-V School District	Operating Funds-Schools	46,086,521	3.5724	3.5724	46,312,671	3.5797	3.5797	48,429,767	3.5803	3.5803
		Debt Service	46,086,521	0.7300	0.7300	46,312,671	1.0090	0.7300	48,429,767	1.2307	0.7300
	Lafayette County	General Revenue	320,595,376	0.3003	0.1300	322,267,203	0.3003	0.1500	338,560,554	0.3003	0.1500
		Johnson Grass	320,595,376	0.0282	0.0001	322,267,203	0.0282	0.0001	338,560,554	0.0282	0.0001
		Road & Bridge	320,595,376	0.2252	0.2252	322,267,203	0.2252	0.2252	338,560,554	0.2252	0.2252
		Health	320,595,376	0.0750	0.0750	322,267,203	0.0750	0.0750	338,560,554	0.0750	0.0750
		Senate Bill 40	320,595,376	0.0657	0.0657	322,267,203	0.0657	0.0657	338,560,554	0.0657	0.0657
		2-W Common Rd District	**	**	**	29,436,230	0.3300	0.3300	30,801,022	0.3300	0.3300
		I-E Common Road Dist	**	**	**	11,029,106	0.3500	0.3500 A	11,440,475	0.3500	0.3500
		I-E Common Road District	10,731,316	0.3320	0.3320	**	**	**	**	**	**
		2-W Common Road Dist	28,871,694	0.3300	0.3300 A	**	**	**	**	**	**
Lawrence	Mt Vernon Ambulance District	General Revenue	108,136,669	0.1428	0.1402	112,150,613	0.1428	0.1428	123,044,232	0.1391	0.1391
	Lawrence County Nursing Home Dist	General Revenue	304,254,814	0.1111	0.1111	311,114,633	0.1111	0.1111	345,218,654	0.1073	0.1073
	Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	75,709,836	0.1700	0.1700	77,231,372	0.1700	0.1700	85,896,507	0.1700	0.1700 A
	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	26,819,654	0.3100	0.3100	26,831,136	0.3100	0.3100	30,003,682	0.3020	0.3020
	Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	6,447,959	0.3500	0.3500 A	6,624,016	0.3500	0.3500	7,281,370	0.3402	0.3402
	Greene Benefit Spec Rd Lawrence Co	Special Road and Bridge	6,755,194	0.2200	0.2200	6,904,912	0.2200	0.2200	7,307,968	0.2200	0.2200 A
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,596,118	0.2399	0.2399	1,613,766	0.2400	0.2400	1,784,933	0.2329	0.2329
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	14,296,477	0.1900	0.1900	14,852,130	0.1900	0.1900	16,381,243	0.1849	0.1849
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,599,871	0.2000	0.2000	3,649,315	0.2000	0.2000	3,858,427	0.1982	0.1982
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	70,024,288	0.1600	0.1600	72,343,168	0.1600	0.1600	80,019,744	0.1542	0.1542
	Pierce Benefit SRD Lawrence Co	Special Road and Bridge	17,828,677	0.1900	0.1900	17,408,149	0.1900	0.1900	19,884,667	0.1900	0.1900 A
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	4,120,165	0.2000	0.2000	4,235,494	0.2000	0.2000	4,536,033	0.1983	0.1983
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	17,100,064	0.1900	0.1900	17,663,265	0.1900	0.1900	19,537,569	0.1868	0.1868
	Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	2,932,728	0.2191	0.2191	3,123,219	0.2191	0.2191	3,505,038	0.2200	0.2200 A
	City of Aurora	General Revenue	57,595,668	0.3781	0.3781	58,490,548	0.3793	0.3793	64,541,968	0.3623	0.3623
		Parks & Recreation	57,595,668	0.1471	0.1471	58,490,548	0.1476	0.1476	64,541,968	0.1410	0.1410
		Debt Service	57,595,668	0.2105	0.2105	58,490,548	0.1147	0.1147	64,541,968	0.1531	0.1531
	Village of Freistatt	General Revenue	842,124	0.2533	0.2533	886,817	0.2532	0.2532	969,745	0.2453	0.2453
	City of Marionville	General Revenue	12,498,293	0.6255	0.6255	12,438,662	0.6306	0.6306	13,679,918	0.6054	0.6054
	City of Miller	General Revenue	3,771,825	1.0000	1.0000	3,748,943	1.0000	1.0000	4,030,349	0.9924	0.9924
	City of Pierce City	General Revenue	7,127,932	0.4679	0.4600	6,289,122	0.5371	0.5371	7,775,563	0.5127	0.5127
		Parks & Recreation	7,127,932	0.1200	0.1200	6,289,122	0.1200	0.1200	7,775,563	0.1145	0.1145
		Fire	7,127,932	0.1200	0.1200	6,289,122	0.1200	0.1200	7,775,563	0.1145	0.1145
	City of Stotts City	General Revenue	771,519	0.4502	0.4502	772,073	0.4529	0.4529	818,506	0.4501	0.4501
	City of Verona	General Revenue	4,941,502	0.6165	0.5400	4,969,220	0.6165	0.5400	5,352,125	0.6098	0.5400

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lawrence	Miller R-II School District	Operating Funds-Schools	31,766,140	3.3503	2.7500	32,201,840	3.3475	3.1500	35,471,740	3.3390	3.3390
	Pierce City R-VI School District	Operating Funds-Schools	27,114,807	2.7500	2.7500	26,734,466	2.7500	2.7500	30,241,883	2.7500	2.7500
		Debt Service	27,114,807	0.6600	0.6600	26,734,466	1.0828	0.6300	30,241,883	0.7048	0.6300
	Marionville R-IX School District	Operating Funds-Schools	26,721,335	2.9289	2.7500	26,416,949	3.0273	2.7500	30,097,683	2.8743	2.7500
		Debt Service	26,721,335	0.5000	0.5000	26,416,949	0.5000	0.5000	30,097,683	0.4587	0.4587
	Mt. Vernon R-V School District	Operating Funds-Schools	75,180,020	2.7500	2.7500	77,574,200	2.7500	2.7500	85,895,790	2.7500	2.7500
		Debt Service	75,180,020	0.5700	0.5700	77,574,200	0.5834	0.5700	85,895,790	0.5700	0.5700
	Aurora R-VIII School District	Operating Funds-Schools	80,566,683	2.7500	2.7500	81,840,736	2.6089	2.6089	91,693,440	2.5286	2.5286
		Operating Funds-Temp	**	**	**	81,840,736	0.4111	0.4111 A	91,693,440	0.3934	0.3934
		Debt Service	80,566,683	0.5700	0.5700	81,840,736	1.5625	0.8300	91,693,440	1.1037	0.8300
	Verona R-VII School District	Operating Funds-Schools	15,755,477	3.3842	2.7500	16,008,233	3.4103	2.7500	18,034,337	3.2906	2.7500
		Debt Service	15,755,477	0.6590	0.6590	16,008,233	0.9536	0.7000	18,034,337	0.7784	0.7000
	Lawrence County	General Revenue	304,254,814	0.2930	0.0900	311,114,633	0.2930	0.0900	345,218,654	0.2829	0.0963
		Road & Bridge	304,254,814	0.2121	0.0700	311,114,633	0.2121	0.0700	345,218,654	0.2048	0.0700
		Developmentally Disabled	304,254,814	0.0909	0.0800	311,114,633	0.0909	0.0800	345,218,654	0.0878	0.0800
		Senior Services	304,254,814	0.0500	0.0500	311,114,633	0.0500	0.0500	345,218,654	0.0483	0.0483
		Common I Road District	22,092,529	0.2000	0.2000	23,181,640	0.2000	0.2000	25,132,127	0.1976	0.1976
		Common II Road District	9,012,379	0.2100	0.2100	9,162,499	0.2100	0.2100	9,696,726	0.2100	0.2100
Lewis	Lewis County Ambulance District	General Revenue	87,768,994	0.2500	0.2500	86,925,849	0.2500	0.2500	90,148,330	0.2500	0.2500
	Lewis County Nursing Home	General Revenue	87,768,994	0.1500	0.1500	86,925,849	0.1500	0.1500	90,148,330	0.1500	0.1500
	Buck & Doe Run Creeks Sub District	General Revenue	2,119,190	0.3716	0.3716	2,132,500	0.3716	0.3716	2,158,380	0.3716	0.3716
	Durgens Creek Watershed Sub Dist	General Revenue	2,192,185	0.4000	0.4000	2,236,185	0.4000	0.4000	2,250,035	0.4000	0.4000
	Troublesome Watershed Sub District	General Revenue	7,813,999	0.3939	0.3939	9,027,134	0.3540	0.3540	8,144,577	0.3976	0.3976
	Grassey Creek Watershed Sub Dist	General Revenue	4,856,285	0.4000	0.4000	5,044,905	0.4000	0.4000	5,205,435	0.4000	0.4000
	Canton Spec Rd Dist Lewis Co	Road & Bridge	22,450,992	0.2607	0.2500	21,962,895	0.2717	0.2500	22,882,098	0.2717	0.2500
	Dickerson Spec Road Dist Lewis Co	Road & Bridge	767,003	0.3500	0.3500	723,349	0.3500	0.3500	741,776	0.3500	0.3500
	La Grange Spec Rd Dist Lewis Co	Road & Bridge	15,683,457	0.3197	0.3000	15,315,050	0.3296	0.3000	15,482,502	0.3312	0.3000
	City of Canton	General Revenue	14,599,996	0.6850	0.6850	14,336,774	0.7092	0.6850	14,870,933	0.7092	0.6850
		Parks & Recreation	14,599,996	0.2000	0.2000	14,336,774	0.2000	0.2000	14,870,933	0.2000	0.2000
		Library	14,599,996	0.2500	0.2500	14,336,774	0.2500	0.2500	14,870,933	0.2500	0.2500
		Levee	14,599,996	0.2000	0.2000	14,336,774	0.2000	0.2000	14,870,933	0.2000	0.2000
	City of Ewing	General Revenue	2,301,685	0.6360	0.6300	2,330,413	0.6360	0.6300	2,403,216	0.6367	0.6300
	City of La Belle	General Revenue	3,493,185	0.7342	0.7300	3,371,252	0.7642	0.7600	3,436,055	0.7642	0.7600
		Streets-Temp	3,493,185	0.3500	0.3500 A	3,371,252	0.3500	0.3500	3,436,055	0.3500	0.3500
		Streets	3,493,185	0.1000	0.1000	3,371,252	0.1000	0.1000	3,436,055	0.1000	0.1000 A
	City of La Grange	General Revenue	10,372,861	0.5470	0.4900	9,984,358	0.5500	0.4900	9,716,253	0.5500	0.4900
		Streets	10,372,861	0.3000	0.2700	9,984,358	0.3000	0.2700	9,716,253	0.3000	0.2700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lewis	City of La Grange	Cemetery	10,372,861	0.1500	0.1300	9,984,358	0.1500	0.1300	9,716,253	0.1500	0.1300
	City of Lewistown	General Revenue	3,215,842	0.6121	0.6121	3,040,000	0.6520	0.6520	3,184,195	0.6520	0.6520
		Debt Service	3,215,842	0.3887	0.3887	3,040,000	0.4145	0.4145	3,184,195	0.3894	0.3894
	Village of Monticello	General Revenue	783,455	0.6150	0.6150	736,771	0.6553	0.6500	751,695	0.6563	0.6563
	Lewis County Library	General Revenue	73,156,788	0.1000	0.1000	72,584,656	0.1000	0.1000	75,269,057	0.1000	0.1000
	Canton R-V Fire Protection District	General Revenue	24,625,550	0.2423	0.2423	24,114,690	0.2520	0.2520	25,147,861	0.2520	0.2520
		Debt Service	24,625,550	0.1133	0.1133	24,114,690	0.0584	0.0584	**	**	**
	Ewing-Maywood R-4 Fire Prot Dist	General Revenue	16,962,467	0.4380	0.4380	17,265,911	0.4400	0.4400	17,980,372	0.4400	0.4400
	La Belle Fire Protection District	General Revenue	13,209,829	0.4300	0.3300	13,185,247	0.4300	0.4300	14,440,545	0.4300	0.4300
		Debt Service	**	**	**	**	**	**	14,440,545	0.2539	0.2539
	Canton R-V School District	Operating Funds-Schools	26,236,951	2.7500	2.7500	25,695,332	2.8822	2.8822	26,662,820	2.8650	2.8650
		Debt Service	26,236,951	0.5500	0.5500	25,695,332	0.8085	0.5500	26,662,820	0.8298	0.5500
	Lewis Co C-1 School District	Operating Funds-Schools	53,957,446	3.2033	3.2033	53,376,876	3.3061	3.3061	55,258,990	3.6100	3.6100 B
	Lewis County	General Revenue	87,768,994	0.4057	0.2638	86,925,849	0.4155	0.2679	90,148,330	0.4155	0.2652
		Road & Bridge	48,867,543	0.2779	0.2779	48,924,555	0.2817	0.2817	51,041,959	0.2817	0.2817
		Special Road and Bridge	48,867,543	0.2100	0.2100	48,924,555	0.2100	0.2100	**	**	**
		Health	87,768,994	0.1000	0.1000	86,925,849	0.1000	0.1000	90,148,330	0.1000	0.1000
		Common Road District	**	**	**	**	**	**	51,041,959	0.2100	0.2100 A
Lincoln	Lincoln County Ambulance	General Revenue	446,404,454	0.2800	0.2800	464,322,625	0.2800	0.2278	515,014,560	0.2784	0.1589
	Clarence Cannon Memorial Sub Dist	General Revenue	**	**	**	6,732,600	0.4000	0.2000 A	7,289,740	0.3824	0.2000
	City of Elsberry	General Revenue	11,525,582	0.5086	0.5086	11,392,401	0.5197	0.5197	12,250,039	0.5188	0.5188
		Cemetery	11,525,582	0.1526	0.1526	11,392,401	0.1559	0.1559	12,250,039	0.1556	0.1556
	City of Foley	General Revenue	759,026	0.6393	0.6393	775,371	0.6392	0.6392	855,609	0.6392	0.6392
	City of Hawk Point	General Revenue	2,929,496	0.3690	0.3690	3,176,322	0.3530	0.3530	3,796,217	0.3514	0.3514
	City of Moscow Mills	General Revenue	16,652,208	0.2385	0.2385	17,060,887	0.2444	0.2385	19,437,586	0.2422	0.2385
		GR-Waterworks	16,652,208	0.4671	0.4671	17,060,887	0.4786	0.4671	19,437,586	0.4742	0.4671
	City of Old Monroe	General Revenue	2,631,423	0.4229	0.4229	2,729,763	0.4229	0.4229	2,861,897	0.4229	0.4229
	Village of Silex	General Revenue	1,250,705	0.2568	0.2568	1,261,725	0.2620	0.2620	1,340,778	0.2620	0.2620
	City of Troy	General Revenue	128,226,678	0.3224	0.3224	132,900,018	0.3224	0.3224	143,106,932	0.3212	0.3212
	City of Winfield	General Revenue	5,845,975	0.4048	0.4048	6,831,985	0.3817	0.3817	8,552,689	0.3772	0.3772
	Village of Truxton	General Revenue	325,093	0.5000	0.5000	365,723	0.4998	0.4998	334,469	0.5000	0.5000
	Village of Chain of Rocks	General Revenue	646,100	0.4275	0.4275	650,475	0.4279	0.4279	787,340	0.4278	0.4278
	Village of Fountain 'N Lakes	General Revenue	363,160	0.5000	0.5000	376,630	0.5000	0.5000	426,530	0.5000	0.5000
	Winfield-Foley Fire Protection Dist	General Revenue	59,082,659	0.2541	0.2541	61,731,079	0.2541	0.2541	68,585,094	0.2539	0.2539
	Lincoln County Fire Protection Dist	General Revenue	260,944,136	0.3000	0.3000	272,597,695	0.5500	0.5500	304,817,872	0.5436	0.5436
	Elsberry Fire Protection District	General Revenue	38,194,810	0.2954	0.2954	38,465,174	0.2975	0.2975	40,856,740	0.2975	0.2975
	Hawk Point Fire Protection District	General Revenue	36,602,299	0.3000	0.3000 A	28,468,605	0.3000	0.3000	26,319,630	0.3000	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lincoln	Old Monroe Fire Protection District	General Revenue	16,199,903	0.3000	0.3000 A	22,170,824	0.3000	0.3000	23,408,217	0.3000	0.3000
	Silex R-I School District	Operating Funds-Schools	21,471,089	3.2821	3.2821	22,086,888	3.2862	3.2821	23,499,020	3.5862	3.5821 B
		Debt Service	21,471,089	0.6600	0.6600	22,086,888	0.9999	0.6600	23,499,020	0.8497	0.6600
	Elsberry R-II School District	Operating Funds-Schools	32,896,678	2.7710	2.7500	33,111,037	2.7851	2.7800	35,150,529	2.7944	2.7900
		Debt Service	32,896,678	1.0500	1.0500	33,111,037	1.0013	1.0000	35,150,529	1.1044	1.0100
	Troy R-III School District	Operating Funds-Schools	276,722,376	2.9918	2.7500	290,420,223	2.9895	2.7500	323,719,582	2.9382	2.7500
		Debt Service	276,722,376	0.7400	0.7400	290,420,223	1.0383	0.7400	323,719,582	0.9828	0.7400
	Winfield R-IV School District	Operating Funds-Schools	63,515,589	3.2559	3.2500	65,972,754	3.2757	3.2500	67,830,655	3.4160	3.2800
		Debt Service	63,515,589	0.8000	0.8000	65,972,754	0.9379	0.8000	67,830,655	1.0264	0.7700
	Lincoln County	General Revenue	446,404,454	0.3400	0.1392	464,322,625	0.3400	0.1275	515,014,560	0.3380	0.1282
		Road & Bridge	446,404,454	0.2600	0.2600	464,322,625	0.2600	0.2600	515,014,560	0.2585	0.2585
		Health	446,404,454	0.2000	0.2000	464,322,625	0.2000	0.2000	515,014,560	0.1988	0.1988
		Hospital	446,404,454	0.1700	0.1700	464,322,625	0.1700	0.1700	515,014,560	0.1690	0.1690
		Senate Bill 40	446,404,454	0.1000	0.1000	464,322,625	0.1000	0.1000	515,014,560	0.0994	0.0994
Debt Service		446,404,454	0.2100	0.2100	464,322,625	0.2000	0.2000	515,014,560	0.1800	0.1800	
Linn	Linn County Ambulance District	General Revenue	120,042,765	0.2874	0.2874	120,882,028	0.2880	0.2880	122,995,249	0.2880	0.2880
	East Yellow Creek Watershed	General Revenue	7,280,270	0.3575	0.3575	7,381,430	0.3584	0.3584	7,414,140	0.3648	0.3648
	Marceline Spec Rd Dist Linn Co	General Revenue	18,860,146	0.0994	0.0991	19,290,939	0.0994	0.0994	19,452,098	0.0994	0.0994
		Road & Bridge	18,860,146	0.3435	0.3435	19,290,939	0.3436	0.3436	19,452,098	0.3436	0.3436
	Purdin Special Road Dist Linn Co	General Revenue	1,437,011	0.1000	0.0000	1,428,565	0.1000	0.0000	1,463,466	0.1000	0.1000
		Road & Bridge	1,437,011	0.4898	0.0000	1,428,565	0.4934	0.0000	1,463,466	0.4934	0.4934
		Special Road and Bridge	1,437,011	0.3500	0.0000 A	1,428,565	0.3500	0.0000	1,463,466	0.3500	0.3500
	City of Brookfield	General Revenue	36,423,875	0.6769	0.6769	36,827,904	0.6769	0.6769	36,339,018	0.6874	0.6874
		Parks & Recreation	36,423,875	0.1949	0.1949	36,827,904	0.1949	0.1949	36,339,018	0.1979	0.1979
		Library	36,423,875	0.3487	0.3487	36,827,904	0.3487	0.3487	36,339,018	0.3541	0.3541
		Cemetery	36,423,875	0.1000	0.1000	36,827,904	0.1000	0.1000	36,339,018	0.1000	0.1000
	City of Browning	General Revenue	805,619	1.0000	1.0000	761,166	1.0000	1.0000	761,408	1.0000	1.0000
	City of Bucklin	General Revenue	2,625,225	1.0000	1.0000	2,568,862	1.0000	1.0000	2,747,068	1.0000	1.0000
		Streets	2,625,225	0.5000	0.5000	2,568,862	0.5000	0.5000	2,747,068	0.5000	0.5000
		Streets-temp	2,625,225	0.6000	0.6000 A	2,568,862	0.6000	0.6000	2,747,068	0.6000	0.6000
	City of Laclede	General Revenue	1,932,076	0.7574	0.7574	1,862,775	0.7889	0.7889	1,864,669	0.7960	0.7960
		Cemetery	1,932,076	0.0889	0.0889	1,862,775	0.0926	0.0926	1,864,669	0.0934	0.0934
	City of Linneus	General Revenue	1,340,102	0.5378	0.5378	1,290,208	0.5611	0.5611	1,306,687	0.5612	0.5612
		Streets	1,340,102	0.3685	0.3685	1,290,208	0.3845	0.3845	1,306,687	0.3846	0.3846
	City of Marceline	General Revenue	18,450,980	0.4628	0.4628	18,898,551	0.4631	0.4631	19,010,482	0.4631	0.4631
		Library	18,450,980	0.2085	0.2085	18,898,551	0.2086	0.2086	19,010,482	0.2086	0.2086
		Debt Service	18,450,980	0.1193	0.1193	18,898,551	0.0000	0.0000	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	City of Meadville	General Revenue	2,150,747	0.3801	0.3801	2,183,826	0.3801	0.3801	2,289,958	0.3801	0.3801
	City of Purdin	General Revenue	676,269	0.8952	0.8952	686,298	0.8952	0.8952	687,893	0.8952	0.8952
	Baker Township of Linn Co	General Revenue	3,042,144	0.1000	0.1000	2,998,844	0.1000	0.1000	3,233,005	0.1000	0.1000
		Road & Bridge	3,042,144	0.5000	0.5000	2,998,844	0.5000	0.5000	3,233,005	0.5000	0.5000
		Special Road and Bridge	3,042,144	0.3500	0.3500 A	2,998,844	0.3500	0.3500	3,233,005	0.3500	0.3500
	North Benton Township of Linn Co	General Revenue	1,779,118	0.0976	0.0976	1,769,114	0.0994	0.0994	1,657,557	0.1000	0.1000
		Road & Bridge	1,779,118	0.4879	0.4879	1,769,114	0.4968	0.4968	1,657,557	0.5000	0.5000
		Special Road and Bridge	1,779,118	0.3500	0.3500 A	1,769,114	0.3500	0.3500	1,657,557	0.3500	0.3500
	Brookfield Township of Linn Co	General Revenue	45,983,363	0.1000	0.1000	46,513,080	0.1000	0.1000	46,561,322	0.1000	0.1000
		Road & Bridge	45,983,363	0.3727	0.3727	46,513,080	0.3727	0.3727	46,561,322	0.3738	0.3738
	Bucklin Township of Linn Co	General Revenue	6,885,281	0.1000	0.1000	6,927,720	0.1000	0.1000	7,181,851	0.1000	0.1000
		Road & Bridge	6,885,281	0.4803	0.4803	6,927,720	0.4803	0.4803	7,181,851	0.4803	0.4803
		Special Road and Bridge	6,885,281	0.3500	0.3500 A	6,927,720	0.3500	0.3500	7,181,851	0.3500	0.3500
	Clay Township of Linn Co	General Revenue	3,290,508	0.1000	0.1000	3,366,080	0.1000	0.1000	3,514,591	0.1000	0.1000
		Road & Bridge	3,290,508	0.5000	0.5000	3,366,080	0.5000	0.5000	3,514,591	0.5000	0.5000
		Special Road and Bridge	3,290,508	0.3500	0.3500 A	3,366,080	0.3500	0.3500	3,514,591	0.3500	0.3500
	Enterprise Township of Linn Co	General Revenue	1,499,256	0.1000	0.1000	1,449,585	0.1000	0.1000	1,573,479	0.1000	0.1000
		Road & Bridge	1,499,256	0.5000	0.5000	1,449,585	0.5000	0.5000	1,573,479	0.5000	0.5000
		Special Road and Bridge	1,499,256	0.3500	0.3500 A	1,449,585	0.3500	0.3500	1,573,479	0.3500	0.3500
	Grantsville Township of Linn Co	General Revenue	2,779,088	0.0986	0.0986	2,731,611	0.1000	0.1000	2,903,148	0.1000	0.1000
		Road & Bridge	2,779,088	0.4934	0.4934	2,731,611	0.5000	0.5000	2,903,148	0.5000	0.5000
		Special Road and Bridge	2,779,088	0.3500	0.3500 A	2,731,611	0.3500	0.3500	2,903,148	0.3500	0.3500
	Jackson Township of Linn Co	General Revenue	2,662,485	0.1000	0.1000	2,728,723	0.1000	0.1000	2,828,937	0.1000	0.1000
		Road & Bridge	2,662,485	0.5000	0.5000	2,728,723	0.5000	0.5000	2,828,937	0.5000	0.5000
		Special Road and Bridge	2,662,485	0.3500	0.3500 A	2,728,723	0.3500	0.3500	2,828,937	0.3500	0.3500
		Debt Service	2,662,485	0.7315	0.7315	2,728,723	0.6661	0.6661	2,828,937	0.6160	0.6160
	Jefferson Township of Linn Co	General Revenue	7,965,632	0.0939	0.0939	8,221,851	0.0939	0.0939	8,385,151	0.0939	0.0939
		Road & Bridge	7,965,632	0.3663	0.3663	8,221,851	0.3663	0.3663	8,385,151	0.3663	0.3663
		Special Road and Bridge	7,965,632	0.3500	0.3500 A	8,221,851	0.3500	0.3500	8,385,151	0.3500	0.3500
		Debt Service	7,965,632	0.0000	0.0000	**	**	**	**	**	**
	Locust Creek Township of Linn Co	General Revenue	5,097,675	0.0981	0.0981	5,052,066	0.0997	0.0997	5,258,733	0.0997	0.0997
		Road & Bridge	5,097,675	0.4815	0.4815	5,052,066	0.4892	0.4892	5,258,733	0.4892	0.4892
		Special Road and Bridge	5,097,675	0.3500	0.3500 A	5,052,066	0.3500	0.3500	5,258,733	0.3500	0.3500
		Debt Service	5,097,675	0.3341	0.3341	**	**	**	**	**	**
	Marceline Township of Linn Co	General Revenue	4,440,269	0.1000	0.1000	3,973,815	0.1000	0.1000	4,148,085	0.1000	0.1000
		Road & Bridge	4,440,269	0.4718	0.4718	3,973,815	0.5000	0.5000	4,148,085	0.5000	0.5000
		Special Road and Bridge	4,440,269	0.3500	0.3500 A	3,973,815	0.3500	0.3500	4,148,085	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	North Salem Township of Linn Co	General Revenue	1,913,486	0.0997	0.0997	2,000,005	0.0997	0.0997	2,059,358	0.0997	0.0997
		Road & Bridge	1,913,486	0.4983	0.4983	2,000,005	0.4983	0.4983	2,059,358	0.4983	0.4983
		Special Road and Bridge	1,913,486	0.3500	0.3500 A	2,000,005	0.3500	0.3500	2,059,358	0.3500	0.3500
	Parson Creek Township of Linn Co	General Revenue	6,723,758	0.0972	0.0972	6,639,122	0.0990	0.0990	6,897,804	0.0990	0.0990
		Road & Bridge	6,723,758	0.4558	0.4558	6,639,122	0.4644	0.4644	6,897,804	0.4644	0.4644
		Special Road and Bridge	6,723,758	0.3500	0.3500 A	6,639,122	0.3500	0.3500	6,897,804	0.3500	0.3500
	Yellow Creek Township of Linn Co	General Revenue	5,515,674	0.0999	0.0999	5,790,908	0.0993	0.0993	5,876,664	0.0993	0.0993
		Road & Bridge	5,515,674	0.3498	0.3498	5,790,908	0.3476	0.3476	5,876,664	0.3476	0.3476
		Special Road and Bridge	5,515,674	0.3500	0.3500 A	5,790,908	0.3478	0.3478	5,876,664	0.3478	0.3478
	Laclede Community Fire Prot Dist	General Revenue	8,133,503	0.2399	0.2399	8,221,851	0.2399	0.2399	8,385,151	0.2399	0.2399
	Linneus Fire Protection District	General Revenue	6,069,687	0.2948	0.2948	6,144,941	0.2948	0.2948	6,283,127	0.2948	0.2948
	Linn Co R-I School District	Operating Funds-Schools	13,822,528	4.2394	3.5865	13,727,829	4.3374	3.5674	14,418,107	4.3061	3.7177
	Bucklin R-II School District	Operating Funds-Schools	8,827,097	3.7500	3.7500	8,891,307	4.4000	4.4000 B	8,854,388	4.4000	4.4000
	Meadville R-IV School District	Operating Funds-Schools	11,780,925	4.8212	3.6600	11,808,675	4.8911	3.8100	12,393,456	4.8461	3.8100
		Debt Service	11,780,925	0.9200	0.9200	11,808,675	1.2450	0.9600	12,393,456	1.1982	1.0200
	Marceline R-V School District	Operating Funds-Schools	29,902,805	4.1451	3.3751	30,121,910	4.2574	3.4478	30,722,932	4.1628	3.4478
		Debt Service	29,902,805	0.7525	0.7525	30,121,910	0.9075	0.7525	30,722,932	0.8323	0.7525
	Brookfield R-III School District	Operating Funds-Schools	52,211,391	3.4014	3.0026	52,367,725	3.4531	3.0124	52,585,451	3.4267	3.0092
		Debt Service	52,211,391	0.3900	0.3900	52,367,725	1.1527	0.3900	52,585,451	1.1976	0.3900
	Linn County	General Revenue	120,042,765	0.3568	0.0725	120,882,028	0.3575	0.0725	122,995,249	0.3575	0.0725
		Health	120,042,765	0.2379	0.2000	120,882,028	0.2384	0.2000	122,995,249	0.2384	0.2000
		Senate Bill 40	120,042,765	0.1982	0.1982	120,882,028	0.1986	0.1986	122,995,249	0.1986	0.1986
Livingston	Livingston County Ambulance Dist	General Revenue	136,956,343	0.2932	0.2000	137,029,095	0.2964	0.1700	145,572,694	0.2957	0.1500
	Livingston County Nursing Home Dist	General Revenue	136,956,343	0.1490	0.1490	137,029,095	0.1500	0.1500	145,572,694	0.1497	0.1497
	City of Chillicothe	General Revenue	78,722,840	0.6256	0.6256	78,003,731	0.6359	0.6359	84,068,918	0.6300	0.6300
		Parks & Recreation	78,722,840	0.1759	0.1759	78,003,731	0.1788	0.1788	84,068,918	0.1771	0.1771
		Temp Gen Indus Imp	78,722,840	0.2737	0.0000	78,003,731	0.2782	0.0000	84,068,918	0.2756	0.0000
	City of Chula	General Revenue	759,250	1.1542	1.1542	735,649	1.2003	1.2003	1,069,154	0.8936	0.8936
	Village of Ludlow	General Revenue	631,993	0.8557	0.8557	609,629	0.8871	0.8871	641,049	0.8871	0.8871
	Village of Mooresville	General Revenue	504,033	0.5300	0.5300	518,281	0.5300	0.5300	541,940	0.5299	0.5299
	City of Wheeling	General Revenue	926,650	0.6438	0.6438	902,879	0.6820	0.6820	968,939	0.6778	0.6778
	Livingston County Memorial Library	General Revenue	136,956,343	0.2628	0.2628	137,029,095	0.2656	0.2656	145,572,694	0.2650	0.2650
	Blue Mound Township Livingston Co	General Revenue	4,381,944	0.1000	0.1000	4,523,584	0.1000	0.1000	4,820,155	0.1000	0.1000
		Road & Bridge	4,381,944	0.4684	0.4684	4,523,584	0.4684	0.4684	4,820,155	0.4684	0.4684
		Special Road and Bridge	4,381,944	0.3300	0.3300 A	4,523,584	0.3300	0.3300	4,820,155	0.3300	0.3300
	Chillicothe Township, Livingston Co	General Revenue	91,168,409	0.0966	0.0966	90,620,191	0.0981	0.0981	97,063,007	0.0976	0.0976
		Road & Bridge	91,168,409	0.2655	0.2655	90,620,191	0.2696	0.2696	97,063,007	0.2683	0.2683

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Livingston	Cream Ridge Township, Livingston Co	General Revenue	5,064,642	0.1000	0.1000	5,133,397	0.1000	0.1000	5,417,824	0.0989	0.0989
		Road & Bridge	5,064,642	0.4087	0.4087	5,133,397	0.4088	0.4088	5,417,824	0.4042	0.4042
		Special Road and Bridge	5,064,642	0.2500	0.2500	5,133,397	0.2500	0.2500	5,417,824	0.2472	0.2472
	Grand River Township, Livingston Co	General Revenue	3,114,160	0.0943	0.0943	3,118,298	0.0943	0.0943	3,330,245	0.0941	0.0941
		Road & Bridge	3,114,160	0.3874	0.3874	3,118,298	0.3874	0.3874	3,330,245	0.3864	0.3864
		Special Road and Bridge	3,114,160	0.3500	0.3500	3,118,298	0.3500	0.3500	3,330,245	0.3500	0.3500 A
	Green Township of Livingston Co	General Revenue	3,888,868	0.1000	0.1000	3,388,024	0.1000	0.1000	3,388,436	0.1000	0.1000
		Road & Bridge	3,888,868	0.4763	0.4763	3,388,024	0.5000	0.5000	3,388,436	0.5000	0.5000
	Jackson Township of Livingston Co	General Revenue	5,780,027	0.1000	0.1000	5,968,319	0.1000	0.1000	6,000,301	0.1000	0.1000
		Road & Bridge	5,780,027	0.2950	0.2950	5,968,319	0.2950	0.2950	6,000,301	0.2957	0.2957
		Special Road and Bridge	5,780,027	0.3400	0.3400 A	5,968,319	0.3400	0.3400	6,000,301	0.3400	0.3400
	Medicine Township of Livingston Co	General Revenue	1,617,751	0.1000	0.1000	1,607,270	0.1000	0.1000	1,663,006	0.1000	0.1000
		Road & Bridge	1,617,751	0.4133	0.4133	1,607,270	0.4160	0.4160	1,663,006	0.4160	0.4160
		Special Road and Bridge	1,617,751	0.3000	0.3000 A	1,607,270	0.3000	0.3000	1,663,006	0.3000	0.3000
	Monroe Township of Livingston Co	General Revenue	3,217,134	0.1000	0.1000	3,234,195	0.1000	0.1000	3,465,505	0.0974	0.0974
		Road & Bridge	3,217,134	0.4668	0.4668	3,234,195	0.4668	0.4668	3,465,505	0.4549	0.4549
		Special Road and Bridge	3,217,134	0.3500	0.3500	3,234,195	0.3500	0.3500	3,465,505	0.3500	0.3500 A
	Mooresville Township Livingston Co	General Revenue	2,688,035	0.1000	0.1000	2,682,436	0.1000	0.1000	2,795,655	0.1000	0.1000
		Road & Bridge	2,688,035	0.5000	0.5000	2,682,436	0.5000	0.5000	2,795,655	0.5000	0.5000
		Special Road and Bridge	2,688,035	0.3500	0.3500	2,682,436	0.3500	0.3500	2,795,655	0.3500	0.3500 A
	Rich Hill Township of Livingston Co	General Revenue	5,645,345	0.1000	0.1000	5,805,171	0.1000	0.1000	6,178,707	0.0979	0.0979
		Road & Bridge	5,645,345	0.4422	0.4422	5,805,171	0.4422	0.4422	6,178,707	0.4328	0.4328
		Special Road and Bridge	5,645,345	0.3400	0.3400	5,805,171	0.3400	0.3400 A	6,178,707	0.3328	0.3328
	Sampsel Township of Livingston Co	General Revenue	3,304,585	0.1000	0.1000	3,486,694	0.1000	0.1000	3,667,527	0.1000	0.1000
		Road & Bridge	3,304,585	0.4522	0.4522	3,486,694	0.4522	0.4522	3,667,527	0.4522	0.4522
		Special Road and Bridge	3,304,585	0.2500	0.2500	3,486,694	0.2500	0.2500	3,667,527	0.2500	0.2500
	Wheeling Township of Livingston Co	General Revenue	3,152,217	0.1000	0.1000	3,255,078	0.1000	0.1000	3,355,970	0.1000	0.1000
		Road & Bridge	3,152,217	0.4946	0.4946	3,255,078	0.4947	0.4947	3,355,970	0.4947	0.4947
		Special Road and Bridge	3,152,217	0.3500	0.3500	3,255,078	0.3500	0.3500	3,355,970	0.3500	0.3500 A
	Fairview Township of Livingston Co	General Revenue	3,933,226	0.1000	0.1000	4,206,438	0.1000	0.1000	4,427,356	0.1000	0.1000
		Road & Bridge	3,933,226	0.4209	0.4209	4,206,438	0.4209	0.4209	4,427,356	0.4209	0.4209
		Special Road and Bridge	3,933,226	0.3500	0.3500	4,206,438	0.3500	0.3500	4,427,356	0.3500	0.3500 A
	Green Township Fire District	General Revenue	3,888,868	0.3000	0.3000	3,388,024	0.3000	0.3000	3,388,436	0.3000	0.3000
	Mooresville Township Fire Prot Dist	General Revenue	2,688,035	0.3000	0.3000	2,682,436	0.3000	0.3000	2,795,655	0.2979	0.2979
	Livingston County Health Center	General Revenue	136,956,343	0.2427	0.2427	137,029,095	0.2453	0.2453	145,572,694	0.2447	0.2447
	Southwest Livingston Co R-I Sch Dis	Operating Funds-Schools	9,643,706	4.4700	4.4700	8,952,480	4.4700	4.4700	9,356,030	4.4700	4.4700
	Livingston Co R-III School Dist	Operating Funds-Schools	5,105,247	5.0985	4.4472	5,196,672	5.1068	4.3925	5,630,470	4.8748	4.2176

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Livingston	Chillicothe R-II School District	Operating Funds-Schools	109,398,067	3.4140	3.2200	109,246,672	3.4889	3.2949	116,843,815	3.4550	3.4550
		Capital Projects	109,398,067	0.1167	0.0000	109,246,672	0.1183	0.0000	116,843,815	0.1178	0.0000
		Debt Service	109,398,067	0.4500	0.4500	109,246,672	0.9434	0.4500	116,843,815	0.8961	0.2919
	Livingston County	General Revenue	136,956,343	0.3235	0.0000	137,029,095	0.3270	0.0000	145,572,694	0.3262	0.0000
		Developmentally Disabled	136,956,343	0.0993	0.0993	137,029,095	0.1000	0.1000	145,572,694	0.0998	0.0998
Mc Donald	City of Anderson	General Revenue	9,411,956	0.2267	0.2267	9,465,976	0.2267	0.2267	9,903,044	0.2267	0.2267
		General Revenue-Temp	9,411,956	0.3500	0.3500 A	9,465,976	0.3500	0.3500	9,903,044	0.3500	0.3500
	City of Goodman	General Revenue	6,132,797	0.5378	0.5378	5,901,931	0.5589	0.5589	6,598,301	0.5589	0.5589
	City of Lanagan	General Revenue	1,497,526	0.5588	0.5588	1,506,481	0.5588	0.5588	1,499,791	0.5613	0.5613
	City of Pineville	General Revenue	4,008,150	0.4625	0.4625	4,002,228	0.4632	0.4632	4,645,407	0.4452	0.4452
	City of Southwest City	General Revenue	12,982,835	0.6180	0.6180	13,036,453	0.6180	0.6180	13,807,774	0.6180	0.6180
		Debt Service	12,982,835	0.3055	0.3055	13,036,453	0.1863	0.1863	13,807,774	0.2406	0.2406
	McDonald County Library	General Revenue	163,698,265	0.0984	0.0984	185,822,718	0.0984	0.0984	199,603,858	0.0984	0.0984
	McDonald Co R-I School District	Operating Funds-Schools	128,038,434	2.7989	2.7500	146,649,207	2.8335	2.7500	161,642,372	2.7500	2.7500
		Debt Service	128,038,434	0.2500	0.2500	146,649,207	0.2819	0.2500	161,642,372	0.3153	0.2500
	McDonald County	Road & Bridge	163,741,680	0.2189	0.0000	185,822,718	0.2189	0.0000	199,603,858	0.2189	0.0000
Macon	Macon County Ambulance District	General Revenue	141,808,660	0.1500	0.1500	144,793,354	0.1500	0.1500	153,913,086	0.1500	0.1500
	Samaritan Memorial Hospital	General Revenue	141,808,660	0.2000	0.2000	144,793,354	0.2000	0.2000	153,913,086	0.2000	0.2000
	La Plata Nursing Home District	General Revenue	30,618,185	0.1500	0.1500	30,921,557	0.1500	0.1500	31,321,951	0.1500	0.1500
	Macon County Nursing Home District	Maintenance	113,823,316	0.1500	0.1500	116,669,136	0.1500	0.1500	124,175,450	0.1500	0.1500
	Hudson Spec Rd Dist Macon Co	Road & Bridge	59,985,302	0.2922	0.2922	62,696,909	0.2922	0.2922	64,752,240	0.2922	0.2922
		Special Road and Bridge	59,985,302	0.2000	0.2000	62,696,909	0.2000	0.2000	64,752,240	0.2000	0.2000 A
	La Plata Spec Rd Dist Macon Co	Road & Bridge	11,064,965	0.3064	0.3023	11,004,314	0.3113	0.3113	11,831,854	0.3123	0.3123
		Special Road District	**	**	**	11,004,314	0.3500	0.3500 A	11,831,854	0.3500	0.3500
		Special Road and Bridge	11,064,965	0.3459	0.3413	**	**	**	**	**	**
	City of Atlanta	General Revenue	1,558,742	1.3171	1.3171	1,484,406	1.4058	1.4058	1,594,514	1.0000	1.0000
	City of Bevier	General Revenue	2,604,042	0.7863	0.7863	2,688,431	0.7863	0.7863	2,863,449	0.7863	0.7863
		Lights	2,604,042	0.2793	0.2793	2,688,431	0.2793	0.2793	2,863,449	0.2793	0.2793
	City of Callao	General Revenue	921,863	0.9822	0.9822	962,238	1.0000	1.0000	1,009,276	0.9999	0.9999
		Debt Service	921,863	1.5019	1.5019	962,238	1.8140	1.8140	1,009,276	1.2714	1.2714
	City of Elmer	General Revenue	323,405	1.0000	1.0000	310,245	1.0000	1.0000	340,164	1.0000	1.0000
	City of Ethel	General Revenue	325,093	0.8500	0.8500	325,384	0.8498	0.8498	325,189	0.8500	0.8500
	City of La Plata	General Revenue	7,525,255	0.8018	0.8018	7,299,169	0.8294	0.8294	7,608,933	0.8364	0.8364
		Parks & Recreation	7,525,255	0.1836	0.1836	7,299,169	0.1899	0.1899	7,608,933	0.1915	0.1915
		Library	7,525,255	0.1836	0.1836	7,299,169	0.1899	0.1899	7,608,933	0.1915	0.1915
	City of Macon	General Revenue	46,790,384	0.6083	0.6083	49,307,728	0.6083	0.6083	49,809,380	0.6083	0.6083
		Library	46,790,384	0.2433	0.2433	49,307,728	0.2433	0.2433	49,809,380	0.2433	0.2433

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Macon	City of New Cambria	General Revenue	838,082	0.9747	0.9747	857,960	0.9747	0.9747	884,805	0.9747	0.9747
	Village of South Gifford	General Revenue	83,050	0.4992	0.4992	77,350	0.5000	0.5000	74,953	0.5000	0.5000
	Atlanta C-3 School District	Operating Funds-Schools	10,291,258	4.2293	3.4985	10,446,317	4.3289	3.6128	11,008,623	4.2833	3.5679
	Bevier C-4 School District	Operating Funds-Schools	8,620,624	4.2088	3.1789	8,727,346	4.3146	3.2736	9,512,239	4.2709	3.2614
	La Plata R-II School District	Operating Funds-Schools	17,295,208	3.5360	3.5360	17,330,738	3.6048	3.6048	18,526,450	3.5737	3.5663
		Debt Service	17,295,208	1.2300	1.2300	17,330,738	2.5568	1.2300	18,526,450	2.5904	1.2300
	Macon Co R-I School District	Operating Funds-Schools	73,763,341	3.5768	3.0032	76,888,253	3.6106	3.3000	78,306,231	3.5933	3.4300
	Callao C-8 School District	Operating Funds-Schools	5,870,390	4.8621	4.2421	4,962,009	5.6000	4.2400	4,632,736	5.6000	4.4803
	Macon Co R-IV School District	Operating Funds-Schools	8,385,729	4.7927	4.1227	8,676,114	4.8109	4.0962	10,900,365	4.7741	4.1981
	Macon County	General Revenue	141,808,660	0.4329	0.2236	144,793,354	0.4329	0.2154	153,913,086	0.4329	0.2142
		Common Road District	70,758,393	0.3239	0.3239	71,092,134	0.3276	0.3276	77,328,993	0.3276	0.3276
		Special Road and Bridge	70,758,393	0.3500	0.3500 A	71,092,134	0.3500	0.3500	77,328,993	0.3500	0.3500
		Health	141,808,660	0.1500	0.1500	144,793,354	0.1500	0.1500	153,913,086	0.1500	0.1500
		Developmentally Disabled	141,808,660	0.1000	0.1000	144,793,354	0.1000	0.1000	153,913,086	0.1000	0.1000
Madison	Village of Cobalt City	General Revenue	743,000	0.1974	0.1974	768,310	0.1975	0.1975	821,180	0.1918	0.1918
	City of Fredericktown	General Revenue	27,377,926	0.6749	0.6749	28,007,575	0.6749	0.6749	29,720,303	0.6749	0.6749
		Parks & Recreation	27,377,926	0.1170	0.1170	28,007,575	0.1170	0.1170	29,720,303	0.1170	0.1170
	Village of Junction City	General Revenue	1,651,250	0.2278	0.2278	1,708,720	0.2278	0.2278	1,814,620	0.2278	0.2278
	City of Marquand	General Revenue	1,042,367	0.7848	0.7848	956,611	0.8679	0.8679	987,228	0.8679	0.8679
	Marquand-Zion R-VI School District	Operating Funds-Schools	8,673,760	3.3999	3.3999	8,720,290	3.4516	3.4516	9,356,690	3.4601	3.4600
		Debt Service	8,673,760	0.5000	0.5000	8,720,290	0.9377	0.6500	9,356,690	0.7523	0.4600
	Fredericktown R-I School District	Operating Funds-Schools	71,366,460	3.2000	3.2000 B	77,297,787	3.1492	3.1492	82,393,428	3.1415	3.1415
	Madison County	General Revenue	91,920,151	0.3711	0.1600	96,904,604	0.3711	0.1583	102,459,833	0.3708	0.1704
		Library	91,920,151	0.0918	0.0918	96,904,604	0.0918	0.0918	102,459,833	0.0917	0.0917
		Road & Bridge	91,920,151	0.2664	0.2664	96,904,604	0.2664	0.2664	102,459,833	0.2662	0.2662
		Health	91,920,151	0.0918	0.0918	96,904,604	0.0918	0.0918	102,459,833	0.0917	0.0917
		Hospital	91,920,151	0.1808	0.1808	96,904,604	0.1808	0.1808	102,459,833	0.1806	0.1806
		Senate Bill 40	91,920,151	0.1808	0.1808	96,904,604	0.1808	0.1808	102,459,833	0.1806	0.1806
Maries	Maries-Osage Ambulance District	General Revenue	61,505,756	0.1901	0.1901	61,611,260	0.1926	0.1926	72,056,028	0.1783	0.1783
	Ozark Central Ambulance District	General Revenue	54,472,634	0.2708	0.2708	55,490,358	0.2708	0.2708	64,453,596	0.2534	0.2534
	Belle Special Road Dist No. 6	Road & Bridge	9,022,336	0.2451	0.2400	9,064,900	0.2471	0.2400	10,405,937	0.2273	0.2273
	Spec Rd Dist No 8, Maries County	Road & Bridge	5,828,307	0.2207	0.2207	5,939,959	0.2215	0.2215	6,505,185	0.2120	0.2120
	City of Vienna	General Revenue	5,775,342	0.5795	0.5795	5,897,819	0.5825	0.5825	6,443,058	0.5590	0.5590
		Debt Service	5,775,342	0.0404	0.0404	**	**	**	**	**	**
	City of Belle	General Revenue	9,090,626	0.7447	0.6600	9,134,813	0.7506	0.7447	10,500,815	0.6896	0.6896
		Parks & Recreation	9,090,626	0.1619	0.1619	9,134,813	0.1632	0.1619	10,500,815	0.1499	0.1499
	Maries County Library	General Revenue	87,079,524	0.1606	0.1606	87,645,744	0.1613	0.1613	100,041,361	0.1511	0.1511

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Maries	Maries Co R-I School District	Operating Funds-Schools	36,124,219	3.1472	3.0600	34,906,803	3.3398	3.1000	38,792,960	3.1963	3.1963
	Maries Co R-II School District	Operating Funds-Schools	41,987,768	3.3667	3.3600	42,227,978	3.4185	3.1000	50,501,918	3.0923	3.0923
	Maries County	General Revenue	87,079,524	0.4719	0.3500	87,645,744	0.4739	0.3300	100,041,361	0.4440	0.3200
		Road #1	40,115,783	0.2685	0.2685	39,878,932	0.2729	0.2729	43,863,614	0.2631	0.2631
		Road #2	33,521,637	0.2336	0.2336	34,262,536	0.2336	0.2336	40,984,737	0.2133	0.2133
Marion	Marion County Ambulance District	General Revenue	297,649,752	0.2322	0.2322	304,309,959	0.2322	0.2322	314,217,578	0.2322	0.2322
		Pension	297,649,752	0.0499	0.0499	304,309,959	0.0499	0.0499	314,217,578	0.0499	0.0499
	Marion Co Nursing Home District	General Revenue	290,206,400	0.1491	0.1491	295,590,910	0.1491	0.1491	304,678,146	0.1491	0.1491
	City of Hannibal	General Revenue	158,497,046	0.7375	0.7375	166,561,149	0.7357	0.7357	170,968,868	0.7357	0.7357
		Library	158,497,046	0.2886	0.2886	166,561,149	0.2879	0.2879	170,968,868	0.2879	0.2879
		Police & Fire	158,497,046	0.1296	0.1296	166,561,149	0.1293	0.1293	170,968,868	0.1293	0.1293
		Debt Service	158,497,046	0.0210	0.0210	**	**	**	**	**	**
	City of Palmyra	General Revenue	29,266,103	0.6272	0.6272	29,630,118	0.6295	0.6295	32,217,522	0.6216	0.6216
	Marion Co R-II School District	Operating Funds-Schools	8,653,605	4.6000	3.5500	9,948,220	4.2861	3.5700	10,473,090	4.2953	3.6100
		Debt Service	8,653,605	0.3300	0.3300	9,948,220	0.3106	0.3100	10,473,090	0.2912	0.2900
	Palmyra R-I School District	Operating Funds-Schools	100,315,020	2.7500	2.7500	99,043,300	3.0000	3.0000 B	103,413,300	3.0000	3.0000
		Debt Service	100,315,020	0.5800	0.5800	99,043,300	0.9406	0.5800	103,413,300	0.8148	0.5800
	Hannibal 60 School District	Operating Funds-Schools	216,089,406	3.3869	2.8121	223,043,071	3.3862	2.8012	223,894,080	3.4997	2.8012
		Debt Service	216,089,406	0.4600	0.4600	223,043,071	0.7830	0.4600	223,894,080	0.7899	0.4600
	Marion County	General Revenue	290,206,400	0.4431	0.0600	295,590,910	0.4431	0.0600	304,678,146	0.4431	0.0900
		Road & Bridge	290,206,400	0.3323	0.3170	295,590,910	0.3323	0.3136	304,678,146	0.3323	0.3323
		Health	290,206,400	0.1491	0.1491	295,590,910	0.1491	0.1491	304,678,146	0.1491	0.1491
		Senate Bill 40	290,206,400	0.1391	0.1391	295,590,910	0.1391	0.1391	304,678,146	0.1391	0.1391
Mercer	Mercer County Ambulance District	General Revenue	52,275,613	0.3300	0.3300	51,504,750	0.3300	0.3300	53,083,287	0.3300	0.3300
	City of Mercer	General Revenue	1,355,383	0.7527	0.7527	1,520,270	0.7527	0.7527	1,541,066	0.7563	0.7563
		Streets	1,355,383	0.4194	0.4194	1,520,270	0.4194	0.4194	1,541,066	0.4214	0.4214
	City of Princeton	General Revenue	7,775,466	0.8639	0.8639	7,769,622	0.8666	0.8666	7,487,579	0.9014	0.9014
		Band	7,775,466	0.1000	0.1000	7,769,622	0.1000	0.1000	7,487,579	0.1000	0.1000
	Village of South Lineville	General Revenue	276,280	0.3862	0.3862	284,335	0.3841	0.3841	269,446	0.4053	0.4053
	Mercer County Library	General Revenue	52,275,613	0.2000	0.2000	51,504,750	0.2000	0.2000	53,083,287	0.2000	0.2000
	Harrison Township of Mercer Co	General Revenue	2,471,006	0.1000	0.1000	2,459,771	0.1000	0.1000	2,579,195	0.1000	0.1000
		Road & Bridge	2,471,006	0.5000	0.5000	2,459,771	0.5000	0.5000	2,579,195	0.5000	0.5000
		Special Road and Bridge	2,471,006	0.3500	0.3500 A	2,459,771	0.3500	0.3500	2,579,195	0.3500	0.3500
	Lindley Township of Mercer Co	General Revenue	2,140,348	0.1000	0.1000	2,166,931	0.1000	0.1000	2,209,904	0.1000	0.1000
		Road & Bridge	2,140,348	0.5000	0.5000	2,166,931	0.5000	0.5000	2,209,904	0.5000	0.5000
		Special Road and Bridge	2,140,348	0.3500	0.3500 A	2,166,931	0.3500	0.3500	2,209,904	0.3500	0.3500
	Madison Township of Mercer Co	General Revenue	2,272,520	0.1000	0.1000	2,277,488	0.1000	0.1000	2,319,423	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mercer	Madison Township of Mercer Co	Road & Bridge	2,272,520	0.5000	0.5000	2,277,488	0.5000	0.5000	2,319,423	0.5000	0.5000
		Special Road and Bridge	2,272,520	0.3500	0.3500 A	2,277,488	0.3500	0.3500	2,319,423	0.3500	0.3500
	Marion Township of Mercer Co	General Revenue	6,575,170	0.1000	0.1000	6,728,870	0.1000	0.1000	6,855,478	0.1000	0.1000
		Road & Bridge	6,575,170	0.4270	0.4270	6,728,870	0.4270	0.4270	6,855,478	0.4305	0.4305
		Special Road and Bridge	6,575,170	0.3500	0.3500 A	6,728,870	0.3500	0.3500	6,855,478	0.3500	0.3500
	Medicine Township of Mercer Co	General Revenue	2,683,755	0.1000	0.1000	2,742,511	0.1000	0.1000	2,838,360	0.1000	0.1000
		Road & Bridge	2,683,755	0.5000	0.5000	2,742,511	0.5000	0.5000	2,838,360	0.5000	0.5000
		Special Road and Bridge	2,683,755	0.3500	0.3500 A	2,742,511	0.3500	0.3500	2,838,360	0.3500	0.3500
	Morgan Township of Mercer Co	General Revenue	18,236,562	0.1000	0.1000	17,551,886	0.1000	0.1000	17,647,861	0.1000	0.1000
		Road & Bridge	18,236,562	0.3500	0.3500	17,551,886	0.3500	0.3500	17,647,861	0.3500	0.3500
	Ravanna Township of Mercer Co	General Revenue	7,617,808	0.1000	0.1000	7,478,291	0.1000	0.1000	8,125,104	0.1000	0.1000
		Road & Bridge	7,617,808	0.5000	0.5000	7,478,291	0.5000	0.5000	8,125,104	0.5000	0.5000
		Special Road and Bridge	7,617,808	0.3500	0.3500 A	7,478,291	0.3500	0.3500	8,125,104	0.3500	0.3500
	Somerset Township of Mercer Co	General Revenue	5,756,594	0.1000	0.1000	5,338,874	0.1000	0.1000	5,806,727	0.1000	0.1000
		Road & Bridge	5,756,594	0.5000	0.5000	5,338,874	0.5000	0.5000	5,806,727	0.5000	0.5000
		Special Road and Bridge	5,756,594	0.3500	0.3500 A	5,338,874	0.3500	0.3500	5,806,727	0.3500	0.3500
	Washington Township of Mercer Co	General Revenue	4,521,850	0.1000	0.1000	4,760,128	0.1000	0.1000	4,701,235	0.1000	0.1000
		Road & Bridge	4,521,850	0.4926	0.4926	4,760,128	0.4926	0.4926	4,701,235	0.5000	0.5000
		Special Road and Bridge	4,521,850	0.3500	0.3500 A	4,760,128	0.3500	0.3500	4,701,235	0.3500	0.3500
	Mercer County Fire Protection Dist	General Revenue	30,726,875	0.3000	0.3000	29,828,290	0.3000	0.3000	29,996,157	0.3000	0.3000
	Mercer Fire Protection District	General Revenue	13,147,125	0.3000	0.3000	13,427,440	0.3000	0.3000	14,123,084	0.3000	0.3000
	North Mercer Co R-III School Dist	Operating Funds-Schools	12,225,917	5.2302	4.6202	11,764,877	5.2500	4.6322	12,540,199	5.2500	4.6500
		Debt Service	12,225,917	0.5306	0.5306	11,764,877	0.6582	0.5300	12,540,199	0.9114	0.5300
	Princeton R-V School District	Operating Funds-Schools	29,881,124	4.5792	4.4192	30,244,920	4.5790	4.4590	31,274,357	4.5826	4.3600
	Mercer County	General Revenue	52,275,613	0.4000	0.2600	51,504,750	0.4000	0.2400	53,083,287	0.4000	0.2400
		Road & Bridge	52,275,613	0.1500	0.0000	51,504,750	0.1500	0.0000	53,083,287	0.1500	0.0000
		Health	52,275,613	0.3000	0.3000	51,504,750	0.3000	0.3000	53,083,287	0.3000	0.3000
Miller	Miller County Ambulance District	General Revenue	198,668,884	0.1500	0.1500	413,808,971	0.0805	0.0805	208,996,595	0.1500	0.0000
		General Revenue - Temp.	284,827,712	0.0938	0.1030	399,520,751	0.0771	0.0771	**	**	**
	Miller County Nursing Home District	General Revenue	281,739,723	0.1152	0.1152	278,056,606	0.1183	0.1183	302,356,467	0.1160	0.1160
		Debt Service	281,739,723	0.0600	0.0600	278,056,606	0.0865	0.0600	302,356,467	0.0904	0.0600
	Bagnell Spec Rd Dist Miller Co	Road & Bridge	68,617,201	0.1945	0.1945	69,664,260	0.1948	0.1948	79,178,929	0.1841	0.1841
	Eldon Special Road Dist Miller Co	Road & Bridge	74,177,738	0.2108	0.2108	74,360,366	0.2112	0.2112	78,964,641	0.2088	0.2088
	Kaiser Special Road Dist Miller Co	Road & Bridge	48,396,557	0.1856	0.1856	50,585,051	0.1866	0.1866	56,627,995	0.1788	0.1788
	City of Bagnell	General Revenue	461,070	0.5000	0.5000	482,706	0.5000	0.5000	474,201	0.5000	0.5000
	Village of Brumley	General Revenue	484,745	0.2941	0.2941	406,011	0.3856	0.3856	368,701	0.4247	0.4247
	City of Iberia	General Revenue	4,206,190	0.4680	0.1680	4,472,830	0.4683	0.1683	4,409,362	0.4783	0.1783

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Miller	Village of Olean	General Revenue	477,118	0.3263	0.3263	488,104	0.3267	0.3267	552,087	0.3081	0.3081
	Village of St Elizabeth	General Revenue	2,911,002	0.2307	0.2307	2,848,343	0.2360	0.2360	3,033,366	0.2360	0.2360
	Village of Tuscumbia	General Revenue	1,161,007	0.3090	0.3090	1,178,819	0.3074	0.3074	1,203,643	0.3080	0.3080
	City of Lake Ozark	General Revenue	47,430,123	0.2614	0.2614	50,726,281	0.2554	0.2554	55,083,969	0.2524	0.2524
	Miller County Library	General Revenue	281,739,723	0.1268	0.1268	278,056,606	0.1301	0.1301	302,356,467	0.1275	0.1275
	Lake Ozark Fire Protection District	General Revenue	285,305,961	0.2957	0.2957	290,025,633	0.2973	0.2973	323,587,321	0.2880	0.2880
		Ambulance	285,305,961	0.2980	0.2700	290,025,633	0.2996	0.2996	323,587,321	0.2902	0.2902
		Debt Service	285,305,961	0.0721	0.0721	290,025,633	0.0778	0.0778	323,587,321	0.0640	0.0640
	Brumley Fire Protection District	General Revenue	20,377,892	0.3000	0.3000	15,331,899	0.3000	0.3000	16,193,988	0.3000	0.3000
	Tuscumbia Fire Protection District	General Revenue	8,670,476	0.3000	0.3000	8,336,937	0.3000	0.3000	8,816,516	0.3000	0.3000
	Moreau Fire Protection Dist #2	General Revenue	78,991,825	0.2802	0.2802	79,972,784	0.2802	0.2802	90,208,009	0.2670	0.2670
	St. Elizabeth Fire Protection Dist	General Revenue	9,022,954	0.3000	0.3000	9,028,713	0.3000	0.3000	9,554,071	0.3000	0.3000
	Iberia Fire Protection District	General Revenue	23,884,113	0.2975	0.2975	24,155,525	0.2998	0.2998	25,307,596	0.2998	0.2998
	Welsh Special Road Dist Subdistrict	General Revenue	4,899,087	0.8728	0.0000	5,033,485	0.8838	0.0000	6,361,724	0.7654	0.0000
	Eldon R-I School District	Operating Funds-Schools	128,861,393	2.8737	2.7500	128,332,311	2.9143	2.7500	147,315,015	3.0500	3.0500
		Debt Service	128,861,393	0.5100	0.5100	128,332,311	0.5430	0.5100	147,315,015	0.6483	0.5100
	Miller Co R-III School District	Operating Funds-Schools	8,611,233	3.5673	3.1100	8,423,420	3.7202	3.0300	8,748,687	3.8497	3.8100
		Debt Service	8,611,233	0.1000	0.1000	8,423,420	0.8097	0.1800	8,748,687	1.4921	0.1800
	St. Elizabeth R-IV School District	Operating Funds-Schools	10,560,367	3.5678	3.2000	10,413,135	3.7500	3.2000	11,220,826	3.7225	3.3000
		Debt Service	10,560,367	0.1800	0.1800	10,413,135	0.7169	0.1800	11,220,826	0.7999	0.1800
	School of the Osage R-II Sch Dist	Operating Funds-Schools	340,879,976	2.6461	2.3000	348,239,839	2.6703	2.3500	395,309,381	2.5668	2.3500
		Debt Service	340,879,976	0.2200	0.2200	348,239,839	0.2427	0.2200	395,309,381	0.2232	0.2200
	Iberia R-V School District	Operating Funds-Schools	24,813,717	3.3991	3.0200	24,918,441	3.4423	3.0200	26,316,986	3.6528	3.4300
	Miller County	General Revenue	281,739,723	0.2621	0.0341	278,056,606	0.2690	0.0341	302,356,467	0.2637	0.0192
		Road & Bridge	90,496,615	0.2297	0.2297	83,343,961	0.2513	0.2513	87,584,904	0.2513	0.2513
		Health	281,739,723	0.1500	0.1500	278,056,606	0.1500	0.1500	302,356,467	0.1471	0.1471
		Developmentally Disabled	281,739,723	0.0839	0.0839	278,056,606	0.0861	0.0861	302,356,467	0.0844	0.0844
		Senior Services	281,739,723	0.0500	0.0500	278,056,606	0.0500	0.0500	302,356,467	0.0490	0.0490
Mississippi	Mississippi County Ambulance Dist	General Revenue	113,318,823	0.3000	0.2500	114,198,779	0.3000	0.3000	114,370,343	0.3000	0.3000
	City of Anniston	General Revenue	612,123	0.6899	0.6899	614,423	0.6899	0.6899	668,451	0.6563	0.6563
	City of Bertrand	General Revenue	2,748,885	0.5794	0.5794	2,831,123	0.5794	0.5794	3,135,255	0.5428	0.5428
	City of Charleston	General Revenue	24,123,321	0.7986	0.7000	24,517,655	0.7986	0.7000	26,806,077	0.7796	0.7000
		Parks & Recreation	24,123,321	0.2000	0.1800	24,517,655	0.2000	0.1800	26,806,077	0.1952	0.1800
	City of East Prairie	General Revenue	13,058,478	0.7770	0.7770	13,163,290	0.7791	0.7791	14,714,450	0.7563	0.7563
	Village of Wilson City	General Revenue	158,597	0.4401	0.4401	165,293	0.4342	0.4342	173,358	0.4286	0.4286
	City of Wyatt	General Revenue	1,522,283	0.7269	0.7269	1,507,732	0.7393	0.7393	1,694,074	0.7196	0.7196
	Mississippi County Library	General Revenue	113,318,823	0.2053	0.2053	114,198,779	0.2053	0.2053	114,370,343	0.2054	0.2054

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mississippi	Mississippi (Scott) Fire Prot Dist	General Revenue	48,527,522	0.3000	0.1600	49,516,570	0.3000	0.1600	50,059,006	0.3000	0.1500
	Mississippi County Senate Bill 40	General Revenue	113,318,823	0.1232	0.1232	114,198,779	0.1232	0.1232	114,370,343	0.1232	0.1232
	East Prairie R-II School District	Operating Funds-Schools	42,041,380	2.8878	2.7500	42,126,615	2.9415	2.7500	45,469,885	2.9027	2.7500
		Debt Service	42,041,380	0.3500	0.3500	42,126,615	0.4478	0.3500	45,469,885	0.4815	0.3500
	Charleston R-I School District	Operating Funds-Schools	59,983,500	2.7500	2.7500	59,735,630	2.7805	2.7500	63,312,280	2.7706	2.7500
	Mississippi County	General Revenue	113,318,823	0.4721	0.2700	114,198,779	0.4721	0.2963	114,370,343	0.4723	0.3002
		Johnson Grass	113,318,823	0.0500	0.0500	114,198,779	0.0500	0.0500	114,370,343	0.0500	0.0500
		Road & Bridge	113,318,823	0.3500	0.3200	114,198,779	0.3500	0.3500	114,370,343	0.3500	0.3500
		Health	113,318,823	0.1000	0.1000	114,198,779	0.1000	0.1000	114,370,343	0.1000	0.1000
Moniteau	Mid Mo Ambulance District	General Revenue	358,518,447	0.1841	0.1838	370,077,844	0.1841	0.1838	421,733,320	0.1704	0.1704
	City of California	General Revenue	37,275,911	0.3824	0.3824	38,461,778	0.3832	0.3832	40,596,556	0.3781	0.3781
		Parks & Recreation	37,275,911	0.1509	0.1509	38,461,778	0.1512	0.1512	40,596,556	0.1492	0.1492
	City of Clarksburg	General Revenue	1,340,547	0.9451	0.9451	1,294,420	0.9791	0.9791	1,357,012	0.9791	0.9791
	City of Jamestown	General Revenue	2,446,558	0.8766	0.8766	2,430,234	0.8845	0.8845	2,614,489	0.8761	0.8761
	City of Lupus	General Revenue	206,831	0.9076	0.8300	197,778	0.9490	0.8300	209,591	0.9493	0.8300
	City of Tipton	General Revenue	20,879,766	0.6598	0.6598	22,526,657	0.6598	0.5000	21,463,813	0.6934	0.5500
		Debt Service	20,879,766	0.3420	0.3420	22,526,657	0.4458	0.4458	21,463,813	0.5149	0.5149
	Moniteau Co Library Subdistrict Two	General Revenue	41,959,871	0.1200	0.1200	42,891,708	0.1200	0.1200	42,436,661	0.1200	0.1200
	Moniteau Co Lib Subdist-California	General Revenue	**	**	**	38,461,778	0.1000	0.1000	40,596,556	0.0987	0.0987
	California Rural Fire Prot Dist	General Revenue	35,150,033	0.2000	0.2000	35,740,929	0.2000	0.2000	38,210,634	0.2000	0.2000
	Fortuna Fire Protection District	General Revenue	23,934,106	0.2947	0.2945	25,320,911	0.2947	0.2947	27,814,286	0.2883	0.2883
	Tipton Rural Fire Protection Dist	Fire	10,916,908	0.2500	0.2500	11,284,952	0.2491	0.2491	11,302,402	0.2500	0.2500
	Jamestown Rural Fire Prot Dist	General Revenue	12,763,274	0.2949	0.2949	13,278,131	0.2932	0.2932	13,945,589	0.2932	0.3000
	Moniteau Co R-I School District	Operating Funds-Schools	63,335,208	2.7500	2.7500	65,962,802	2.7500	2.7500	69,801,688	3.0000	3.0000
		Debt Service	63,335,208	0.8200	0.8200	65,962,802	1.4392	0.8200	69,801,688	1.2252	0.8200
	High Point R-III School District	Operating Funds-Schools	6,975,390	3.5411	3.5411	7,089,950	3.5565	3.5565	7,639,730	3.5241	3.5241
	Moniteau Co R-V School District	Operating Funds-Schools	5,848,020	3.3160	2.8796	6,067,639	3.2985	2.8796	6,523,379	3.2917	3.2796
	Moniteau Co R-VI School District	Operating Funds-Schools	36,024,635	2.9622	2.9621	37,790,541	2.9893	2.9877	38,629,182	2.9684	2.9682
		Debt Service	36,024,635	0.8861	0.8861	37,790,541	1.3426	0.8861	38,629,182	2.0812	0.8861
	Moniteau Co C-1 School District	Operating Funds-Schools	10,695,118	3.9204	3.9200	10,903,481	3.9294	3.9294	11,948,751	3.8107	3.8107
		Debt Service	10,695,118	0.7800	0.7800	10,903,481	1.2103	0.7706	11,948,751	0.9416	0.8893
	Clarksburg C-2 School District	Operating Funds-Schools	5,054,222	3.3595	3.1900	5,059,006	3.4839	3.3400	5,465,628	3.4380	3.4380
	Moniteau County	General Revenue	140,758,551	0.3410	0.1837	146,301,044	0.3410	0.1819	151,252,907	0.3410	0.1816
		Common Road District	140,758,551	0.2507	0.2507	146,301,044	0.2507	0.2507	151,252,907	0.2507	0.2507
		Health	140,758,551	0.2407	0.1500	146,301,044	0.2407	0.1500	151,252,907	0.2407	0.1500
		Developmentally Disabled	140,758,551	0.1200	0.1200	146,301,044	0.1200	0.1200	151,252,907	0.1200	0.1000
Monroe	Monroe County Ambulance District	General Revenue	60,189,803	0.4200	0.4200	60,881,066	0.4200	0.4200	65,305,041	0.4200	0.4200

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Monroe	Monroe City Ambulance District	General Revenue	68,565,732	0.2657	0.2657	71,092,596	0.2657	0.2657	74,992,250	0.2657	0.2657
	Monroe County Nursing Home District	General Revenue	70,337,676	0.1500	0.1500	71,146,763	0.1500	0.1500	76,312,682	0.1500	0.1500
	Madison Special Road Dist Monroe Co	Special Road and Bridge	7,582,676	0.3500	0.3500	7,596,585	0.3500	0.3500 A	8,012,625	0.3487	0.3487
	Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	25,069,830	0.3500	0.3500 A	26,468,168	0.3500	0.3500	27,703,847	0.3500	0.3500
	Village of Holliday	General Revenue	724,324	0.3757	0.2900	738,039	0.3756	0.2900	788,363	0.3648	0.3648
	City of Madison	General Revenue	2,730,959	0.6672	0.6500	2,742,143	0.6804	0.6800	2,986,221	0.6720	0.6720
	City of Paris	General Revenue	7,803,703	0.3342	0.3300	7,783,575	0.3359	0.3300	8,425,899	0.3315	0.3315
		Streets	7,803,703	0.1200	0.1200	7,783,575	0.1200	0.1200	8,425,899	0.1184	0.1184
		Fire	7,803,703	0.1400	0.1400	7,783,575	0.1400	0.1400	8,425,899	0.1382	0.1382
		Cemetery	7,803,703	0.2612	0.2600	7,783,575	0.2625	0.2600	8,425,899	0.2591	0.2591
	Village of Stoutsville	General Revenue	355,948	0.1801	0.1801	360,368	0.1819	0.1819	385,213	0.1763	0.1763
	City of Monroe City	General Revenue	25,992,844	0.6037	0.5900	27,403,456	0.6039	0.5900	28,368,261	0.6039	0.5900
		Library	25,992,844	0.2114	0.2000	27,403,456	0.2115	0.2000	28,368,261	0.2115	0.2000
	Monroe County Library	General Revenue	74,537,094	0.1618	0.1618	75,370,658	0.1626	0.1626	80,819,872	0.1626	0.1626
		Debt Service	74,537,094	0.1259	0.1259	75,370,658	0.1105	0.1105	80,819,872	0.1391	0.1391
	Paris Rural Fire Protection Dist	General Revenue	19,327,988	0.2500	0.2500	19,815,937	0.2500	0.2500	21,498,746	0.2500	0.2500
	Madison-West Monroe Fire Prot Dist	General Revenue	20,754,351	0.3000	0.3000	20,696,852	0.3000	0.3000	22,345,066	0.2997	0.2997
	Middle Grove C-1 School District	Operating Funds-Schools	3,215,076	4.0659	4.0659	3,205,805	5.9159	5.7500 B	3,371,210	5.9159	5.7500
	Monroe City R-I School District	Operating Funds-Schools	57,604,857	4.0964	4.0964	60,157,138	4.0964	4.0964	63,626,386	4.0837	4.0837
	Holliday C-2 School District	Operating Funds-Schools	5,611,616	3.6446	3.6446	5,846,137	3.6265	3.6265	6,218,200	3.6237	3.6237
	Madison C-3 School District	Operating Funds-Schools	9,901,656	3.3451	3.3451	9,985,700	3.5278	3.5278	10,756,739	3.5280	3.5280
		Debt Service	9,901,656	0.6529	0.6529	9,985,700	0.7701	0.7701	10,756,739	1.3369	0.9542
	Paris R-II School District	Operating Funds-Schools	29,433,157	3.4700	3.1000	30,292,412	3.5260	3.1000	32,796,875	3.5402	3.5400
		Debt Service	29,433,157	0.4900	0.4900	30,292,412	0.6825	0.4900	32,796,875	0.5604	0.4900
	Monroe County	General Revenue	93,773,103	0.3829	0.2900	95,884,616	0.3836	0.3000	102,271,337	0.3836	0.3000
		Road & Bridge	93,773,103	0.2794	0.2794	95,884,616	0.2799	0.2799	102,271,337	0.2799	0.2799
		Health	93,773,103	0.1000	0.0900	95,884,616	0.1000	0.0900	102,271,337	0.1000	0.0900
		Senate Bill 40	93,773,103	0.1000	0.0900	95,884,616	0.1000	0.0900	102,271,337	0.1000	0.0900
Montgomery	Montgomery County Ambulance Dist	General Revenue	128,612,871	0.2551	0.2551	130,401,381	0.2566	0.2566	141,007,855	0.2517	0.2517
	Rhineland Bottom SRD Montgomery C	Special Road and Bridge	6,687,628	0.2500	0.2500 A	6,248,355	0.2500	0.2500	6,828,729	0.2423	0.2423
	Wellsville Road Dist Montgomery Co	Special Road and Bridge	16,648,302	0.2000	0.2000	16,252,525	0.2000	0.2000	17,357,746	0.1977	0.1977
	City of Bellflower	General Revenue	1,696,550	0.8116	0.8101	1,726,040	0.8374	0.8374	1,903,830	0.8166	0.8166
	City of High Hill	General Revenue	2,558,838	0.4636	0.3700	2,526,895	0.4717	0.3700	2,804,268	0.4639	0.3700
	City of Jonesburg	General Revenue	7,377,225	0.5214	0.5214	7,634,486	0.5255	0.5255	8,435,816	0.5032	0.5032
		Debt Service	7,377,225	0.4425	0.4425	7,634,486	0.3976	0.3976	8,435,816	0.3192	0.3192
	City of McKittrick	General Revenue	426,215	0.5736	0.5736	408,303	0.5999	0.5999	459,293	0.6062	0.6062
	City of Middletown	General Revenue	1,227,631	0.8258	0.7867	1,276,535	0.8258	0.7867	1,366,875	0.8085	0.7867

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Montgomery	City of Montgomery	General Revenue	27,253,662	0.5354	0.4350	26,952,627	0.5522	0.4600	30,329,694	0.5330	0.4600
		Library	27,253,662	0.3966	0.3965	26,952,627	0.4000	0.4000	30,329,694	0.3861	0.3861
	City of New Florence	General Revenue	5,090,902	0.7450	0.7664	5,041,863	0.7701	0.7664	5,570,198	0.7432	0.7432
	Village of Rhineland	General Revenue	2,033,969	0.8861	0.8200	1,983,262	0.9101	0.7700	2,229,388	0.8621	0.7500
	City of Wellsville	General Revenue	7,388,961	0.7353	0.7300	7,302,285	0.7487	0.7487	7,966,808	0.7251	0.7251
		Library	7,388,961	0.2015	0.2000	7,302,285	0.2052	0.2052	7,966,808	0.1987	0.1987
	Bellflower Volunteer Fire Prot Dist	General Revenue	10,928,410	0.2816	0.2500	11,366,365	0.2816	0.2500	12,239,892	0.2790	0.2500
	Jonesburg-High Hill Fire Prot Dist	General Revenue	30,642,821	0.2794	0.2500	31,964,771	0.2794	0.2500	35,046,155	0.2719	0.2500
	New Florence Fire Protection Dist	General Revenue	16,680,191	0.3000	0.3000	16,979,959	0.3000	0.3000	17,193,121	0.3000	0.3000
	Montgomery Volunteer Fire Prot Dist	General Revenue	51,662,866	0.2630	0.2630	52,227,634	0.2652	0.2652	57,381,678	0.2599	0.2599
	Wellsville-Middletown R-I Sch Dist	Operating Funds-Schools	23,340,992	3.3450	3.3450	22,777,657	3.4079	3.4079	24,717,882	3.3349	3.3349
		Debt Service	23,340,992	0.4600	0.4600	22,777,657	0.6075	0.4600	24,717,882	1.0150	0.4600
	Montgomery Co R-II School District	Operating Funds-Schools	85,350,086	3.3916	3.3916	86,222,883	3.4577	3.4577	95,074,120	3.3464	3.3464
		Debt Service	85,350,086	0.0300	0.0300	**	**	**	**	**	**
	Montgomery County	General Revenue	148,073,609	0.3918	0.2612	149,805,164	0.3954	0.2701	162,339,286	0.3884	0.2619
		Johnson Grass	148,073,609	0.0500	0.0000	149,805,164	0.0500	0.0000	162,339,286	0.0491	0.0000
		Road & Bridge	148,073,609	0.2888	0.2888	149,805,164	0.2915	0.2915	162,339,286	0.2863	0.2863
		Special Road and Bridge	124,737,674	0.3000	0.3000 A	127,303,975	0.3000	0.3000	138,172,502	0.2946	0.2946
		Health	148,073,609	0.1500	0.1300	149,805,164	0.1500	0.1400	162,339,286	0.1473	0.1300
		Senate Bill 40	148,073,609	0.1000	0.1000	149,805,164	0.1000	0.1000	162,339,286	0.0982	0.0982
Morgan	Golden Age Nursing Home Health #1	General Revenue	67,854,045	0.2045	0.2045	69,565,508	0.2045	0.2045	82,919,975	0.1804	0.1804
	Good Shepherd Care Center	General Revenue	446,897,206	0.1602	0.1602	460,823,979	0.1602	0.1602	546,350,083	0.1466	0.1466
	Barnett Spec Road Dist #3 Morgan Co	Road & Bridge	8,778,228	0.2980	0.2980	8,906,590	0.2980	0.2980	9,942,169	0.2799	0.2799
	Gravois Spec Rd Dist #8 Morgan Co	Road & Bridge	121,126,834	0.1444	0.1444	123,232,215	0.1447	0.1444	153,217,781	0.1249	0.1249
		Special Road and Bridge	121,126,834	0.1000	0.1000	123,232,215	0.1000	0.1000	153,217,781	0.1000	0.1000 A
	Versailles Sp Rd Dist 4 Morgan Co	Road & Bridge	40,194,875	0.2232	0.2232	43,154,594	0.2232	0.2232	47,632,254	0.2126	0.2126
	City of Barnett	General Revenue	1,038,498	0.5828	0.5828	1,030,653	0.5872	0.5872	1,185,343	0.5300	0.5300
		Water	1,038,498	0.3755	0.3755	1,030,653	0.3784	0.3784	1,185,343	0.3415	0.3415
	City of Stover	General Revenue	6,463,060	0.5226	0.5226	6,704,714	0.5203	0.5203	7,444,557	0.5009	0.5009
	City of Syracuse	General Revenue	1,434,998	0.7525	0.7525	1,485,515	0.7464	0.7464	1,643,559	0.6982	0.6982
	City of Versailles	General Revenue	23,160,551	0.5713	0.5700	25,012,900	0.5713	0.5700	27,537,132	0.5456	0.5456
	Morgan County Library District	General Revenue	322,288,419	0.0827	0.0827	330,909,419	0.0827	0.0827	400,873,985	0.0727	0.0727
	Rocky Mount Fire Protection Dist	General Revenue	66,777,634	0.2547	0.2547	67,647,865	0.2547	0.2547	85,407,163	0.4000	0.4000
	Versailles Fire Protection Dist #4	General Revenue	28,364,846	0.4740	0.4740	29,644,276	0.4740	0.4740	33,085,367	0.4467	0.4467
	Gravois Fire Protection District	General Revenue	151,060,720	0.2608	0.2608	154,247,317	0.2608	0.2608	187,079,745	0.2319	0.2319
	Stover Rural Fire Protection Dist 6	General Revenue	26,124,373	0.2471	0.2471	26,852,294	0.2471	0.2471	31,227,856	0.2471	0.2471
	Morgan Co R-I School District	Operating Funds-Schools	54,350,715	2.4800	2.4800	55,794,049	2.7500	2.7500	67,670,735	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Morgan	Morgan Co R-I School District	Debt Service	54,350,715	0.3800	0.3800	55,794,049	0.7060	0.3800	67,670,735	0.5120	0.3800
	Morgan Co R-II School District	Operating Funds-Schools	168,277,912	2.7500	2.7500	173,293,730	2.7500	2.7500	209,879,983	2.7500	2.7500
	Morgan County	General Revenue	322,288,419	0.2296	0.0897	330,909,419	0.2296	0.1017	400,873,985	0.2019	0.0850
		Johnson Grass	322,288,419	0.0459	0.0000	330,909,419	0.0459	0.0000	400,873,985	0.0404	0.0000
		Road & Bridge	151,505,594	0.1764	0.1764	155,396,865	0.1764	0.1764	189,878,326	0.1535	0.1535
		Health	322,288,419	0.0827	0.0827	330,909,419	0.0827	0.0827	400,873,985	0.0727	0.0727
		Senate Bill 40	322,288,419	0.0459	0.0458	330,909,419	0.0459	0.0459	400,873,985	0.0404	0.0404
		Senior Services	322,288,419	0.0459	0.0459	330,909,419	0.0459	0.0459	400,873,985	0.0404	0.0404
New Madrid	New Madrid County Ambulance Dist.	General Revenue	372,660,643	0.1500	0.1300	377,656,341	0.1500	0.1300	381,602,870	0.1500	0.1500
	City of Canalou	General Revenue	982,472	0.7522	0.7522	652,877	1.0000	0.7522	982,426	1.0000	0.7522
	Village of Catron	General Revenue	633,238	0.4920	0.4444	715,552	0.4832	0.4444	715,891	0.4846	0.4444
		Additional Gen.	633,238	0.2500	0.2391	715,552	0.2454	0.2391	715,891	0.2461	0.2391
	City of Gideon	General Revenue	4,838,658	0.6060	0.6060	4,864,430	0.6060	0.6060	4,913,957	0.6060	0.6060
		Parks & Recreation	4,838,658	0.1541	0.1541	4,864,430	0.1541	0.1541	4,913,957	0.1541	0.1541
	City of Howardville	General Revenue	1,004,265	1.0000	1.0000	1,001,187	1.0000	1.0000	1,061,779	1.0000	1.0000
	City of Lilbourn	General Revenue	6,518,777	0.6050	0.5976	6,530,813	0.6050	0.6050	6,682,451	0.6050	0.6050
		Parks & Recreation	6,518,777	0.1743	0.1743	6,530,813	0.1743	0.1743	6,682,451	0.1743	0.1743
		Library	6,518,777	0.1743	0.1743	6,530,813	0.1743	0.1743	6,682,451	0.1743	0.1743
		Health	6,518,777	0.1743	0.1743	6,530,813	0.1743	0.1743	6,682,451	0.1743	0.1743
		Debt Service	6,518,777	0.2362	0.2362	6,530,813	0.2294	0.2294	6,682,451	0.2179	0.2179
	City of Marston	General Revenue	4,638,155	0.5263	0.5263	4,599,527	0.5336	0.5336	4,708,666	0.5336	0.5336
	City of Matthews	General Revenue	6,481,679	0.5340	0.5340	6,805,008	0.5207	0.5207	7,613,932	0.5207	0.5207
	City of Morehouse	General Revenue	5,118,966	0.5576	0.5576	5,143,334	0.5576	0.5576	5,234,909	0.5576	0.5576
	City of New Madrid	General Revenue	21,365,146	0.5820	0.5800	21,592,069	0.5820	0.5800	22,587,703	0.5820	0.5800
		Additional Gen. Rev.	21,365,146	0.2107	0.2100	21,592,069	0.2107	0.2100	22,587,703	0.2107	0.2100
	Village of North Lilbourn	General Revenue	159,862	0.5000	0.5000	135,291	0.5000	0.5000	128,950	0.5000	0.5000
	City of Parma	General Revenue	3,756,318	0.6329	0.6329	3,861,172	0.6329	0.6300	3,942,935	0.6329	0.6329
	City of Portageville	General Revenue	27,756,094	0.5427	0.5310	28,061,774	0.5458	0.5427	27,096,295	0.5705	0.5705
		Parks & Recreation	27,756,094	0.1229	0.1202	28,061,774	0.1236	0.1229	27,096,295	0.1292	0.1292
		Health	27,756,094	0.1433	0.1402	28,061,774	0.1441	0.1433	27,096,295	0.1506	0.1506
		General Revenue	2,046,770	0.6970	0.6970	2,056,348	0.6994	0.6994	2,069,675	0.6998	0.6998
	Village of Tallapoosa	General Revenue	390,142	0.8353	0.8353	388,487	0.8426	0.8426	389,917	0.8465	0.8426
	New Madrid County Library	General Revenue	352,740,782	0.1101	0.1100	354,245,247	0.1102	0.1100	358,027,587	0.1102	0.1102
	Risco R-II School District	Operating Funds-Schools	8,686,085	4.5823	4.5800	8,649,981	4.6029	4.5800	8,804,775	4.5467	4.5467
	Portageville School District	Operating Funds-Schools	41,137,798	3.1392	2.7500	41,168,758	3.2185	3.2185	40,424,890	3.3017	3.2500
		Operating Funds-Temp	**	**	**	41,168,758	0.5000	0.0315 ^A	40,424,890	0.5000	0.0000
		Debt Service	41,137,798	0.2500	0.2500	41,168,758	0.3196	0.2500	40,424,890	0.2500	0.2500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
New Madrid	Gideon 37 School District	Operating Funds-Schools	11,657,932	3.5943	3.0200	11,814,636	3.6170	3.0700	12,214,667	3.6379	3.4300
	New Madrid Co R-I School District	Operating Funds-Schools	261,775,968	2.7500	2.5800	261,804,834	2.7500	2.7000	263,979,545	2.7500	2.7500
		Debt Service	261,775,968	0.1100	0.1100	261,804,834	0.2555	0.1100	263,979,545	0.3129	0.1800
	New Madrid County	General Revenue	372,660,643	0.3228	0.1473	377,656,341	0.3228	0.1337	381,602,870	0.3228	0.1345
		Johnson Grass	372,660,643	0.0303	0.0100	377,656,341	0.0303	0.0100	381,602,870	0.0303	0.0100
		Road & Bridge	372,660,643	0.2422	0.2422	377,656,341	0.2422	0.2422	381,602,870	0.2422	0.2422
		Health	372,660,643	0.0908	0.0900	377,656,341	0.0908	0.0900	381,602,870	0.0908	0.0900
		Senate Bill 40	372,660,643	0.0200	0.0200	377,656,341	0.0200	0.0200	381,602,870	0.0200	0.0200
Newton	Newton County Ambulance District	General Revenue	464,815,163	0.1890	0.1890	469,599,529	0.1900	0.1890	500,423,678	0.1900	0.1900
	Lost Creek Watershed Sub District	General Revenue	22,771,790	0.3160	0.1500	23,323,540	0.3173	0.1500	24,451,450	0.3173	0.1500
	Diamond Special Road Dist Newton Co	Road & Bridge	23,472,311	0.3254	0.3254	24,438,939	0.3250	0.3250	25,984,910	0.3250	0.3250
		Special Road and Bridge	23,472,311	0.1676	0.1676	24,438,939	0.1700	0.1700 A	25,984,910	0.1700	0.1700
	Fairview Special Rd Dist Newton Co	Road & Bridge	8,150,956	0.2126	0.2126	8,417,674	0.2126	0.2126	8,751,602	0.2126	0.2126
		Special Road and Bridge	8,150,956	0.1546	0.1546	8,417,674	0.1540	0.1540 A	8,751,602	0.1540	0.1540
	Midway Special Rd Dist Newton Co	Road & Bridge	9,229,024	0.2002	0.2002	9,345,059	0.2002	0.2002	10,243,723	0.2002	0.2002
		Special Road and Bridge	9,229,024	0.1700	0.1700	9,345,059	0.1647	0.1647 A	10,243,723	0.1647	0.1647
	Neosho Special Rd Dist Newton Co	Road & Bridge	138,637,393	0.1900	0.1900	141,971,230	0.1900	0.1900	149,981,400	0.1900	0.1900
		Special Road and Bridge	138,637,393	0.1500	0.1500	141,971,230	0.1500	0.1500 A	149,981,400	0.1500	0.1500
	Seneca Special Rd Dist Newton Co	Road & Bridge	46,168,389	0.1997	0.1997	46,784,701	0.2008	0.2008	49,893,598	0.2008	0.2008
		Special Road and Bridge	46,168,389	0.1498	0.1498	46,784,701	0.1498	0.1498 A	49,893,598	0.1498	0.1498
	Stella Special Road Dist Newton Co	Road & Bridge	6,558,762	0.2027	0.2027	5,612,936	0.2370	0.2370	5,913,327	0.2370	0.2370
		Special Road and Bridge	6,558,762	0.1352	0.1352	5,612,936	0.1352	0.1352 A	5,913,327	0.1352	0.1352
	City of Diamond	General Revenue	5,019,764	0.2490	0.2490	4,957,721	0.2576	0.2490	3,882,870	0.3340	0.3340
	City of Fairview	General Revenue	1,636,015	0.3558	0.3558	1,695,152	0.3558	0.3558	1,760,178	0.3558	0.3558
		Streets	1,636,015	0.3114	0.3114	1,695,152	0.3114	0.3114	1,760,178	0.3114	0.3114
	City of Granby	General Revenue	7,749,359	0.3450	0.3450	7,875,060	0.3450	0.3450	8,097,156	0.3450	0.3450
		Cemetery	7,749,359	0.0673	0.0673	7,875,060	0.0800	0.0800 A	8,097,156	0.0800	0.0800
	Village of Leawood	General Revenue	6,752,915	0.2230	0.2230	6,855,240	0.2230	0.2230	7,114,075	0.2230	0.2230
	Village of Newtonia	General Revenue	902,920	0.1936	0.1936	894,278	0.1976	0.1976	918,980	0.1988	0.1988
	Village of Ritchey	General Revenue	328,989	0.5324	0.5324	345,768	0.5324	0.5324	356,517	0.5325	0.5325
	Village of Saginaw	General Revenue	3,090,041	0.2508	0.2000	3,312,503	0.2495	0.2000	3,387,413	0.2495	0.2000
	City of Seneca	General Revenue	13,930,687	0.4300	0.4300	14,140,157	0.4300	0.4300	15,186,893	0.4300	0.4300
		Parks & Recreation	13,930,687	0.0500	0.0500	14,140,157	0.0500	0.0500	15,186,893	0.0500	0.0500
	Village of Shoal Creek Drive	General Revenue	2,364,521	0.2064	0.2064	2,424,149	0.2063	0.2063	2,632,380	0.2027	0.2027
	Village of Silver Creek	General Revenue	7,030,433	0.1596	0.1500	7,062,600	0.1614	0.1500	7,325,902	0.1614	0.1500
	Village of Stella	General Revenue	2,129,295	0.4556	0.4556	1,100,785	0.8000	0.8000	1,184,006	0.8000	0.8000
	Village of Wentworth	General Revenue	709,514	0.2769	0.2769	722,383	0.2770	0.2770	756,487	0.2770	0.2770

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Newton	Village of Shoal Creek Estates	General Revenue	955,650	0.4991	0.4991	966,140	0.4991	0.4991	977,801	0.4991	0.4991
	Town of Loma Linda	General Revenue	8,143,690	0.5000	0.5000	8,485,310	0.5000	0.5000	9,271,460	0.4864	0.4864
		Sewer	8,143,690	0.5000	0.5000	8,485,310	0.5000	0.5000	9,271,460	0.4864	0.4864
		Public Health and Sewer	8,143,690	0.2000	0.2000	8,485,310	0.2000	0.2000	9,271,460	0.1945	0.1945
	Neosho Newton County Library	General Revenue	488,282,769	0.0997	0.0997	492,391,021	0.1000	0.0997	525,063,861	0.1000	0.0997
	Neosho Area Fire Protection Dist	General Revenue	63,084,743	0.4071	0.4071	65,420,113	0.4071	0.4071	69,978,990	0.4071	0.4071
	Redings Mill Area Fire Prot Dist	General Revenue	123,240,922	0.3580	0.3580	124,898,140	0.3595	0.3595	135,422,912	0.3595	0.3595
		Debt Service	123,240,922	0.1075	0.1075	124,898,140	0.1085	0.1085	135,422,912	0.1028	0.1028
	Diamond Area Fire Protection Dist	General Revenue	27,824,059	0.2587	0.2587	29,246,361	0.2582	0.2582	30,977,747	0.2582	0.2582
	Seneca Area Fire Protection Dist	General Revenue	28,622,984	0.2786	0.2786	28,983,265	0.2814	0.2814	30,901,970	0.2814	0.2814
	East Newton Fire Protection Dist	General Revenue	16,418,133	0.2822	0.2822	16,993,165	0.2822	0.2822	17,732,682	0.2822	0.2822
	Crowder College	General Revenue	552,699,858	0.4000	0.4000	576,511,868	0.4000	0.4000	613,602,787	0.4000	0.4000
	East Newton Co R-VI School District	Operating Funds-Schools	51,538,340	2.7500	2.7500	51,447,238	2.7500	2.7500	55,273,390	2.7500	2.7500
		Debt Service	51,538,340	0.5500	0.5500	51,447,238	0.7897	0.6250	55,273,390	1.0291	0.6250
	Diamond R-IV School District	Operating Funds-Schools	44,854,977	2.7500	2.7500	45,032,747	2.7500	2.7500	49,144,831	2.7500	2.7500
		Debt Service	44,854,977	0.9900	0.9900	45,032,747	1.6859	0.9900	49,144,831	1.5267	0.9900
	Westview C-6 School District	Operating Funds-Schools	5,636,568	2.7500	2.7500	3,933,960	2.7500	2.7500	6,137,505	2.7500	2.7500
		Debt Service	5,636,568	0.1514	0.1514	5,764,559	0.1845	0.1845	**	**	**
	Seneca R-VII School District	Operating Funds-Schools	61,525,518	2.7500	2.7500	60,332,835	2.7500	2.7500	65,572,631	2.7500	2.7500
	Neosho R-V School District	Operating Funds-Schools	207,950,329	2.8363	2.7500	206,073,188	2.9118	2.7500	218,606,471	2.8829	2.7500
	Newton County	Common Road District	88,914,418	0.2168	0.2168	86,826,944	0.2244	0.2244	90,564,682	0.2244	0.2244
		Health	555,101,759	0.0500	0.0500	562,199,203	0.0500	0.0500	598,466,285	0.0500	0.0500
		Mental Health	555,101,759	0.0800	0.0800	562,199,203	0.0803	0.0803	598,466,285	0.0803	0.0803
		County Fair	555,101,759	0.0100	0.0100	562,199,203	0.0100	0.0100	598,466,285	0.0100	0.0100
Nodaway	Hoover Frankum Watershed Sub Dist	General Revenue	1,186,682	0.3836	0.3800	1,186,682	0.3836	0.3800	1,186,682	0.3836	0.3836
	Mozingo Creek Watershed Sub Dist	General Revenue	12,003,061	0.0000	0.0000	12,003,061	0.0000	0.0000	12,003,061	0.0000	0.0000
	102 River Tributaries Sub District	General Revenue	8,521,103	0.2333	0.1000	8,521,103	0.2333	0.1000	8,521,103	0.2333	0.1000
	City of Arkoe	General Revenue	255,986	0.9743	0.9743	261,120	0.9859	0.9859	250,133	1.0000	0.9859
	City of Barnard	General Revenue	784,148	0.7894	0.7894	783,402	0.7990	0.7990	838,989	0.8045	0.8045
		Streets	784,148	1.0000	1.0000 A	783,402	1.0000	1.0000	838,989	1.0000	1.0000 A
	City of Burlington Junction	General Revenue	2,493,546	0.8818	0.8818	2,371,282	0.9286	0.9286	2,412,416	0.9462	0.9462
		Streets	2,493,546	0.2992	0.2992	**	**	**	**	**	**
		general revenue-temp	2,493,546	0.3500	0.0000 A	2,371,282	0.3500	0.3500	2,412,416	0.3500	0.3500
	City of Clearmont	General Revenue	772,164	0.7721	0.7721	777,652	0.7798	0.7700	835,752	0.7772	0.7700
	Village of Clyde	General Revenue	284,878	0.4979	0.4979	279,288	0.5000	0.5000	272,955	0.5000	0.5000
	City of Conception Junction	General Revenue	767,910	1.0000	1.0000	793,565	1.0000	1.0000	809,451	1.0000	1.0000
	City of Elmo	General Revenue	555,474	1.0000	1.0000	535,820	1.0000	1.0000	546,777	1.0000	1.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	City of Elmo	Streets	555,474	0.4500	0.4500	535,820	0.4500	0.4500	546,777	0.4499	0.4499
		General Revenue-Temp	**	**	**	535,820	1.0000	0.0000 A	546,777	1.0000	0.0000
		Streets	**	**	**	535,820	0.4500	0.0000 A	546,777	0.4499	0.0000
	City of Graham	General Revenue	754,062	0.9640	0.9640	737,007	0.9886	0.9886	765,412	1.0000	1.0000
		Streets	754,062	1.1400	1.1400	737,007	1.1400	1.1400	765,412	1.1400	1.1400
		Street Improvement	**	**	**	**	**	**	765,412	1.1400	0.0000 A
	Village of Guilford	General Revenue	344,113	2.0000	2.0000	340,849	2.0000	2.0000	354,109	1.0000	1.0000
		Streets	344,113	0.5000	0.5000	**	**	**	354,109	0.5000	0.5000 A
	City of Hopkins	General Revenue	2,430,181	0.3731	0.3731	2,511,600	0.3761	0.3731	2,532,913	0.3823	0.3823
		Lights	2,430,181	0.1963	0.1963	2,511,600	0.1979	0.1963	2,532,913	0.2011	0.2011
		Streets	2,430,181	0.1963	0.1963	2,511,600	0.1979	0.1963	2,532,913	0.2011	0.2011
		General Revenue-Temp	**	**	**	2,511,600	0.2000	0.2000 A	2,532,913	0.2000	0.2000
		General Rev-Temp	2,430,181	0.2000	0.2000	**	**	**	**	**	**
		Street Improvements	2,430,181	0.7500	0.7500	2,511,600	0.7500	0.7500	2,532,913	0.7500	0.7500
	City of Maryville	General Revenue	108,108,607	0.3126	0.3126	108,727,984	0.3148	0.3148	112,446,483	0.3148	0.3148
		Parks & Recreation	108,108,607	0.3126	0.3126	108,727,984	0.3148	0.3148	112,446,483	0.3148	0.3148
		Library	108,108,607	0.1412	0.1412	108,727,984	0.1422	0.1422	112,446,483	0.1422	0.1422
		Debt Service	108,108,607	0.1450	0.1450	108,727,984	0.1392	0.1392	112,446,483	0.1221	0.1221
		General Revenue	477,367	1.0000	1.0000	453,360	1.0000	1.0000	474,093	1.0000	1.0000
	City of Parnell	Parks & Recreation	477,367	0.4000	0.3980	**	**	**	474,093	0.4000	0.4000 A
		General Revenue-Temp	477,367	0.3000	0.2987	453,360	0.3000	0.3000	474,093	0.3000	0.3000 A
	Village of Pickering	General Revenue	657,911	0.7492	0.7492	605,885	0.8259	0.7500	614,821	0.8392	0.8392
		Streets Temp	**	**	**	605,885	1.0000	1.0000 A	614,821	1.0000	1.0000
	Village of Quitman	General Revenue	149,011	1.9031	1.9031	129,605	2.0000	1.9031	132,025	1.0000	1.0000
	City of Ravenwood	General Revenue	2,231,526	0.7447	0.7447	2,297,322	0.7447	0.7285	2,301,349	0.7499	0.7285
		Streets	2,231,526	0.7500	0.7500 A	2,297,322	0.7500	0.7500	2,301,349	0.7500	0.7500
	City of Skidmore	General Revenue	1,242,349	1.0000	1.0000	1,161,108	1.0000	1.0000	1,175,158	1.0000	1.0000
		Streets	1,242,349	1.0000	1.0000	1,161,108	1.0000	1.0000	1,175,158	1.0000	1.0000
		Debt Service	**	**	**	1,161,108	1.1545	0.0000	**	**	**
	Atchison Township of Nodaway Co	General Revenue	4,782,682	0.0500	0.0500	4,782,180	0.0500	0.0500	4,896,854	0.0500	0.0500
		Road & Bridge	4,782,682	0.5000	0.5000	4,782,180	0.5000	0.5000	4,896,854	0.5000	0.5000
		Special Road and Bridge	4,782,682	0.3500	0.3500	4,782,180	0.3500	0.3500	4,896,854	0.3500	0.3500 A
		Debt Service	4,782,682	0.6721	0.6721	**	**	**	4,896,854	2.1185	2.1185
	Grant Township of Nodaway Co	General Revenue	5,522,685	0.0500	0.0500	5,639,570	0.0500	0.0500	5,904,631	0.0499	0.0499
		Road & Bridge	5,522,685	0.5000	0.5000	5,639,570	0.5000	0.5000	5,904,631	0.4994	0.4994
		Special Road and Bridge	5,522,685	0.3500	0.3500	5,639,570	0.3500	0.3500	5,904,631	0.3500	0.3500 A
	Green Township of Nodaway Co	General Revenue	4,152,666	0.0500	0.0500	4,245,418	0.0500	0.0500	4,352,296	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Green Township of Nodaway Co	Road & Bridge	4,152,666	0.5000	0.5000	4,245,418	0.5000	0.5000	4,352,296	0.5000	0.5000
		Special Road and Bridge	4,152,666	0.3500	0.3500	4,245,418	0.3500	0.3500	4,352,296	0.3500	0.3500 A
		Debt Service	4,152,666	1.4574	1.4574	4,245,418	1.5198	1.5198	4,352,296	0.3641	0.3641
	Hopkins Township of Nodaway Co	General Revenue	5,929,773	0.0500	0.0500	5,959,921	0.0500	0.0500	6,050,042	0.0500	0.0500
		Road & Bridge	5,929,773	0.5000	0.5000	5,959,921	0.5000	0.5000	6,050,042	0.5000	0.5000
		Special Road and Bridge	5,929,773	0.3500	0.3500	5,959,921	0.3500	0.3500	6,050,042	0.3500	0.3500 A
	Hughes Township of Nodaway Co	General Revenue	7,049,773	0.0500	0.0500	7,130,048	0.0500	0.0500	7,373,862	0.0500	0.0500
		Road & Bridge	7,049,773	0.5000	0.5000	7,130,048	0.5000	0.5000	7,373,862	0.5000	0.5000
		Special Road and Bridge	7,049,773	0.3500	0.3500	7,130,048	0.3500	0.3500	7,373,862	0.3500	0.3500 A
		Debt Service	7,049,773	1.0194	1.0194	7,130,048	0.0931	0.0931	**	**	**
	Independence Township of Nodaway C	General Revenue	3,898,816	0.0500	0.0500	3,389,404	0.0500	0.0500	3,987,965	0.0465	0.0465
		Road & Bridge	3,898,816	0.5000	0.5000	3,389,404	0.5000	0.5000	3,987,965	0.4652	0.4652
		Special Road and Bridge	3,898,816	0.3500	0.3500	3,389,404	0.3500	0.3500	3,987,965	0.3500	0.3500 A
		Debt Service	3,898,816	0.4668	0.4668	3,389,404	2.3323	2.3323	3,987,965	1.0613	1.0613
	Jackson Township of Nodaway Co	General Revenue	9,648,662	0.0500	0.0500	9,628,935	0.0500	0.0500	10,215,744	0.0500	0.0500
		Road & Bridge	9,648,662	0.5000	0.5000	9,628,935	0.5000	0.5000	10,215,744	0.5000	0.5000
		Special Road and Bridge	9,648,662	0.3500	0.3500 A	9,628,935	0.3500	0.3500	10,215,744	0.3500	0.3500
		Debt Service	9,648,662	0.3439	0.3439	9,628,935	0.8558	0.8558	10,215,744	0.4482	0.4482
	Jefferson Township of Nodaway Co	General Revenue	5,544,098	0.0500	0.0500	5,741,904	0.0500	0.0500	5,717,475	0.0500	0.0500
		Road & Bridge	5,544,098	0.5000	0.5000	5,741,904	0.5000	0.5000	5,717,475	0.5000	0.5000
		Special Road and Bridge	5,544,098	0.3500	0.3500	5,741,904	0.3500	0.3500	5,717,475	0.3500	0.3500 A
	Lincoln Township of Nodaway Co	General Revenue	4,959,976	0.0500	0.0500	4,962,957	0.0500	0.0500	4,973,817	0.0500	0.0500
		Road & Bridge	4,959,976	0.5000	0.5000	4,962,957	0.5000	0.5000	4,973,817	0.5000	0.5000
		Special Road and Bridge	4,959,976	0.3500	0.3500 A	4,962,957	0.3500	0.3500	4,973,817	0.3500	0.3500
	Monroe Township of Nodaway Co	General Revenue	4,156,207	0.0500	0.0500	4,141,468	0.0500	0.0500	4,183,338	0.0500	0.0500
		Road & Bridge	4,156,207	0.4645	0.4645	4,141,468	0.4707	0.4707	4,183,338	0.4742	0.4742
		Special Road and Bridge	4,156,207	0.3500	0.3500	4,141,468	0.3500	0.3500	4,183,338	0.3500	0.3500 A
		Debt Service	4,156,207	0.6260	0.6260	4,141,468	1.6371	1.6371	4,183,338	0.5886	0.5886
	Nodaway Township of Nodaway Co	General Revenue	7,142,025	0.0498	0.0498	7,245,231	0.0498	0.0498	7,307,455	0.0500	0.0500
		Road & Bridge	7,142,025	0.4828	0.4828	7,245,231	0.4828	0.4828	7,307,455	0.4863	0.4863
		Special Road and Bridge	7,142,025	0.3500	0.3500 A	7,245,231	0.3500	0.3500	7,307,455	0.3500	0.3500
		Debt Service	**	**	**	7,245,231	1.2536	1.2536	7,307,455	0.5943	0.5943
	Polk Township of Nodaway Co	General Revenue	168,579,943	0.0500	0.0500	166,279,742	0.0500	0.0500	170,464,676	0.0500	0.0500
		Road & Bridge	168,579,943	0.2605	0.2605	166,279,742	0.2695	0.2695	170,464,676	0.2697	0.2697
		Special Road and Bridge	**	**	**	166,279,742	0.3500	0.3500 A	170,464,676	0.3500	0.3500
	Union Township of Nodaway Co	General Revenue	4,850,605	0.0500	0.0500	4,868,077	0.0500	0.0500	4,924,267	0.0500	0.0500
		Road & Bridge	4,850,605	0.5000	0.5000	4,868,077	0.5000	0.5000	4,924,267	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Union Township of Nodaway Co	Special Road and Bridge	4,850,605	0.3500	0.3500 A	4,868,077	0.3500	0.3500	4,924,267	0.3500	0.3500
		Debt Service	4,850,605	0.3366	0.3366	4,868,077	1.0338	1.0338	4,924,267	0.6788	0.6788
	Washington Township of Nodaway Co	General Revenue	3,927,595	0.0500	0.0500	4,034,190	0.0500	0.0500	3,928,182	0.0500	0.0500
		Road & Bridge	3,927,595	0.5000	0.5000	4,034,190	0.5000	0.5000	3,928,182	0.5000	0.5000
		Special Road and Bridge	3,927,595	0.3500	0.3500	4,034,190	0.3500	0.3500	3,928,182	0.3500	0.3500 A
	White Cloud Township of Nodaway Co	General Revenue	5,615,542	0.0500	0.0500	6,545,419	0.0452	0.0452	6,712,415	0.0460	0.0460
		Road & Bridge	5,615,542	0.4913	0.4200	6,545,419	0.4436	0.4436	6,712,415	0.4518	0.4518
		Special Road and Bridge	5,615,542	0.3500	0.3500 A	6,545,419	0.3160	0.3160	6,712,415	0.3218	0.3218
		Debt Service	**	**	**	6,545,419	1.5125	1.5125	6,712,415	0.8414	0.8414
	Barnard Fire Protection District	General Revenue	9,223,301	0.2000	0.2000	9,342,829	0.2000	0.2000	9,777,207	0.2000	0.2000
	Graham Fire Protection District	General Revenue	7,108,997	0.1000	0.1000	7,413,860	0.1000	0.1000	7,657,458	0.1000	0.1000
	Hopkins Fire Protection District	General Revenue	8,304,085	0.1300	0.1300	8,303,917	0.1311	0.1311	8,405,376	0.1324	0.1324
	Polk Fire Protection District	General Revenue	61,560,424	0.0500	0.0500	58,496,815	0.0500	0.0500	58,987,886	0.0500	0.0500
	Clearmont Fire Protection District	General Revenue	4,403,986	0.3000	0.3000	4,410,978	0.3000	0.3000	4,532,704	0.3000	0.3000
	Skidmore Fire Protection District	General Revenue	6,687,068	0.2100	0.2100	6,782,719	0.2100	0.2100	6,912,352	0.2100	0.2100
	West Nodaway Fire Protection Dist	General Revenue	10,846,335	0.2977	0.2800	11,008,950	0.2977	0.2800	11,070,803	0.3000	0.2800
	Jackson Township Fire Prot Dist	General Revenue	9,660,397	0.0000	0.0000	9,631,500	0.0000	0.0000	10,217,658	0.0000	0.0000
		Fire	9,660,397	0.3000	0.3000	9,631,500	0.3000	0.2500	10,217,658	0.3000	0.2500
	Union Township Fire Protection Dist	General Revenue	3,690,811	0.2890	0.2890	3,732,016	0.2936	0.2936	3,792,846	0.2982	0.2982
	Elmo Fire Protection District	General Revenue	3,485,993	0.3000	0.3000	3,443,044	0.3000	0.3000	3,449,890	0.3000	0.3000
	Parnell Fire Protection District	General Revenue	4,100,229	0.2757	0.2757	4,073,498	0.2779	0.2779	4,451,103	0.2779	0.2779
	Nodaway-Holt R-VII School District	Operating Funds-Schools	18,329,548	3.7500	3.7500	19,010,910	3.7500	3.7500	19,565,937	3.7500	3.7500
		Operating Funds-Temps	18,329,548	0.9000	0.9000	19,010,910	0.9000	0.9000	19,565,937	0.9000	0.9000
	West Nodaway Co R-I School District	Operating Funds-Schools	17,250,320	3.6398	3.2156	17,414,480	3.6778	3.6778	17,926,475	3.6786	3.6786
		Debt Service	17,250,320	0.7000	0.7000	17,414,480	0.8777	0.7000	17,926,475	0.8684	0.7000
	Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	11,046,504	4.6100	4.6100	11,065,970	5.2100	5.0500 B	11,985,157	5.2100	5.2100
		Debt Service	**	**	**	**	**	**	11,985,157	1.6669	0.6600
	Jefferson C-123 School District	Operating Funds-Schools	5,607,070	6.2245	5.2222 B	5,795,700	6.2245	5.1622	5,949,482	6.2245	5.1860
		Debt Service	5,607,070	0.4624	0.4624	**	**	**	**	**	**
	North Nodaway Co R-VI School Dist	Operating Funds-Schools	11,694,790	4.4000	4.3300	11,839,020	4.4253	4.4246	12,214,760	4.4294	4.4000
		Debt Service	11,694,790	0.3800	0.3800	11,839,020	0.5723	0.3800	12,214,760	1.1422	0.5900
	Maryville R-II School District	Operating Funds-Schools	164,395,916	3.9395	3.6695	162,478,170	3.9524	3.6645	167,597,751	3.9581	3.6481
		Debt Service	164,395,916	0.4643	0.4643	162,478,170	0.8199	0.4643	167,597,751	1.1148	0.4643
	South Nodaway Co R-IV School Dist	Operating Funds-Schools	8,859,160	5.5500	5.2446	8,937,460	5.5500	5.2446	9,600,600	5.5474	5.1446
		Debt Service	8,859,160	0.6282	0.6282	8,937,460	0.9780	0.6282	9,600,600	0.8262	0.7282
	Nodaway County	General Revenue	246,637,728	0.3500	0.0000	244,971,972	0.3588	0.0000	250,999,026	0.3593	0.0000
		Health	246,637,728	0.0500	0.0500	244,971,972	0.0500	0.0500	250,999,026	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Nodaway County	Ambulance	246,637,728	0.1800	0.1800	244,971,972	0.1845	0.0000	250,999,026	0.1848	0.0000
		Senate Bill 40	246,637,728	0.0500	0.0500	244,971,972	0.0500	0.0500	250,999,026	0.0500	0.0500
		Senior Services	246,637,728	0.0500	0.0500	244,971,972	0.0500	0.0500	250,999,026	0.0500	0.0500
Oregon	Oregon County Ambulance District	General Revenue	69,762,480	0.1400	0.1400	70,250,636	0.1404	0.1404	72,764,660	0.1406	0.1406
	Thayer Spec Rd Dist Oregon Co	Road & Bridge	26,371,392	0.2107	0.2107	26,751,522	0.2107	0.2107	27,686,797	0.2108	0.2108
	City of Alton	General Revenue	3,930,681	0.5200	0.5200	3,979,863	0.5200	0.5200	4,135,960	0.5202	0.5202
	City of Koshkonong	General Revenue	667,789	0.7744	0.7744	628,573	0.8227	0.8227	659,199	0.8227	0.8227
	City of Thayer	General Revenue	12,697,802	0.4382	0.4382	12,527,421	0.4466	0.4466	12,759,796	0.4467	0.4467
	Oregon County Library District	General Revenue	69,762,480	0.1900	0.1900	70,250,636	0.1906	0.1906	72,764,660	0.1909	0.1909
	Couch R-I School District	Operating Funds-Schools	7,629,729	2.7500	2.7500	7,821,082	2.7500	2.7500	8,403,358	2.7500	2.7500
		Debt Service	7,629,729	0.6100	0.6100	7,821,082	0.8766	0.6100	8,403,358	0.9968	0.6100
	Thayer R-II School District	Operating Funds-Schools	22,450,809	2.7500	2.7500	22,821,111	2.7500	2.7500	23,618,989	2.7500	2.7500
		Debt Service	22,450,809	0.9200	0.9200	22,821,111	1.8281	0.9200	23,618,989	1.7860	0.9200
	Oregon-Howell R-III School District	Operating Funds-Schools	9,788,683	2.7500	2.7500	9,837,458	2.7500	2.7500	10,122,253	2.7500	2.7500
		Debt Service	9,788,683	0.8000	0.8000	9,837,458	0.7590	0.7590	10,122,253	1.0497	0.8184
	Alton R-IV School District	Operating Funds-Schools	25,242,251	2.7500	2.7500	25,506,458	2.7500	2.7500	26,655,076	2.7500	2.7500
	Oregon County	General Revenue	69,762,480	0.3400	0.0800	70,250,636	0.3411	0.0600	72,764,660	0.3416	0.0600
		Common Road District	43,391,088	0.2600	0.2500	43,499,114	0.2619	0.2500	45,064,807	0.2624	0.2500
		Health	69,762,480	0.1000	0.1000	70,250,636	0.1000	0.1000	72,764,660	0.1000	0.1000
		Senate Bill 40	69,762,480	0.1000	0.1000	70,250,636	0.1000	0.1000	72,764,660	0.1000	0.1000
		Senior Services	69,762,480	0.0500	0.0500	70,250,636	0.0500	0.0500	72,764,660	0.0500	0.0500
Osage	Osage Ambulance District	General Revenue	97,971,221	0.3000	0.2900	101,075,641	0.3000	0.2900	109,121,533	0.2990	0.2900
	Chamois Spec Rd Dist Osage Co	Road & Bridge	4,689,586	0.3415	0.3415	4,821,859	0.3402	0.3402	4,860,770	0.3406	0.3406
	Linn City Spec Rd Dist Osage Co	Road & Bridge	13,865,433	0.2426	0.2426	13,998,619	0.2426	0.2426	14,725,125	0.2426	0.2426
	Starke Spec Rd Dist Osage Co	Road & Bridge	772,081	0.3500	0.3000	821,803	0.3363	0.2500	784,752	0.3500	0.3000
	Westphalia Spec Rd Dist Osage Co	Road & Bridge	3,282,495	0.2280	0.2280	3,409,413	0.2280	0.2280	3,667,992	0.2237	0.2237
		Special Road and Bridge	3,282,495	0.1800	0.1800 ^A	3,409,413	0.1800	0.1800	3,667,992	0.1766	0.1766
	Village of Argyle	General Revenue	1,048,797	0.3412	0.2900	1,043,664	0.3439	0.0290	1,022,715	0.3856	0.2900
	City of Chamois	General Revenue	2,596,670	0.5965	0.5965	2,597,612	0.5976	0.5976	2,703,748	0.5976	0.5976
	City of Linn	General Revenue	13,801,143	0.5155	0.5155	13,929,185	0.5156	0.5156	14,651,159	0.5156	0.5156
		Parks & Recreation	13,801,143	0.0500	0.0500	13,929,185	0.0500	0.0500	14,651,159	0.0500	0.0500
		Debt Service	13,801,143	0.9641	0.9641	13,929,185	0.2424	0.2424	14,651,159	0.9274	0.9274
	City of Meta	General Revenue	3,010,755	0.5008	0.4300	3,050,048	0.4981	0.4300	3,225,608	0.4880	0.4300
	Osage County Library	General Revenue	145,100,642	0.1708	0.1708	150,042,125	0.1708	0.1708	162,331,410	0.1702	0.1702
	Chamois Fire Protection District	General Revenue	9,395,446	0.2968	0.2968	9,919,613	0.2941	0.2941	10,403,262	0.2941	0.2941
	Meta Fire & Rescue Fire Prot Dist	General Revenue	9,801,287	0.3000	0.2800	10,069,778	0.3000	0.2800	10,592,547	0.2992	0.2800
	Linn Fire Protection District	General Revenue	61,886,918	0.2770	0.2062	63,982,319	0.2770	0.2770	70,012,695	0.2742	0.2742

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Osage	Osage Co R-I School District	Operating Funds-Schools	11,189,590	4.2827	3.4309	11,091,431	4.3757	3.6309	11,917,868	4.4011	4.4011
	Osage Co R-II School District	Operating Funds-Schools	43,222,522	2.8246	2.8246	44,604,385	2.8474	2.8474	49,344,129	2.7500	2.7500
		Debt Service	43,222,522	0.3900	0.3900	44,604,385	0.9959	0.3900	49,344,129	0.9936	0.3900
	Osage Co R-III School District	Operating Funds-Schools	59,875,475	2.6900	2.6900	43,358,000	2.7500	2.7500	67,958,005	2.7500	2.7500
		Debt Service	59,875,475	0.4200	0.4200	61,173,544	0.8738	0.4200	67,958,005	0.6124	0.4200
	Osage County	General Revenue	145,100,642	0.3115	0.1744	150,042,125	0.3115	0.1574	162,331,410	0.3104	0.1583
		Common Road District	121,068,002	0.2110	0.2110	125,494,478	0.2110	0.2110	136,574,662	0.2101	0.2101
		Developmentally Disabled	145,100,642	0.1000	0.1000	150,042,125	0.1000	0.1000	162,331,410	0.0996	0.0996
Ozark	Village of Bakersfield	General Revenue	994,881	0.2610	0.2610	988,097	0.2708	0.2708	971,296	0.2755	0.2755
		Health	994,881	0.1303	0.1303	988,097	0.1351	0.1351	971,296	0.1375	0.1375
	City of Gainesville	General Revenue	6,736,479	0.4700	0.4700	6,859,855	0.4718	0.4718	7,089,469	0.4758	0.4758
	City of Theodosia	General Revenue	2,668,762	0.3619	0.3619	2,728,046	0.3619	0.3619	2,639,397	0.3815	0.3815
	Thornfield R-I School District	Operating Funds-Schools	4,639,681	2.7500	2.7500	4,787,285	2.7500	2.7500	4,951,572	2.7500	2.7500
		Debt Service	4,639,681	0.5397	0.5397	4,787,285	0.8310	0.5397	4,951,572	0.6862	0.5397
	Bakersfield R-IV School District	Operating Funds-Schools	8,899,614	3.6711	3.3211	9,175,972	3.6506	3.3006	9,532,548	3.6637	3.3137
		Debt Service	8,899,614	0.3500	0.3500	9,175,972	0.4531	0.3500	9,532,548	0.4170	0.3500
	Gainesville R-V School District	Operating Funds-Schools	32,570,573	2.7500	2.7500	33,815,206	2.7500	2.7500	34,880,395	2.7500	2.7500
		Debt Service	32,570,573	0.5800	0.5800	33,815,206	0.4952	0.4952	34,880,395	0.4939	0.4939
	Dora R-III School District	Operating Funds-Schools	10,462,175	2.7500	2.7500	10,812,596	3.3500	3.3500	11,381,723	3.3534	3.3534
		Debt Service	10,462,175	0.2300	0.2300	10,812,596	0.2312	0.1930	11,381,723	0.2372	0.2372
	Lutie R-VI School District	Operating Funds-Schools	13,518,929	3.1793	3.1793	14,060,486	3.1671	3.1671	14,772,439	3.1828	3.1828
		Debt Service	13,518,929	0.4900	0.4900	14,060,486	0.7177	0.5200	14,772,439	0.5213	0.5213
	Ozark County	General Revenue	75,853,758	0.3349	0.1750	77,432,995	0.3375	0.1750	79,602,759	0.3399	0.1706
		Road & Bridge	75,853,758	0.2537	0.2500	77,432,995	0.2557	0.2500	79,602,759	0.2575	0.2575
		Health	75,853,758	0.0999	0.0999	77,432,995	0.1000	0.1000	79,602,759	0.1000	0.1000
		Ambulance	75,853,758	0.1319	0.1319	77,432,995	0.1329	0.1329	79,602,759	0.1339	0.1339
	City of Bragg City	General Revenue	514,057	0.5000	0.5000	514,906	0.5000	0.0500	501,266	0.5000	0.5000
	City of Caruthersville	General Revenue	40,273,659	0.5440	0.5400	40,018,739	0.5542	0.5500	41,377,387	0.5547	0.5500
Pemiscot		Sewer	40,273,659	0.1850	0.1700	40,018,739	0.1885	0.1800	41,377,387	0.1887	0.1800
		Library	40,273,659	0.1000	0.1000	40,018,739	0.1000	0.1000	41,377,387	0.1000	0.1000
		Health	40,273,659	0.1632	0.1500	40,018,739	0.1663	0.1600	41,377,387	0.1665	0.1600
		Cemetery	40,273,659	0.0500	0.0500	40,018,739	0.0500	0.0500	41,377,387	0.0500	0.0500
	Town of Cooter	General Revenue	2,538,428	1.0000	0.9600	2,558,245	1.0000	0.9600	3,039,712	1.0000	0.9600
	City of Hayti	General Revenue	18,060,317	0.5223	0.5223	18,012,965	0.5263	0.5263	19,214,074	0.5263	0.5263
		Parks & Recreation	18,060,317	0.2355	0.2355	18,012,965	0.2373	0.2373	19,214,074	0.2373	0.2373
		Library	18,060,317	0.1741	0.1741	18,012,965	0.1754	0.1754	19,214,074	0.1754	0.1754
		Health	18,060,317	0.1434	0.1434	18,012,965	0.1445	0.1445	19,214,074	0.1445	0.1445

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pemiscot	City of Hayti	Cemetery	18,060,317	0.0500	0.0500	18,012,965	0.0500	0.0500	19,214,074	0.0500	0.0500
	City of Hayti Heights	General Revenue	1,024,148	0.6484	0.6484	1,124,795	0.6656	0.6656	1,053,288	0.7344	0.7344
		Health	1,024,148	0.1945	0.1945	1,124,795	0.1996	0.1996	1,053,288	0.2000	0.2000
	Village of Holland	General Revenue	1,224,210	0.4852	0.4852	1,204,528	0.4940	0.4940	1,079,762	0.5594	0.5594
	City of Homestown	General Revenue	181,000	0.6000	0.6000	176,660	0.6000	0.6000	199,010	0.6000	0.6000
	City of Steele	General Revenue	10,092,135	0.5226	0.5226	10,248,243	0.5226	0.5226	11,691,827	0.5226	0.5226
		Parks & Recreation	10,092,135	0.1508	0.1508	10,248,243	0.1508	0.1508	11,691,827	0.1508	0.1508
		Library	10,092,135	0.1508	0.1508	10,248,243	0.1508	0.1508	11,691,827	0.1508	0.1508
		Health	10,092,135	0.1508	0.1508	10,248,243	0.1508	0.1508	11,691,827	0.1508	0.1508
	Village of Wardell	General Revenue	1,170,490	0.6532	0.6532	1,162,070	0.6593	0.6500	1,191,936	0.6593	0.6500
		Health	1,170,490	0.1000	0.1000	1,162,070	0.1000	0.1000	1,191,936	0.1000	0.1000
	Village of North Wardell	General Revenue	349,880	0.2820	0.2820	405,630	0.2491	0.2491	348,470	0.2926	0.2926
		Health	349,880	0.1804	0.1804	405,630	0.1593	0.1593	348,470	0.1871	0.1593
	North Pemiscot Co R-I School Dist	Operating Funds-Schools	15,339,400	3.5000	2.8500	15,277,660	3.5000	2.8500	16,010,360	3.4374	3.4300
	Hayti R-II School District	Operating Funds-Schools	21,798,342	3.5309	3.2800	21,848,880	3.6267	3.2800	23,402,724	3.4755	3.2500
	Pemiscot Co R-III School District	Operating Funds-Schools	7,766,070	3.9951	3.9951	8,050,510	3.9971	3.9951	8,692,730	3.9151	3.9151
	Cooter R-IV School District	Operating Funds-Schools	5,873,252	3.7500	3.3100	5,761,105	3.7500	3.3100	6,465,985	3.6245	3.4300
	South Pemiscot Co R-V School Dist	Operating Funds-Schools	21,281,234	3.2635	2.7500	21,807,084	3.3179	2.7500	23,841,346	3.2026	3.2026
	Pemiscot Co C-7 School District	Operating Funds-Schools	9,337,270	3.6935	2.8500	9,200,820	3.7600	2.8500	9,324,145	3.7187	3.4300
	Caruthersville 18 School District	Operating Funds-Schools	40,744,019	3.5889	3.0000	40,088,152	3.7257	3.0000	42,222,728	3.6045	3.0000
		Debt Service	40,744,019	0.3200	0.3200	40,088,152	0.2667	0.2400	42,222,728	0.3654	0.3600
	Pemiscot Co Special School District	Operating Funds-Schools	150,654,352	0.4739	0.4700	154,807,914	0.4739	0.4739	162,659,235	0.4739	0.4739
		Debt Service	150,654,352	0.0300	0.0300	154,807,914	0.0528	0.0100	162,659,235	0.0680	0.0300
	Pemiscot County	General Revenue	151,617,416	0.3970	0.2150	153,679,420	0.3970	0.1912	161,455,731	0.3970	0.2074
		Johnson Grass	151,617,416	0.0500	0.0500	153,679,420	0.0500	0.0500	161,455,731	0.0500	0.0500
		Road & Bridge	151,617,416	0.2925	0.2925	153,679,420	0.2925	0.2925	161,455,731	0.2925	0.2925
		Health	151,617,416	0.1000	0.1000	153,679,420	0.1000	0.1000	161,455,731	0.1000	0.1000
		Hospital	151,617,416	0.3761	0.3761	153,679,420	0.3761	0.3761	161,455,731	0.3761	0.3761
		Senate Bill 40	151,617,416	0.1000	0.1000	153,679,420	0.1000	0.1000	161,455,731	0.1000	0.1000
Perry	City of Altenburg	General Revenue	3,551,913	0.5035	0.5035	3,740,473	0.5035	0.5035	4,179,019	0.4929	0.4929
		Debt Service	3,551,913	0.2818	0.2818	3,740,473	0.3068	0.3068	4,179,019	0.2824	0.2824
	City of Frohna	General Revenue	4,350,768	0.5711	0.5711	4,376,732	0.5746	0.5746	4,641,889	0.5746	0.5746
		Debt Service	4,350,768	0.2032	0.2032	4,376,732	0.1414	0.1414	4,641,889	0.1758	0.1758
	Village of Longtown	General Revenue	597,696	0.3106	0.3106	593,590	0.3167	0.3106	630,592	0.3104	0.3104
	City of Perryville	General Revenue	107,564,620	0.4577	0.3600	110,736,949	0.4577	0.3300	119,436,802	0.4493	0.3100
		Parks & Recreation	107,564,620	0.1644	0.1100	110,736,949	0.1644	0.1100	119,436,802	0.1614	0.1100
		Debt Service	107,564,620	0.2500	0.2500	110,736,949	0.2425	0.2425	119,436,802	0.2500	0.2500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Perry	Perry County Library District	General Revenue	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895
	Perry Co 32 School District	Operating Funds-Schools	197,043,277	3.2411	3.2400	207,511,003	3.2182	3.2182	227,910,893	3.1866	3.1866
	Altenburg 48 School District	Operating Funds-Schools	12,274,064	3.0078	3.0000	12,516,473	3.1029	3.0000	13,807,619	3.0731	3.0731
	Perry County	General Revenue	230,063,689	0.4349	0.1800	235,147,551	0.4349	0.1800	257,185,976	0.4273	0.1800
		Road & Bridge	230,063,689	0.3135	0.3000	235,147,551	0.3135	0.3000	257,185,976	0.3080	0.3000
		Health	230,063,689	0.1820	0.1820	235,147,551	0.1820	0.1820	257,185,976	0.1788	0.1788
		Hospital	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895
		Mental Health	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895
		Senate Bill 40	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895
Pettis	City of Green Ridge	General Revenue	2,146,511	0.9572	0.9572	2,143,951	0.9583	0.9583	2,239,186	0.9665	0.9665
		Debt Service	2,146,511	0.6685	0.6685	2,143,951	0.3748	0.3748	2,239,186	0.0000	0.0000
	City of Houstonia	General Revenue	954,451	0.9787	0.9787	911,245	1.0000	1.0000	1,055,411	0.9265	0.9265
	Village of Hughesville	General Revenue	821,720	0.4001	0.4001	836,991	0.4051	0.4051	897,585	0.4051	0.4051
		General Revenue-Temp	821,720	0.2983	0.2983	836,991	0.3000	0.3000	897,585	0.3000	0.3000
	City of La Monte	General Revenue	5,056,602	0.8399	0.8399	4,880,455	0.8718	0.8718	5,028,515	0.8718	0.8718
		Parks & Recreation	5,056,602	0.0400	0.0400	4,880,455	0.0400	0.0400	5,028,515	0.0400	0.0400
	City of Sedalia	General Revenue	195,614,158	0.4513	0.4513	192,341,473	0.4611	0.4611	192,910,984	0.4644	0.4644
		Parks & Recreation	195,614,158	0.3139	0.1369	192,341,473	0.3207	0.1507	192,910,984	0.3230	0.1615
		Library	167,615,552	0.2154	0.2154	162,544,523	0.2230	0.2230	166,121,556	0.2230	0.2230
		Police	195,614,158	0.0883	0.0883	192,341,473	0.0902	0.0902	192,910,984	0.0908	0.0908
		Fire	195,614,158	0.0491	0.0491	192,341,473	0.0500	0.0500	192,910,984	0.0500	0.0500
	City of Smithton	General Revenue	3,447,275	0.8151	0.8151	3,285,570	0.8552	0.8552	3,340,247	0.8552	0.8552
		Debt Service	3,447,275	0.0000	0.0000	**	**	**	**	**	**
	Boonslick Regional Library	General Revenue	614,861,904	0.1400	0.1400	611,385,235	0.1430	0.1430	646,905,732	0.1430	0.1430
	Pettis County Fire Prot Dist #1	General Revenue	177,479,156	0.2772	0.2772	160,203,195	0.3000	0.2772	169,882,543	0.3000	0.2772
	Sedalia Special Business District	General Revenue	3,835,246	0.8171	0.8143	4,005,030	0.8005	0.8005	4,090,840	0.8005	0.8005
	State Fair Community College	General Revenue	627,677,974	0.4087	0.4087	611,472,716	0.4244	0.4087	638,430,870	0.4244	0.4244
	Pettis Co R-V School District	Operating Funds-Schools	17,900,345	3.2885	3.2885	18,305,166	3.3212	3.3212	19,035,532	3.3136	3.3136
		Debt Service	17,900,345	0.4303	0.4303	18,305,166	0.5381	0.4303	19,035,532	0.5327	0.4303
	La Monte R-IV School District	Operating Funds-Schools	14,374,748	3.2935	2.9500	14,344,498	3.3402	2.9500	14,712,950	3.3008	2.9500
		Debt Service	14,374,748	0.7000	0.7000	14,344,498	1.0127	0.7500	14,712,950	1.1537	0.7500
	Smithton R-VI School District	Operating Funds-Schools	28,210,447	2.8756	2.8756	28,077,358	2.8927	2.8756	29,479,823	2.8898	2.8756
		Operating Funds-Temp	**	**	**	28,077,358	0.6000	0.6000	29,479,823	0.6000	0.6000
		Debt Service	28,210,447	0.3800	0.3800	28,077,358	0.3516	0.3516	29,479,823	0.3800	0.3800
	Green Ridge R-VIII School District	Operating Funds-Schools	16,209,506	3.5144	3.5144	16,444,279	3.5121	3.5121	17,564,170	3.5016	3.5016
		Debt Service	16,209,506	0.3756	0.3756	16,444,279	0.8564	0.3779	17,564,170	0.5777	0.3884
	Pettis Co R-XII School District	Operating Funds-Schools	65,061,665	2.9385	2.9300	44,400,675	3.4500	2.9900	46,855,990	3.4471	2.9900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pettis	Sedalia 200 School District	Operating Funds-Schools	262,485,254	3.1500	3.1500 B	260,872,913	3.2016	3.2016	267,898,282	3.1691	3.1691
		Op. Funds-Cap. Imp.	262,485,254	0.4097	0.0000	260,872,913	0.4163	0.0000	**	**	**
	Pettis County	General Revenue	449,877,808	0.3927	0.0284	429,350,862	0.4136	0.0400	439,547,365	0.4136	0.0385
		Johnson Grass	449,877,808	0.0491	0.0050	429,350,862	0.0500	0.0050	439,547,365	0.0500	0.0050
		Road & Bridge	449,877,808	0.2846	0.2846	429,350,862	0.2998	0.2998	439,547,365	0.2998	0.2998
		Health	449,877,808	0.0884	0.0881	429,350,862	0.0931	0.0884	439,547,365	0.0931	0.0931
		Developmentally Disabled	449,877,808	0.0884	0.0884	429,350,862	0.0931	0.0931	439,547,365	0.0931	0.0931
Phelps	St James Ambulance District	General Revenue	71,109,310	0.1612	0.1612	72,160,322	0.1619	0.1619	79,083,717	0.1619	0.1619
	City of Doolittle	General Revenue	3,344,186	0.4649	0.4649	3,343,132	0.4696	0.4649	3,486,018	0.4696	0.4696
	City of Newburg	General Revenue	1,231,299	0.6920	0.6920	1,203,258	0.7285	0.7285	1,182,942	0.7410	0.7410
		Library	1,231,299	0.2000	0.2000	1,203,258	0.2000	0.2000	1,182,942	0.2000	0.2000
	City of Rolla	General Revenue	153,676,027	0.6596	0.6596	153,125,947	0.6745	0.6745	158,709,746	0.6745	0.6745
		Parks & Recreation	153,676,027	0.1674	0.1674	153,125,947	0.1712	0.1712	158,709,746	0.1712	0.1712
		Library	153,676,027	0.2756	0.2756	153,125,947	0.2818	0.2818	158,709,746	0.2818	0.2818
	City of St James	General Revenue	19,396,237	0.5669	0.5669	19,999,031	0.5669	0.5669	33,814,484	0.5669	0.5669
		Parks & Recreation	19,396,237	0.0880	0.0880	19,999,031	0.0880	0.0880	33,814,484	0.0880	0.0880
	City of Edgar Springs	General Revenue	826,004	0.6660	0.6660	785,975	0.6999	0.6999	905,728	0.7000	0.7000
		Debt Service	826,004	0.4625	0.4625	785,975	0.3924	0.3924	905,728	0.2840	0.2840
	Doolittle Rural Fire Protection Dis	General Revenue	**	**	**	10,366,726	0.3000	0.3000 A	15,102,364	0.3000	0.3000
	Rolla Rural Fire Protection Dist	General Revenue	**	**	**	61,930,812	0.3000	0.3000 A	87,526,805	0.3000	0.3000
	Duke Fire Protection District	General Revenue	**	**	**	**	**	**	3,163,464	0.3000	0.3000 A
	St. James R-I School District	Operating Funds-Schools	66,334,479	2.7668	2.7500	67,305,438	2.7953	2.7500	74,533,551	2.7516	2.7516
		Debt Service	66,334,479	0.5300	0.5300	67,305,438	1.6770	0.5300	74,533,551	1.2248	0.5284
	Newburg R-II School District	Operating Funds-Schools	15,184,506	2.9266	2.9266	15,358,170	2.9631	2.9631	15,995,892	2.9576	2.9576
		Debt Service	15,184,506	0.3234	0.3234	15,358,170	0.3954	0.3954	15,995,892	0.4228	0.4228
	Rolla 31 School District	Operating Funds-Schools	232,812,476	3.4959	2.9251 B	234,494,632	3.5510	2.9324	244,957,347	3.6349	3.0794 C
		Operating Funds Temp	232,812,476	0.6010	0.6010	234,494,632	0.6105	0.6105	244,957,347	0.6134	0.6134
		Debt Service	232,812,476	0.3299	0.3299	234,494,632	0.4503	0.3299	244,957,347	0.2664	0.1800
	Phelps Co R-III School District	Operating Funds-Schools	9,423,874	2.7500	2.7500	9,700,362	2.7500	2.7500	10,561,987	2.7500	2.7500
		Debt Service	9,423,874	0.4000	0.4000	9,700,362	0.3740	0.3740	10,561,987	0.3537	0.3537
	Phelps County	General Revenue	332,779,669	0.3499	0.1751	336,066,039	0.3539	0.1611	355,042,841	0.3539	0.1611
		Road & Bridge	332,779,669	0.2500	0.0999	336,066,039	0.2528	0.0859	355,042,841	0.2528	0.0991
		Developmentally Disabled	332,779,669	0.0900	0.0900	336,066,039	0.0910	0.0910	355,042,841	0.0910	0.0910
Pike	Village of Annada	General Revenue	205,686	0.5693	0.5693	383,734	0.5019	0.5019	407,877	0.5417	0.5417
	City of Bowling Green	General Revenue	22,261,474	0.6467	0.6467	22,776,232	0.6467	0.6467	24,528,395	0.6467	0.6467
		Parks & Recreation	22,261,474	0.1000	0.0000	22,776,232	0.1000	0.0000	24,528,395	0.1000	0.0000
		Library	22,261,474	0.2000	0.2000	22,776,232	0.2000	0.2000	24,528,395	0.2000	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pike	City of Bowling Green	Cemetery	22,261,474	0.1000	0.1000	22,776,232	0.1000	0.1000	24,528,395	0.1000	0.1000
		Debt Service	22,261,474	0.0395	0.0395	**	**	**	**	**	**
	City of Clarksville	General Revenue	2,725,676	0.7578	0.7500	2,785,896	0.7578	0.7500	3,308,162	0.7279	0.7279
		Debt Service	2,725,676	0.2800	0.2800	2,785,896	0.5277	0.2700	3,308,162	0.2237	0.2237
	City of Curryville	General Revenue	1,224,752	0.8992	0.8992	1,225,500	0.8992	0.8992	1,203,692	0.9405	0.9405
	Village of Eolia	General Revenue	1,902,012	0.4412	0.4200	2,767,280	0.4412	0.4200	3,039,562	0.4366	0.4366
	City of Frankford	General Revenue	1,567,049	0.9904	0.9904	1,560,386	0.9996	0.9996	1,705,561	0.9997	0.9997
	City of Louisiana	General Revenue	29,014,666	0.7310	0.7308	29,043,944	0.7320	0.7308	30,391,425	0.7320	0.7308
		Library	29,014,666	0.1000	0.1000	29,043,944	0.1000	0.1000	30,391,425	0.1000	0.1000
	Buffalo Township Fire Prot Dist	General Revenue	30,149,483	0.3028	0.3028	32,055,773	0.3006	0.3006	30,456,183	0.3028	0.3028
	Pike Co Agency for Dev Disabilities	General Revenue	184,344,198	0.1936	0.1936	190,559,938	0.1936	0.1936	191,886,712	0.1990	0.1990
	Bowling Green R-I School District	Operating Funds-Schools	66,058,656	3.4447	3.4447	67,547,142	3.4839	3.4839	71,827,426	3.4402	3.4402
	Pike Co R-III School District	Operating Funds-Schools	32,469,748	3.7500	3.4400	33,523,905	3.7500	3.5500	34,129,775	3.7500	3.5500
		Debt Service	32,469,748	0.6900	0.6900	33,523,905	0.7666	0.6900	34,129,775	0.9415	0.6900
	Boncl R-X School District	Operating Funds-Schools	8,701,660	4.8574	3.8500	8,930,636	4.8720	3.8500	8,965,331	4.9345	3.9500
	Louisiana R-II School District	Operating Funds-Schools	39,582,024	3.3993	3.2993 B	40,172,636	3.4003	3.3000	42,259,107	3.4218	3.3787
		Debt Service	39,582,024	0.5700	0.5700	40,172,636	0.8561	0.5700	42,259,107	0.7239	0.5700
	Pike County	General Revenue	184,344,198	0.4301	0.2717	190,559,938	0.4301	0.2658	191,886,712	0.4421	0.2726
		Road & Bridge	184,344,198	0.3118	0.3118	190,559,938	0.3118	0.3118	191,886,712	0.3205	0.3205
		Health	184,344,198	0.2500	0.1600	190,559,938	0.2500	0.1600	191,886,712	0.2500	0.1600
		Hospital	184,344,198	0.2200	0.2200	190,559,938	0.2200	0.2200	191,886,712	0.2200	0.2200
Platte	Northland Ambulance District No. 1	General Revenue	301,073,656	0.2886	0.2886	321,955,093	0.2886	0.2886	350,371,132	0.2886	0.2886
	Platte Co Drainage Ditch Dist 1	General Revenue	1,893,119	0.0928	0.0928	1,890,094	0.0945	0.0945	1,866,405	0.0965	0.0965
	Farley Special Road Dist, Platte Co	Road & Bridge	13,219,219	0.3011	0.3011	13,970,546	0.3011	0.3011	13,531,236	0.3157	0.3157
		Special Road and Bridge	13,219,219	0.3284	0.3284	13,970,546	0.3284	0.3284	13,531,236	0.3500	0.3500 A
	Parkville Spec Road Dist Platte Co	Road & Bridge	491,321,051	0.2653	0.2653	512,243,563	0.2662	0.2662	545,262,711	0.2662	0.2662
	Platte City Spec Rd Dist Platte Co	Road & Bridge	639,042,195	0.2866	0.2400	676,344,145	0.2900	0.2400	759,224,315	0.2900	0.2500
	Weston Spec Rd Dist Platte Co	Road & Bridge	40,642,677	0.2563	0.2563	41,208,960	0.2578	0.2578	42,486,049	0.2603	0.2603
		Special Road and Bridge	40,642,677	0.3253	0.3253	41,208,960	0.3500	0.3500 A	42,486,049	0.3500	0.3500
	City of Camden Point	General Revenue	4,395,707	0.7693	0.7693	4,359,504	0.7830	0.7830	4,447,469	0.7844	0.7844
	City of Dearborn	General Revenue	4,259,158	0.5126	0.5126	3,992,941	0.5539	0.5539	4,110,705	0.5598	0.5598
	City of Edgerton	General Revenue	3,992,760	0.7491	0.7491	3,833,706	0.8093	0.8093	3,854,548	0.8158	0.8158
	Village of Farley	General Revenue	2,382,547	0.4362	0.4362	2,384,625	0.4451	0.4451	2,549,241	0.4451	0.4451
	Village of Ferrelview	General Revenue	2,086,881	0.5194	0.5194	1,859,026	0.5830	0.5830	1,882,425	0.5830	0.5830
	Village of Iatan	General Revenue	199,062	0.4998	0.4998	206,053	0.5000	0.5000	215,623	0.5000	0.5000
	City of Platte City	General Revenue	44,952,630	0.5878	0.5600	47,703,971	0.5945	0.5600	59,877,301	0.5945	0.5600
		Debt Service	44,952,630	0.5000	0.5000	47,703,971	1.3126	0.5000	59,877,301	1.4321	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	City of Platte Woods	General Revenue	7,829,873	0.5526	0.5526	7,562,308	0.5722	0.5722	7,602,182	0.9000	0.8300
	City of Tracy	General Revenue	1,602,614	0.7879	0.7879	1,585,215	0.7965	0.7965	1,600,078	0.7965	0.7965
		Debt Service	1,602,614	1.6567	1.6567	1,585,215	1.3776	1.3776	1,600,078	1.2739	0.3990
	City of Weatherby Lake	General Revenue	32,871,898	0.7849	0.7849	32,689,609	0.8043	0.8043	39,694,815	0.6989	0.6989
		Parks & Recreation	32,871,898	0.2314	0.2314	32,689,609	0.2371	0.2314	39,694,815	0.2060	0.2060
		Debt Service	32,871,898	0.1146	0.1146	32,689,609	0.6297	0.6297	39,694,815	0.5596	0.5596
	City of Weston	General Revenue	14,832,011	0.5359	0.5359	14,712,603	0.5469	0.5469	14,864,470	0.5493	0.5493
		Parks & Recreation	14,832,011	0.0981	0.0981	14,712,603	0.1000	0.1000	14,864,470	0.1000	0.1000
		Lights	14,832,011	0.1516	0.1516	14,712,603	0.1547	0.1547	14,864,470	0.1554	0.1554
	City of Lake Waukomis	General Revenue	12,110,355	0.8567	0.8567	11,943,689	0.8744	0.8744	13,748,134	0.7879	0.7879
		General Revenue-Temp	12,110,355	1.2422	1.2422 A	11,943,689	1.2422	1.2422	13,748,134	1.1194	1.1194
	City of Parkville	General Revenue	120,089,246	0.4853	0.4853	125,240,568	0.4900	0.4900	141,108,956	0.4860	0.4860
		General Revenue-Temp	**	**	**	125,240,568	0.1853	0.0827 A	141,108,956	0.1838	0.0950
		Debt Service	120,089,246	0.0929	0.0929	125,240,568	0.0832	0.0832	141,108,956	0.0702	0.0702
	City of Northmoor	General Revenue	4,956,466	0.3250	0.0000	5,207,967	0.3263	0.0000	5,086,104	0.3442	0.0000
	Town of Ridgely	General Revenue	859,915	0.3118	0.3118	923,233	0.3132	0.3132	957,161	0.3132	0.3132
	City of Houston Lake	General Revenue	1,949,204	0.9188	0.9188	1,849,276	0.9684	0.9684	1,845,316	0.9705	0.9705
		Streets	1,949,204	0.2500	0.2500 A	1,849,276	0.2500	0.2500	1,845,316	0.2500	0.2500
	Central Platte Fire Protection Dist	General Revenue	114,792,177	0.3351	0.3351	122,493,611	0.3370	0.3370	137,121,161	0.3370	0.3370
		Debt Service	114,792,177	0.2000	0.2000	122,493,611	0.1650	0.1650	137,121,161	0.2178	0.1800
	Southern Platte Fire Prot Dist	General Revenue	278,514,821	0.6726	0.6726	289,849,224	0.9726	0.9726	317,516,476	0.9722	0.9722
		Debt Service	278,514,821	0.0973	0.0973	289,849,224	0.0923	0.0923	317,516,476	0.0915	0.0915
	Weatherby Lake Fire Protection Dist	General Revenue	32,871,916	0.9100	0.8300	32,662,959	0.9100	0.9100	39,665,710	1.1300	1.1300
	West Platte Fire Protection Dist	General Revenue	51,327,325	0.3746	0.3746	52,744,065	0.3746	0.3746	54,101,922	0.3795	0.3795
		Ambulance	51,327,325	0.3746	0.3746	52,744,065	0.3746	0.3746	54,101,922	0.3795	0.3795
	Camden Point Fire Protection Dist	General Revenue	15,474,151	0.4733	0.4733	15,726,211	0.4833	0.4833	16,193,933	0.4918	0.4918
	Smithville Area Fire Prot Dist	General Revenue	159,734,722	0.2784	0.2784	168,581,328	0.2794	0.2784	186,370,514	0.2788	0.2788
	Edgerton-Trimble Fire Prot Dist	General Revenue	25,243,054	0.5111	0.5111	25,980,764	0.5161	0.5161	28,428,872	0.5161	0.5161
	Dearborn Area Fire Protection Dist	General Revenue	24,144,893	0.5007	0.5007	20,603,719	0.5500	0.5500	21,954,319	0.5500	0.5500
	North Platte Co R-I School District	Operating Funds-Schools	40,508,971	3.4762	3.4762	40,661,244	3.9462	3.9363 B	42,475,942	3.9462	3.9462
		Operating Funds-Temp	40,508,971	0.3043	0.3043	40,661,244	0.3120	0.3120	42,475,942	0.3120	0.3120
		Operating -Temp	**	**	**	**	**	**	42,475,942	0.2200	0.2200 A
	West Platte Co R-II School District	Operating Funds-Schools	58,885,612	3.3838	3.3838	60,867,513	4.1000	4.1000 B	62,342,283	4.1000	4.1000
		Debt Service	58,885,612	0.8560	0.8560	60,867,513	1.9423	0.8560	62,342,283	1.6762	0.8560
	Platte Co R-III School District	Operating Funds-Schools	281,587,238	3.6321	3.3769	299,842,698	3.7373	3.4535	324,774,867	3.7052	3.4240
		Debt Service	281,587,238	0.6700	0.6700	299,842,698	2.2559	0.9600	324,774,867	1.9274	0.9600
	Park Hill R-V School District	Operating Funds-Schools	952,786,698	4.9970	4.9970	995,448,172	4.9970	4.9970	1,085,590,416	4.9607	4.9607

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	Park Hill R-V School District	Debt Service	952,786,698	0.6562	0.6562	995,448,172	0.9167	0.6562	1,085,590,416	0.8626	0.6562
		General Revenue	1,387,032,700	0.3332	0.1000	1,453,911,645	0.3346	0.0400	1,585,012,806	0.3346	0.0400
	Platte County	Road & Bridge	204,262,230	0.2521	0.2521	212,116,021	0.2521	0.2521	224,508,496	0.2521	0.2521
		Health	1,387,032,700	0.0782	0.0782	1,453,911,645	0.0785	0.0785	1,585,012,806	0.0785	0.0785
		Mental Health	1,387,032,700	0.0978	0.0978	1,453,911,645	0.0982	0.0982	1,585,012,806	0.0982	0.0982
		Senate Bill 40	1,387,032,700	0.1271	0.1271	1,453,911,645	0.1276	0.1276	1,585,012,806	0.1276	0.1276
		Senior Services	1,387,032,700	0.0489	0.0489	1,453,911,645	0.0491	0.0491	1,585,012,806	0.0491	0.0491
		Debt Service	1,387,032,700	0.0000	0.0000	1,453,911,645	0.0575	0.0000	1,585,012,806	0.7624	0.0000
Polk	Blue Mound Spec Rd Dist Polk Co	Road & Bridge	1,766,301	0.3500	0.3500	1,827,821	0.3500	0.3500	1,922,951	0.3500	0.3500
	Bolivar Spec Rd Dist Polk Co	Road & Bridge	75,268,523	0.1966	0.1966	77,303,142	0.1966	0.1966	81,364,263	0.1966	0.1966
	Flemington Spec Rd Dist Polk Co	Road & Bridge	575,068	0.3500	0.3500	1,357,881	0.3435	0.3435	1,436,726	0.3435	0.3435
	Humansville Spec Rd Dist Polk Co	Road & Bridge	9,170,312	0.2601	0.2601	9,402,255	0.2629	0.2629	9,634,924	0.2662	0.2662
		Special Road and Bridge	**	**	**	**	**	**	9,634,924	0.3500	0.3500 A
	Providence Spec Rd Dist Polk Co	Road & Bridge	3,043,199	0.2240	0.2240	1,505,563	0.3500	0.3500	1,550,493	0.3499	0.3499
	Rock Prairie Spec Road Dist Polk Co	Road & Bridge	1,489,111	0.2153	0.2153	1,513,409	0.2225	0.2225	1,671,740	0.2190	0.2190
	Southwest Special Rd Dist Polk Co	Road & Bridge	930,040	0.3490	0.3490	953,825	0.3491	0.3491	1,011,454	0.3492	0.3492
	Polk County Road District	Road & Bridge	117,317,574	0.2669	0.2669	122,885,494	0.2669	0.2669	131,522,743	0.2669	0.2669
	Village of Aldrich	General Revenue	423,532	0.3435	0.3435	422,766	0.3442	0.3442	442,893	0.3441	0.3441
	City of Bolivar	General Revenue	72,528,118	0.4537	0.0000	74,326,409	0.4537	0.0000	78,152,447	0.4537	0.0000
		Parks & Recreation	72,528,118	0.0888	0.0000	74,326,409	0.0888	0.0000	78,152,447	0.0888	0.0000
	City of Fair Play	General Revenue	1,771,518	0.9507	0.9500	1,821,901	0.9620	0.9600	1,939,425	0.9620	0.9600
	City of Humansville	General Revenue	4,303,369	0.5942	0.5942	4,517,279	0.5942	0.5942	4,636,610	0.6064	0.6064
	City of Morrisville	General Revenue	1,236,916	0.5436	0.5436	1,197,138	0.5686	0.5686	1,431,806	0.5666	0.5666
	Polk County Library District	General Revenue	210,314,918	0.0897	0.0897	216,749,390	0.0899	0.0899	230,115,294	0.0899	0.0899
	Bolivar R-I School District	Operating Funds-Schools	112,044,300	2.3148	2.3148	115,670,500	2.9440	2.8940 B	123,527,190	3.3834	3.3800
		Building - Temp	112,044,300	0.4352	0.4352	115,670,500	0.4360	0.4360	**	**	**
		Debt Service	112,044,300	0.4500	0.4500	115,670,500	0.9169	0.4500	123,527,190	0.8920	0.4000
	Fair Play R-II School District	Operating Funds-Schools	12,464,130	3.1642	3.1642	13,415,010	3.2241	3.2234	14,180,310	3.1910	3.1910
		Debt Service	12,464,130	0.5658	0.5658	13,415,010	1.2001	0.5066	14,180,310	1.2955	0.5658
	Halfway R-III School District	Operating Funds-Schools	13,532,030	3.3432	3.3000	13,907,190	3.3537	3.3000	14,579,120	3.3251	3.3251
	Humansville R-IV School District	Operating Funds-Schools	16,219,523	2.7821	2.7700	16,366,145	2.8471	2.7771	16,924,562	2.8431	2.8431
		Debt Service	16,219,523	0.4400	0.4400	16,366,145	0.5521	0.4821	16,924,562	0.4200	0.4200
	Marion C. Early R-V School District	Operating Funds-Schools	22,435,080	3.2739	2.8100	23,515,510	3.2322	2.8100	25,676,270	3.2068	2.8100
		Debt Service	22,435,080	0.5500	0.5500	23,515,510	0.6150	0.5000	25,676,270	0.6002	0.4500
	Pleasant Hope R-VI School District	Operating Funds-Schools	30,090,760	2.4355	2.4355	29,279,620	2.5601	2.5601	31,579,440	2.4814	2.4814
		Capital Improvements	30,090,760	0.6557	0.6557	29,279,620	0.6700	0.6700	31,579,440	0.6700	0.6700
		Debt Service	30,090,760	0.6000	0.6000	29,279,620	0.7385	0.6000	31,579,440	0.9283	0.6000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Polk	Polk County	General Revenue	210,314,918	0.3190	0.3190	216,749,390	0.3197	0.3197	230,115,294	0.3197	0.3197
		Health	210,314,918	0.0897	0.0897	216,749,390	0.0899	0.0899	230,115,294	0.0899	0.0899
		Senate Bill 40	210,314,918	0.0897	0.0200	216,749,390	0.0899	0.0200	230,115,294	0.0899	0.0200
Pulaski	Dixon Ambulance District	General Revenue	43,046,526	0.2906	0.2906	43,699,912	0.2914	0.2914	49,353,496	0.2791	0.2791
	Pulaski County Ambulance District	General Revenue	189,499,431	0.2947	0.2947	200,342,619	0.2952	0.2951	237,648,512	0.2778	0.2778
	City of Crocker	General Revenue	5,724,182	0.5879	0.5879	4,271,479	0.7968	0.7968	6,536,118	0.7177	0.7177
		Parks & Recreation	5,724,182	0.1753	0.1753	4,271,479	0.2000	0.2000	6,536,118	0.1802	0.1802
	City of Dixon	General Revenue	9,393,283	0.4770	0.4770	9,365,360	0.4851	0.4851	10,689,060	0.4507	0.4500
		Library	9,393,283	0.0500	0.0500	9,365,360	0.0500	0.0500	10,689,060	0.0465	0.0465
		Debt Service	9,393,283	0.5800	0.5800	9,365,360	1.0996	0.5800	10,689,060	1.0108	0.6100
	City of St Robert	General Revenue	40,770,272	0.3530	0.3530	45,097,301	0.3538	0.3538	55,578,651	0.3258	0.3258
	City of Waynesville	General Revenue	25,957,777	0.6615	0.6615	26,334,802	0.6658	0.6658	31,004,644	0.6123	0.6123
	City of Richland	General Revenue	9,562,596	0.6538	0.6400	9,525,603	0.6730	0.6700	11,132,837	0.6297	0.6297
	Pulaski County Library	General Revenue	205,489,030	0.1486	0.1486	216,768,140	0.1487	0.1487	256,549,852	0.1402	0.1402
	Hazeltree Fire Protection District	General Revenue	12,980,900	0.2988	0.2988	13,417,520	0.2988	0.2988	14,889,380	0.2954	0.2954
	Crocker Fire Protection District	General Revenue	16,933,442	0.2840	0.2840	17,721,928	0.2840	0.2840	20,329,372	0.2727	0.2727
	Waynesville Rural Fire Prot Dist	General Revenue	64,595,297	0.2834	0.2834	70,653,468	0.2834	0.2834	85,029,309	0.2696	0.2696
	Dixon Rural Fire Protection Dist	General Revenue	48,041,230	0.2749	0.2740	46,854,354	0.2858	0.2749	52,652,177	0.2722	0.2722
	Swedeborg R-III School District	Operating Funds-Schools	2,984,570	2.7938	2.7500	3,090,430	2.8494	2.7500	3,610,670	2.7531	2.7531
		Operating Funds-Temp	2,984,570	0.3500	0.3500 A	3,090,430	0.3500	0.3500	3,610,670	0.3397	0.3397
	Pulaski Co R-IV School District	Operating Funds-Schools	20,798,920	2.8393	2.8393	20,852,671	2.8952	2.8952	23,675,049	2.8038	2.8038
		Operating Funds-Temp	20,798,920	0.2500	0.2500 A	20,852,671	0.2500	0.2500	23,675,049	0.2415	0.2415
	Laquey R-V School District	Operating Funds-Schools	17,862,860	2.7500	2.7500	18,627,510	2.7500	2.7500	21,102,370	2.7500	2.7500
		Debt Service	17,862,860	0.2205	0.2205	18,627,510	0.1649	0.1649	21,102,370	0.1615	0.1615
	Waynesville R-VI School District	Operating Funds-Schools	118,463,497	2.7500	2.7500	126,986,856	2.7500	2.7500	154,124,966	2.7500	2.7500
	Dixon R-I School District	Operating Funds-Schools	37,802,028	2.7500	2.7500	37,999,594	2.7500	2.7500	43,523,353	2.7500	2.7500
		Debt Service	37,802,028	0.2700	0.2700	37,999,594	0.2858	0.2700	43,523,353	0.4091	0.2700
	Crocker R-II School District	Operating Funds-Schools	17,401,475	2.9635	2.7500	17,638,090	2.9682	2.7500	20,500,270	2.7500	2.7500
		Debt Service	17,401,475	0.8900	0.8900	17,638,090	0.8985	0.8900	20,500,270	0.9516	0.8900
	Pulaski County	General Revenue	214,882,313	0.2975	0.0000	226,133,502	0.2979	0.0000	267,238,911	0.2807	0.0000
		Road & Bridge	214,882,313	0.2183	0.1608	226,133,502	0.2186	0.1673	267,238,911	0.2060	0.1542
		Health	214,882,313	0.0793	0.0793	226,133,502	0.0794	0.0794	267,238,911	0.0748	0.0748
		Senate Bill 40	214,882,313	0.0793	0.0793	226,133,502	0.0794	0.0794	267,238,911	0.0748	0.0748
		Senior Services	214,882,313	0.0495	0.0495	226,133,502	0.0496	0.0496	267,238,911	0.0467	0.0467
Putnam	Putnam County Ambulance District	General Revenue	53,139,982	0.4000	0.4000	53,684,537	0.4000	0.4000	60,985,930	0.3814	0.3814
	Putnam County Care Center	General Revenue	53,139,982	0.1500	0.1500	53,684,537	0.1500	0.1500	60,985,930	0.1430	0.1430
	Unionville Spec Road Dist Putnam Co	Road & Bridge	9,692,417	0.3151	0.3151	9,489,205	0.3239	0.3239	10,376,457	0.3144	0.3144

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	Unionville Spec Road Dist Putnam Co	Special Road and Bridge	9,692,417	0.3500	0.3500	9,489,205	0.3500	0.3500	10,376,457	0.3397	0.3397
	Lake Thunderhead Spec Rd District	Road & Bridge	7,896,273	0.4293	0.4293	8,242,648	0.4481	0.4481	11,529,635	0.3516	0.3516
		Special Road and Bridge	7,896,273	0.3110	0.3110	8,242,648	0.3246	0.3246	12,052,425	0.3500	0.3500 A
	Village of Livonia	General Revenue	259,248	0.4889	0.4889	248,418	0.5000	0.5000	273,214	0.4824	0.4824
	Village of Lucerne	General Revenue	1,351,490	0.4341	0.4341	1,343,885	0.4366	0.4366	1,332,819	0.4402	0.4402
	Village of Powersville	General Revenue	277,853	0.5000	0.5000	307,313	0.5000	0.5000	304,609	0.5000	0.5000
	City of Unionville	General Revenue	9,283,421	0.9538	0.9538	9,079,165	0.9817	0.9817	9,918,891	0.9558	0.9558
		Parks & Recreation	9,283,421	0.1928	0.1928	9,079,165	0.1984	0.1984	9,918,891	0.1932	0.1932
		Fire	9,283,421	0.1928	0.1928	9,079,165	0.1984	0.1984	9,918,891	0.1932	0.1932
		General Revenue	110,125	0.5000	0.5000	103,565	0.5000	0.5000	132,302	0.4123	0.4123
	Elm Township of Putnam Co	Road & Bridge	4,500,420	0.4123	0.4123	4,683,127	0.4116	0.4116	5,171,882	0.3999	0.3999
		Special Road and Bridge	4,500,420	0.3500	0.3500 A	4,683,127	0.3494	0.3494	5,171,882	0.3394	0.3394
	Grant Township of Putnam Co	Road & Bridge	1,498,881	0.4606	0.4606	1,540,240	0.4606	0.4606	1,693,026	0.4463	0.4463
		Special Road and Bridge	1,498,881	0.3500	0.3500	1,540,240	0.3500	0.3500	1,693,026	0.3500	0.3500 A
	Jackson Township of Putnam Co	Road & Bridge	2,137,889	0.5000	0.5000	2,135,265	0.5000	0.5000	2,374,411	0.4895	0.4895
		Special Road and Bridge	2,137,889	0.3500	0.3500 A	2,135,265	0.3500	0.3500	2,374,411	0.3427	0.3427
	Liberty Township of Putnam Co	Road & Bridge	2,234,134	0.5000	0.5000	2,371,092	0.5000	0.5000	2,566,694	0.5000	0.5000
		Special Road and Bridge	2,234,134	0.3500	0.3500	2,371,092	0.3500	0.3500	2,566,694	0.3500	0.3500 A
	Lincoln Township of Putnam Co	Road & Bridge	4,275,595	0.5000	0.5000	4,229,262	0.5000	0.5000	4,844,267	0.5000	0.5000
		Special Road and Bridge	4,275,595	0.3500	0.3500	4,229,262	0.3500	0.3500	4,844,267	0.3500	0.3500 A
	Medicine Township of Putnam Co	Road & Bridge	6,902,555	0.5000	0.5000	7,071,162	0.4995	0.4995	7,293,874	0.4995	0.4995
		Special Road and Bridge	6,902,555	0.3500	0.3500	7,071,162	0.3497	0.3497	7,293,874	0.3500	0.3500 A
	Richland Township of Putnam Co	Road & Bridge	2,417,179	0.4800	0.4800	2,613,697	0.4800	0.4800	2,902,924	0.4777	0.4777
		Special Road and Bridge	2,417,179	0.3435	0.3435	2,613,697	0.3435	0.3435	2,902,924	0.3500	0.3500 A
	Sherman Township of Putnam Co	Road & Bridge	1,766,221	0.4947	0.4947	1,628,771	0.5000	0.5000	1,760,983	0.5000	0.5000
		Special Road and Bridge	1,766,221	0.3500	0.3500	1,628,771	0.3500	0.3500	1,760,983	0.3500	0.3500 A
	Union Township of Putnam Co	Road & Bridge	3,683,872	0.5000	0.5000	3,420,796	0.5000	0.5000	3,808,274	0.4859	0.4859
		Special Road and Bridge	3,683,872	0.3500	0.3500 A	3,420,796	0.3500	0.3500	3,808,274	0.3401	0.3401
	Wilson Township of Putnam Co	Road & Bridge	3,198,282	0.5000	0.5000	3,159,285	0.5000	0.5000	3,349,420	0.5000	0.5000
		Special Road and Bridge	3,198,282	0.3500	0.3500	3,159,285	0.3500	0.3500	3,349,420	0.3500	0.3500 A
	York Township of Putnam Co	Road & Bridge	3,029,939	0.5000	0.5000	3,156,784	0.5000	0.5000	3,334,313	0.4993	0.4993
		Special Road and Bridge	3,029,939	0.3500	0.3500	3,156,784	0.3500	0.3500	3,334,313	0.3500	0.3500 A
		Debt Service	3,029,939	0.5218	0.5218	3,156,784	0.4189	0.4189	3,334,313	0.3580	0.3580
	Elm Township Fire Protection Dist	General Revenue	4,500,420	0.2945	0.2900	4,683,127	0.2940	0.2900	5,171,882	0.2856	0.2856
	Liberty Fire Protection District	General Revenue	2,234,134	0.3000	0.3000	2,371,092	0.3000	0.3000	2,566,694	0.3000	0.3000
	Grant Township Fire Protection Dist	General Revenue	1,498,881	0.3000	0.3000	1,540,240	0.3000	0.3000	1,693,026	0.2907	0.2907
	Putnam Co R-I School District	Operating Funds-Schools	49,139,179	3.4938	3.3800	50,249,051	3.5389	3.3800	57,238,710	3.3748	3.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	Putnam Co R-I School District	Debt Service	49,139,179	0.3700	0.3700	50,249,051	0.4117	0.3700	57,238,710	0.8401	0.3700
		General Revenue	53,139,982	0.5000	0.5000	53,684,537	0.5000	0.5000	60,985,930	0.4768	0.4768
	Putnam County	Library	53,139,982	0.1500	0.1500	53,684,537	0.1500	0.1500	60,985,930	0.1430	0.1430
		Health	53,139,982	0.3000	0.3000	53,684,537	0.3000	0.3000	60,985,930	0.2861	0.2861
		Hospital	53,139,982	0.5000	0.5000	53,684,537	0.5000	0.5000	60,985,930	0.4768	0.4768
		Senior Services	53,139,982	0.0500	0.0500 A	53,684,537	0.0500	0.0500	60,985,930	0.0477	0.0477
Ralls	Ralls County Ambulance District #3	General Revenue	101,542,300	0.1800	0.1600	105,210,878	0.1800	0.1600	113,169,118	0.1800	0.1800
	City of Center	General Revenue	3,927,303	0.7433	0.7348	3,991,089	0.7433	0.7348	4,090,129	0.7433	0.7348
		Fire	3,927,303	0.1981	0.1959	3,991,089	0.1981	0.1959	4,090,129	0.1981	0.1959
		General Revenue	5,986,029	0.4676	0.4676	6,043,233	0.4676	0.4676	6,130,734	0.4676	0.4676
	City of Perry	General Revenue	5,664,817	0.5408	0.5408	5,680,296	0.5409	0.5409	6,114,612	0.5407	0.5407
		Fire	5,664,817	0.0960	0.0960	5,680,296	0.0960	0.0960	6,114,612	0.0960	0.0960
		General Revenue	111,842,903	0.1300	0.1296	120,160,219	0.1300	0.1296	129,631,992	0.1300	0.1296
	Hannibal Rural Fire Protection Dist	General Revenue	54,967,948	0.1488	0.1488	56,396,306	0.1488	0.1483	60,310,954	0.1500	0.1500
	Ralls Co R-II School District	Operating Funds-Schools	51,592,832	2.7500	2.7500	53,462,328	2.7500	2.7500	57,557,227	2.7500	2.7500
		Debt Service	51,592,832	0.7100	0.7100	53,462,328	0.7143	0.7100	57,557,227	0.9320	0.7100
	Ralls County	General Revenue	140,067,818	0.3772	0.2300	146,091,455	0.3772	0.2300	157,476,097	0.3772	0.2490
		Road & Bridge	140,067,818	0.2829	0.2700	146,091,455	0.2829	0.2700	157,476,097	0.2829	0.2700
		Health	140,067,818	0.1000	0.1000	146,091,455	0.1000	0.1000	157,476,097	0.1000	0.1000
Randolph	Randolph County Ambulance District	General Revenue	285,513,655	0.1900	0.1900	286,697,300	0.1900	0.1900	293,995,127	0.1900	0.1900
	Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	137,399,095	0.0898	0.0898	138,280,639	0.0900	0.0900 A	150,172,961	0.0881	0.0881
	Village of Cairo	General Revenue	1,308,473	0.4955	0.4955	1,270,441	0.5000	0.5000	1,523,292	0.4824	0.4824
		General Revenue-Temp	1,308,473	0.2081	0.2081	1,270,441	0.2100	0.2100 A	1,523,292	0.2026	0.2026
	City of Clark	General Revenue	1,320,724	1.0000	1.0000	1,288,410	1.0000	1.0000	1,337,197	1.0000	1.0000
	City of Clifton Hill	General Revenue	611,221	0.7500	0.7500	591,768	0.7500	0.7500	617,591	0.7437	0.7437
	City of Higbee	General Revenue	2,175,734	0.8811	0.8614	2,087,557	0.9183	0.9183	2,344,056	0.8776	0.8776
		Parks & Recreation	2,175,734	0.1500	0.1048	2,087,557	0.1500	0.1048	2,344,056	0.1434	0.0953
		Debt Service	2,175,734	0.7217	0.7217	2,087,557	1.1554	0.7185	2,344,056	0.5171	0.5171
		General Revenue	7,968,606	0.7302	0.7302	7,881,842	0.7537	0.7537	8,540,312	0.7342	0.7342
	City of Huntsville	Parks & Recreation	7,968,606	0.0992	0.0992	7,881,842	0.1000	0.1000	8,540,312	0.0974	0.0974
		Fire	7,968,606	0.1901	0.1901	7,881,842	0.1962	0.1962	8,540,312	0.1911	0.1911
		Cemetery	7,968,606	0.1800	0.1800	7,881,842	0.1858	0.1858	8,540,312	0.1810	0.1810
		General Revenue	372,318	0.5000	0.5000	400,426	0.5000	0.5000	408,424	0.5000	0.5000
	Village of Jacksonville	Parks & Recreation	372,318	0.4000	0.4000	400,426	0.4000	0.4000	408,424	0.4000	0.4000
		General Revenue	109,397,673	0.6886	0.6886	108,965,058	0.7023	0.7023	118,167,887	0.6887	0.6887
	City of Moberly	Parks & Recreation	109,397,673	0.3194	0.3194	108,965,058	0.3258	0.3258	118,167,887	0.3195	0.3195
		General Revenue	814,909	0.5000	0.5000	831,523	0.5000	0.5000	858,434	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Randolph	Randolph County Library	General Revenue	285,513,655	0.1700	0.1700	286,697,300	0.1700	0.1700	293,995,127	0.2500	0.2100
	Higbee Fire Protection District	General Revenue	13,157,140	0.2500	0.2500	13,050,459	0.2553	0.2553	14,110,581	0.2448	0.2448
	Moberly Area Jr. College	General Revenue	136,451,237	0.3347	0.3347	137,357,258	0.3386	0.3386	149,512,628	0.3322	0.3322
	Northeast Randolph Co R-IV Sch Dist	Operating Funds-Schools	14,515,930	3.4625	3.4625	14,885,797	3.6850	3.5108	16,571,556	3.5223	3.5223
		Debt Service	14,515,930	0.8700	0.8700	14,885,797	1.3011	0.8700	16,571,556	1.0666	0.8585
	Renick R-V School District	Operating Funds-Schools	8,569,491	4.4510	4.0000	8,614,884	4.5557	4.0700	9,198,004	4.5258	4.5200
	Higbee R-VIII School District	Operating Funds-Schools	7,490,812	3.5074	3.5074	7,472,514	3.7170	3.7170	8,126,306	3.7569	3.7569
		Debt Service	7,490,812	0.8153	0.8153	7,472,514	2.0595	1.0000	8,126,306	1.9596	1.0000
	Westran R-I School District	Operating Funds-Schools	95,291,205	3.7500	3.7500	95,190,753	3.7500	3.7500	86,368,187	3.7500	3.7500
	Moberly School District	Operating Funds-Schools	123,175,516	3.4198	3.4000	123,503,429	3.8098	3.4000 B	135,044,587	3.7336	3.4000
		Debt Service	123,175,516	0.5800	0.5800	123,503,429	0.6030	0.5800	135,044,587	1.1224	0.5800
	Randolph County	General Revenue	285,513,655	0.3719	0.1713	286,697,300	0.3755	0.1700	293,995,127	0.3769	0.1658
		Road & Bridge	285,513,655	0.2869	0.2869	148,416,685	0.3200	0.3200	293,995,127	0.2013	0.2013
		Health	285,513,655	0.1500	0.1500	286,697,300	0.1500	0.1500	293,995,127	0.1500	0.1500
Ray	Ray County Ambulance District	General Revenue	223,835,300	0.2974	0.2974	194,698,765	0.2974	0.2974	201,724,678	0.2974	0.2974
	Shirkey Leisure Acres Nursing Home	General Revenue	233,838,749	0.1419	0.1419	238,685,633	0.1419	0.1419	248,853,008	0.1419	0.1419
	Camden Special Road Dist Ray Co	Road & Bridge	7,725,248	0.3500	0.3500	7,691,251	0.3500	0.2400	8,025,229	0.3500	0.3500
		Special Road and Bridge	7,725,248	0.2399	0.2399	7,691,251	0.2400	0.2400 A	8,025,229	0.2400	0.2400
	Hardin Spec Rd Dist Ray Co	Road & Bridge	10,432,572	0.3500	0.3500	10,920,210	0.3500	0.3500	11,107,824	0.3500	0.3500
	Henrietta Spec Rd Dist Ray Co	Road & Bridge	4,630,739	0.3500	0.3500	4,717,705	0.3500	0.3500	4,700,775	0.3500	0.3500
	Lawson Special Road Dist Ray Co	Road & Bridge	27,901,549	0.2481	0.2481	28,905,531	0.2481	0.2481	31,101,456	0.2481	0.2481
		Special Road and Bridge	27,901,549	0.2638	0.2638	28,905,531	0.3000	0.3000 A	31,101,456	0.3000	0.3000
	Orrick Spec Rd Dist Ray Co	Road & Bridge	12,868,709	0.3500	0.3500	14,033,426	0.3348	0.3348	14,267,408	0.3348	0.3348
	Richmond Spec Rd Dist Ray Co	Road & Bridge	68,511,184	0.2523	0.2523	73,780,292	0.2467	0.2467	76,675,584	0.2467	0.2467
	Ray County Special Road District	Road & Bridge	94,165,591	0.2464	0.2464	96,467,832	0.2464	0.2464	101,276,351	0.2464	0.2464
	City of Camden	General Revenue	1,189,439	0.6159	0.6159	1,159,369	0.6319	0.6319	1,233,559	0.6283	0.6283
		Streets	1,189,439	1.3906	1.3906	1,159,369	1.3906	1.3906 A	1,233,559	1.3827	1.3827
		Fire	1,189,439	0.1500	0.1500	1,159,369	0.1500	0.1500	**	**	**
		Fire	**	**	**	1,159,369	0.0500	0.0500 A	1,233,559	0.0497	0.0497
		Fire Temporary	**	**	**	**	**	**	1,233,559	0.1500	0.1500 A
	Village of Elmira	General Revenue	383,241	0.4743	0.4743	428,855	0.4414	0.4414	439,634	0.4415	0.4415
	City of Hardin	General Revenue	4,735,806	1.0000	1.0000	5,094,088	1.0000	1.0000	5,269,396	1.0000	1.0000
	City of Henrietta	General Revenue	2,559,129	0.9625	0.8878	2,789,244	0.9641	0.9641	2,819,907	0.9641	0.9641
		Streets	2,559,129	0.3000	0.3000	2,789,244	0.3000	0.3000	**	**	**
		Fire	2,559,129	0.3000	0.3000	2,789,244	0.3000	0.3000	2,819,907	0.3000	0.3000 A
		General Revenue	5,785,383	0.6223	0.6223	5,810,665	0.6321	0.6321	6,093,072	0.6321	0.6321
	City of Orrick	Debt Service	5,785,383	0.2433	0.2433	5,810,665	0.1536	0.1536	6,093,072	0.2627	0.2627

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ray	Village of Rayville	General Revenue	682,919	0.7500	0.7500	686,596	0.7500	0.7500	**	**	**
		Streets	682,919	0.4000	0.4000	686,596	0.4000	0.4000	**	**	**
		General Revenue	**	**	**	**	**	**	738,147	1.0000	1.0000 A
		Fire	**	**	**	**	**	**	738,147	0.6500	0.6500 A
	City of Richmond	General Revenue	50,653,854	0.5926	0.5926	51,673,961	0.5926	0.5926	53,812,661	0.5926	0.5926
		Parks & Recreation	50,653,854	0.1481	0.1481	51,673,961	0.1481	0.1481	53,812,661	0.1481	0.1481
		Debt Service	50,653,854	0.1888	0.1888	51,673,961	0.4253	0.4253	53,812,661	0.7101	0.4253
	City of Wood Heights	General Revenue	6,920,100	0.3447	0.3447	6,911,863	0.3496	0.3496	7,336,065	0.3496	0.3496
		Debt Service	6,920,100	0.3092	0.3092	6,911,863	0.5573	0.5573	7,336,065	0.6627	0.6627
	City of Homestead Village	General Revenue	903,059	0.4871	0.4871	869,564	0.5000	0.4871	873,847	0.5000	0.5000
	City of Crystal Lakes	General Revenue	3,617,190	1.0000	1.0000	3,600,322	1.0000	1.0000	3,784,229	1.0000	1.0000
		Streets	3,617,190	0.3000	0.3000	3,600,322	0.3000	0.3000	3,784,229	0.3000	0.3000
	City of Lawson	General Revenue	20,868,215	0.6348	0.4400	21,330,964	0.6362	0.4400	22,589,833	0.6362	0.4400
		Debt Service	20,868,215	0.9700	0.9700	21,330,964	1.0570	0.9700	22,589,833	0.9716	0.9700
	Ray County Free Library District	General Revenue	234,921,624	0.1043	0.1043	240,408,388	0.1043	0.1043	250,038,841	0.1043	0.1043
	Orrick Fire Protection District	General Revenue	23,746,558	0.2938	0.2938	23,799,618	0.2963	0.1570	24,362,969	0.2963	0.0440
	Wood Heights Fire Protection Dist	General Revenue	36,230,708	0.2602	0.2602	37,429,303	0.2602	0.2602	39,186,550	0.2602	0.2602
	Lawson Community Fire & Rescue Dist	General Revenue	65,958,907	0.2747	0.2747	74,142,276	0.2637	0.2637	75,126,104	0.2701	0.2701
		Ambulance	65,958,907	0.2971	0.2971	74,142,276	0.2852	0.2852	75,126,104	0.6852	0.6852
	Hardin Fire Protection District	General Revenue	14,096,061	0.1584	0.1584	14,598,913	0.1589	0.1589	14,947,928	0.1589	0.1589
	Stet Fire Protection District	Fire	9,990,789	0.1800	0.1800	10,592,681	0.1790	0.1790	10,054,805	0.1800	0.1800
	Stet R-XV School District	Operating Funds-Schools	6,196,123	5.5278	4.9778	6,948,508	5.2660	5.2660	6,951,535	5.2332	5.2332
	Lawson R-XIV School District	Operating Funds-Schools	54,916,506	3.2960	3.2960	56,528,534	3.3145	3.3145	61,618,360	3.3087	3.3087
		Debt Service	54,916,506	0.9500	0.9500	56,528,534	1.7716	0.9500	61,618,360	1.6727	0.9500
	Orrick R-XI School District	Operating Funds-Schools	18,454,470	3.8250	3.3000	18,675,499	3.8641	3.8000	19,368,981	3.8537	3.8537
		Debt Service	18,454,470	0.4500	0.4500	18,675,499	0.4949	0.2500	19,368,981	0.1807	0.1807
	Hardin-Central C-2 School District	Operating Funds-Schools	10,980,956	4.8203	4.8203	11,490,586	4.8478	4.8478	11,781,271	4.8533	4.8533
	Richmond R-XVI School District	Operating Funds-Schools	89,305,128	3.7507	3.2239 B	91,433,783	3.7507	3.4512	95,689,588	4.0946	4.0946 B
		Debt Service	89,305,128	0.4700	0.4700	91,433,783	0.6033	0.3000	95,689,588	0.8083	0.3400
	Ray County	General Revenue	234,921,624	0.3882	0.0000	239,862,818	0.3882	0.0000	250,038,842	0.3882	0.0000
		Health	234,921,624	0.0947	0.0947	239,862,818	0.0947	0.0947	250,038,842	0.0947	0.0947
		Hospital	234,921,624	0.1704	0.1704	239,862,818	0.1704	0.1704	250,038,842	0.1704	0.1704
		Mental Health	234,921,624	0.0948	0.0948	239,862,818	0.0948	0.0948	250,038,842	0.0948	0.0948
		Senate Bill 40	234,921,624	0.1704	0.1704	239,862,818	0.1704	0.1704	250,038,842	0.1704	0.1704
		Noxious Weed	234,921,624	0.0473	0.0000	239,862,818	0.0473	0.0000	250,038,842	0.0473	0.0000
Reynolds	Reynolds County Ambulance District	General Revenue	98,169,533	0.1465	0.1200	95,722,456	0.1500	0.1200	102,590,268	0.1500	0.1398
	City of Bunker	General Revenue	1,726,357	0.4650	0.4650	1,690,246	0.4833	0.4650	1,932,844	0.4391	0.4391

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Reynolds	City of Centerville	General Revenue	907,794	0.5036	0.3500	869,391	0.5292	0.3500	898,103	0.5311	0.3500
		Debt Service	**	**	**	869,391	3.8019	0.0000	**	**	**
	Reynolds County Library District	General Revenue	96,655,453	0.1916	0.1200	94,160,056	0.1982	0.1200	100,737,914	0.1982	0.1200
	Garwood Fire Protection District	General Revenue	2,232,542	0.3000	0.3000	2,278,384	0.3000	0.3000	2,388,827	0.3000	0.3000
	Centerville R-I School District	Operating Funds-Schools	5,243,943	3.8207	3.7500	5,268,300	3.8492	3.7500	5,518,855	3.8934	3.7500
	Southern Reynolds Co R-II Sch Dist	Operating Funds-Schools	30,833,291	3.7000	3.0300	24,967,338	3.7000	2.8681	26,398,088	3.7000	2.9272
		Debt Service	30,833,291	0.6500	0.6500	24,967,338	0.7800	0.7800	26,398,088	0.8004	0.7800
	Bunker R-III School District	Operating Funds-Schools	29,542,064	3.2800	2.7500	32,890,728	3.0287	2.7500	37,265,287	2.8777	2.7500
	Lesterville R-IV School District	Operating Funds-Schools	23,713,691	3.5434	3.1600	23,682,903	3.5631	3.1600	24,080,203	3.5596	3.4300
	Reynolds County	General Revenue	96,655,453	0.3829	0.2200	94,160,056	0.3960	0.1200	100,737,914	0.3960	0.2040
		Road & Bridge	96,655,453	0.2816	0.1600	94,160,056	0.2913	0.1600	100,737,914	0.2913	0.2000
		Health	96,655,453	0.1000	0.1000	94,160,056	0.1000	0.1000	100,737,914	0.1000	0.1000
		Hospital	96,655,453	0.1500	0.1100	**	**	**	**	**	**
		Senate Bill 40	96,655,453	0.1000	0.1000	94,160,056	0.1000	0.1000	100,737,914	0.1000	0.1000
		Senior Services	96,655,453	0.0300	0.0300	94,160,056	0.0300	0.0300	100,737,914	0.0300	0.0300
Ripley	Ripley County Ambulance District	General Revenue	58,600,451	0.2995	0.1200	58,790,624	0.3000	0.1200	62,679,473	0.3000	0.1200
	Ripley County Memorial Hospital	General Revenue	70,517,346	0.3000	0.3000	70,597,276	0.3000	0.3000	75,019,955	0.3000	0.3000
	Fourche Creek Watershed Sub Dist	General Revenue	3,162,490	0.1561	0.1561	3,332,260	0.1549	0.1549	3,508,580	0.1549	0.1549
	Bennett Special Road Dist Ripley Co	Road & Bridge	348,503	0.1972	0.1700	359,057	0.1994	0.1700	368,131	0.2063	0.1700
	Current River Sp Rd Dist Ripley Co	Road & Bridge	539,774	0.2315	0.2315	539,566	0.2317	0.2317	575,517	0.2317	0.2317
	Doniphan Spec Rd Dist Ripley Co	Road & Bridge	33,588,659	0.2278	0.2278	33,685,265	0.2281	0.2281	35,994,197	0.2281	0.2281
		Special Road and Bridge	33,588,659	0.1500	0.1500 A	33,685,265	0.1500	0.1500	35,994,197	0.1500	0.1500
	Fairdealing Spec Rd Dist Ripley Co	Road & Bridge	3,496,116	0.2023	0.2023	3,463,104	0.2061	0.2061	3,643,045	0.2061	0.2061
	Flatwoods Spec Rd Dist Ripley Co	Road & Bridge	1,698,924	0.3500	0.3500	1,702,035	0.3500	0.3500	1,842,633	0.3500	0.3500
	Jordan Spec Rd Dist Ripley Co	Road & Bridge	6,661,566	0.1988	0.1988	6,654,814	0.2015	0.2015	7,024,465	0.2015	0.2015
	Little Black Spec Rd Dist Ripley Co	Road & Bridge	1,210,938	0.3500	0.3500	1,195,146	0.3500	0.3500	1,283,171	0.3500	0.3500
	Logan Creek Spec Rd Dist Ripley Co	Road & Bridge	3,291,903	0.2048	0.2048	3,303,801	0.2049	0.2049	3,572,385	0.2049	0.2049
	Mabrey Bay Spec Rd Dist Ripley Co	Road & Bridge	171,714	0.2161	0.2161	171,396	0.2168	0.2168	191,796	0.2191	0.2191
	Naylor Spec Rd Dist Ripley Co	Road & Bridge	5,214,335	0.2957	0.2957	5,105,290	0.3020	0.3020	5,270,089	0.3057	0.3057
		Special Road and Bridge	5,214,335	0.5000	0.5000	5,105,290	0.5000	0.5000 A	5,270,089	0.5000	0.5000
	Oxly Spec Rd Dist Ripley Co	Road & Bridge	2,201,181	0.3390	0.3390	2,237,567	0.3390	0.3390	2,362,314	0.3390	0.3390
	Pine Bardley Spec Rd Dist Ripley Co	Road & Bridge	2,265,927	0.1822	0.1822	2,323,051	0.1826	0.1826	2,403,283	0.1843	0.1843
	Ponder Gatewood Road Dist Ripley Co	Road & Bridge	4,616,382	0.1616	0.1601	4,628,963	0.1630	0.1601	4,848,709	0.1630	0.1630
		Special Road and Bridge	**	**	**	4,628,963	0.3399	0.3399 A	4,848,709	0.3399	0.3399
		Road & Bridge-Temp	4,616,382	0.3399	0.3399	**	**	**	**	**	**
	Poynor Spec Rd Dist Ripley Co	Road & Bridge	1,664,994	0.1809	0.1809	1,601,514	0.1881	0.1881	1,709,283	0.1881	0.1881
	Pratt Spec Rd Dist Ripley Co	Road & Bridge	339,938	0.2334	0.2334	326,325	0.2430	0.2430	358,396	0.2431	0.2431

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ripley	Purman Spec Rd Dist Ripley Co	Road & Bridge	1,988,186	0.1642	0.1642	2,061,875	0.1642	0.1642	2,224,959	0.1642	0.1642
		Special Road and Bridge	1,988,186	0.3000	0.3000	2,061,875	0.3000	0.3000 A	2,224,959	0.3000	0.3000
	Running Water Sp Rd Dist Ripley Co	Road & Bridge	330,897	0.2139	0.1800	334,049	0.2164	0.1800	345,066	0.2205	0.1800
	Tucker Bay Spec Rd Dist Ripley Co	Road & Bridge	219,138	0.1716	0.1500	226,288	0.1734	0.1500	222,087	0.1765	0.1500
	Wolfe Creek Spec Rd Dist Ripley Co	Road & Bridge	668,271	0.2902	0.2902	678,167	0.2910	0.2910	780,429	0.2808	0.2808
		Special Road and Bridge	**	**	**	678,167	0.1000	0.1000 A	780,429	0.0965	0.0965
	City of Doniphan	General Revenue	13,522,468	0.4003	0.4003	13,562,929	0.4009	0.4009	14,717,701	0.3891	0.3891
	City of Naylor	General Revenue	1,888,330	0.7022	0.7022	1,838,438	0.7213	0.7213	1,938,554	0.7399	0.7399
	Doniphan-Ripley County Library	General Revenue	70,517,346	0.1804	0.1804	70,597,276	0.1811	0.1811	75,019,955	0.1811	0.1811
		Debt Service	70,517,346	0.0300	0.0300	70,597,276	0.0418	0.0300	75,019,955	0.0340	0.0300
	Naylor R-II School District	Operating Funds-Schools	8,249,954	3.2500	3.2500 B	6,020,904	3.2932	3.2500	8,618,790	3.2868	3.2800
	Doniphan R-I School District	Operating Funds-Schools	50,066,515	2.7500	2.7500	50,320,853	2.7500	2.7500	54,232,260	2.7500	2.7500
	Ripley Co R-IV School District	Operating Funds-Schools	4,279,490	2.8457	2.7500	4,336,264	2.8380	2.7500	4,385,021	2.8500	2.7500
	Ripley Co R-III School District	Operating Funds-Schools	3,965,067	2.7500	2.7500	3,971,894	2.7500	2.7500	4,191,946	2.7500	2.7500
		Debt Service	3,965,067	0.1000	0.1000	**	**	**	**	**	**
	Ripley County	General Revenue	70,517,346	0.3107	0.3107	70,597,276	0.3120	0.3120	75,019,955	0.3120	0.3120
		Health	70,517,346	0.1500	0.1500	70,597,276	0.1500	0.1500	75,019,955	0.1500	0.1500
		Senate Bill 40	70,517,346	0.1000	0.1000	70,597,276	0.1000	0.1000	75,019,955	0.1000	0.1000
		Senior Services	70,517,346	0.0500	0.0500	70,597,276	0.0500	0.0500	75,019,955	0.0500	0.0500
St. Charles	St Charles County Ambulance Dist	General Revenue	5,089,802,765	0.1335	0.1335	5,287,724,216	0.1335	0.1335	6,170,477,015	0.1241	0.1241
		Debt Service	5,089,802,765	0.0200	0.0200	5,287,724,216	0.0213	0.0200	6,170,477,015	0.0288	0.0200
	Town of Augusta	General Revenue	4,835,714	0.2148	0.2148	5,104,806	0.2141	0.2141	5,666,695	0.2096	0.2096
		Lights	4,835,714	0.1074	0.1074	5,104,806	0.1070	0.1070	5,666,695	0.1047	0.1047
	City of Lake St Louis	General Revenue	189,060,934	0.7476	0.7476	206,423,137	0.7005	0.7005	250,772,596	0.6435	0.6435
		Debt Service	189,060,934	0.3994	0.3994	206,423,137	0.3994	0.3994	250,772,596	0.3997	0.3994
	City of O'Fallon	General Revenue	991,657,722	0.3770	0.3750	1,067,501,244	0.3770	0.3750	1,284,361,194	0.3486	0.3483
		Parks & Recreation	991,657,722	0.1371	0.1350	1,067,501,244	0.1371	0.1350	1,284,361,194	0.1268	0.1267
		Debt Service	991,657,722	0.3300	0.3300	1,067,501,244	0.4975	0.3100	1,284,361,194	0.4776	0.3100
	City of Portage Des Sioux	General Revenue	3,721,902	0.7673	0.7673	3,799,100	0.7674	0.7674	4,083,583	0.7499	0.7499
		Debt Service	3,721,902	0.3067	0.3067	3,799,100	0.4609	0.4609	4,083,583	0.4506	0.4506
	City of St Charles	General Revenue	938,588,024	0.5663	0.5650	954,153,023	0.5688	0.5650	1,081,112,449	0.5298	0.5270
		Parks & Recreation	938,588,024	0.2557	0.2550	954,153,023	0.2568	0.2550	1,081,112,449	0.2392	0.2370
		Debt Service	938,588,024	0.1500	0.1500	954,153,023	0.2044	0.1500	1,081,112,449	0.1869	0.1560
	City of St Peters	General Revenue	845,567,062	0.5905	0.5890	858,143,527	0.5918	0.5890	969,454,773	0.5559	0.5500
		Debt Service	845,567,062	0.2610	0.2610	858,143,527	0.4163	0.2610	969,454,773	0.4872	0.2500
	City of Wentzville	General Revenue	333,701,792	0.9425	0.9425	357,033,073	0.9500	0.9425	437,876,649	0.8930	0.8926
		Parks & Recreation	333,701,792	0.0848	0.0848	357,033,073	0.0855	0.0848	437,876,649	0.0804	0.0803

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	City of St Paul	General Revenue	24,655,853	0.2148	0.2148	26,170,362	0.2090	0.2090	30,449,295	0.1887	0.1887
	Town of Weldon Springs Heights	General Revenue	1,903,038	0.4747	0.4747	1,913,254	0.4747	0.4747	2,127,095	0.4481	0.4481
	City of New Melle	General Revenue	8,102,285	0.2500	0.2500 A	9,120,941	0.2483	0.2483	11,169,071	0.2320	0.2320
	City of Cottleville	General Revenue	40,508,234	0.3757	0.3757	42,303,267	0.3757	0.3757	60,467,444	0.3400	0.3400
	Town of Dardenne Prairie	General Revenue	129,177,343	0.1385	0.1385	149,670,369	0.1345	0.1345	182,102,086	0.1238	0.1238
	St Charles City-County Library	General Revenue	5,089,802,765	0.2221	0.2221	5,287,724,216	0.2221	0.2221	6,170,477,015	0.2064	0.2064
	Cottleville Com Fire Prot District	General Revenue	836,899,034	0.5069	0.5069	871,324,779	0.5069	0.5069	1,028,393,535	0.4714	0.4714
		Pension	836,899,034	0.0889	0.0706	871,324,779	0.0889	0.0663	1,028,393,535	0.0827	0.0568
		Debt Service	836,899,034	0.0800	0.0800	871,324,779	0.0785	0.0785	1,028,393,535	0.0813	0.0404
	Lake St Louis Fire Prot District	General Revenue	188,606,975	0.4134	0.4134	193,917,598	0.4134	0.4134	223,377,341	0.3898	0.3898
		Pension	188,606,975	0.0270	0.0270	193,917,598	0.0270	0.0270	223,377,341	0.0255	0.0255
	O'Fallon Fire Protection District	General Revenue	965,795,029	0.5913	0.5913	1,026,890,190	0.5913	0.5913	1,218,202,892	0.5422	0.5422
		Pension	965,795,029	0.0428	0.0428	1,026,890,190	0.0428	0.0428	1,218,202,892	0.0392	0.0392
	Wentzville Fire Protection Dist 13	General Revenue	665,946,138	0.5017	0.5017	732,892,885	0.5017	0.5017	905,877,952	0.4644	0.4644
	Augusta Fire Protection District	General Revenue	32,860,447	0.2612	0.2612	33,758,707	0.2612	0.2612	38,647,016	0.2495	0.2495
	New Melle Fire Protection District	General Revenue	134,517,214	0.5625	0.5625	139,293,436	0.5625	0.5625	161,333,186	0.5219	0.5219
	Orchard Farm Fire Protection Dist	General Revenue	24,305,696	0.2988	0.2988	24,983,013	0.2988	0.2988	26,833,773	0.2955	0.2955
	Central County Fire and Rescue	General Revenue	1,264,854,807	0.5230	0.5230	1,274,092,847	0.5248	0.5248	1,449,652,907	0.4893	0.4893
		Pension	1,264,854,807	0.0451	0.0451	1,274,092,847	0.0453	0.0453	1,449,652,907	0.0422	0.0422
		Debt Service	1,264,854,807	0.0581	0.0581	1,274,092,847	0.0474	0.0474	1,449,652,907	0.0427	0.0427
	West Alton Fire Protection District	Fire	22,175,218	0.3000	0.2000	24,303,732	0.3000	0.2000	25,199,379	0.3000	0.2000
	St. Charles Co. Community College	General Revenue	5,061,586,802	0.1518	0.1518	5,258,015,521	0.1718	0.1718	6,136,867,553	0.1596	0.1596
		Debt Service	5,061,586,802	0.0800	0.0800	5,258,015,521	0.0900	0.0600	6,136,867,553	0.0823	0.0600
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,523,771,513	3.5538	3.5538 B	1,591,292,409	4.1538	4.1538 B	1,851,339,048	3.8464	3.8464
		Operating Funds-Temp	**	**	**	1,591,292,409	0.2000	0.1000 A	1,851,339,048	0.1852	0.0857
		Debt Service	1,523,771,513	0.7000	0.7000	1,591,292,409	0.7000	0.7000	1,851,339,048	0.6200	0.6200
	Francis Howell R-III School Dist	Operating Funds-Schools	1,645,958,172	3.7307	3.7307 B	1,695,455,377	4.4207	4.1707 B	2,001,363,568	4.1097	3.8597
		Operating Funds-Temp	**	**	**	1,695,455,377	0.2000	0.2000 A	2,001,363,568	0.1858	0.1858
		Debt Service	1,645,958,172	0.6713	0.6713	1,695,455,377	0.6713	0.6713	2,001,363,568	0.6713	0.6713
	Wentzville R-IV School District	Operating Funds-Schools	839,323,764	3.5315	3.5618	902,955,629	3.9191	3.9469 B	1,103,154,949	3.7633	3.7854 c
		Debt Service	839,323,764	0.6200	0.6200	902,955,629	1.2159	0.6200	1,103,154,949	1.0608	0.6200
	St Charles R-VI School District	Operating Funds-Schools	757,637,618	3.4052	3.4052	756,840,448	3.4449	3.4449	858,348,620	3.1601	3.1601
		Debt Service	757,637,618	1.1648	1.1648	756,840,448	1.2099	1.1251	858,348,620	1.4589	1.3099
	St Charles Co R-V School District	Operating Funds-Schools	168,700,397	3.6944	3.4502	172,369,557	4.2144	3.9803 B	187,579,860	4.1157	3.9064
		Debt Service	168,700,397	0.7121	0.7121	172,369,557	0.9232	0.7020	187,579,860	0.7982	0.7120
	St. Charles County	General Revenue	5,098,450,569	0.2398	0.0050	5,274,608,870	0.2402	0.0040	6,170,477,015	0.2233	0.0030
		Johnson Grass	5,098,450,569	0.0444	0.0000	5,274,608,870	0.0445	0.0000	6,170,477,015	0.0414	0.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	St. Charles County	Road & Bridge	5,098,450,569	0.2309	0.2250	5,274,608,870	0.2314	0.2250	6,170,477,015	0.2151	0.2148
		Senate Bill 40	5,089,802,765	0.1422	0.1422	5,274,608,870	0.1423	0.1422	6,170,477,015	0.1323	0.1323
		Dispatch	5,098,450,569	0.0444	0.0444	5,274,608,870	0.0445	0.0444	6,170,477,015	0.0414	0.0413
St. Clair	Ellett Memorial Hospital District	General Revenue	30,206,965	0.4930	0.4930	30,498,032	0.4937	0.4937	31,520,435	0.4963	0.4963
	Chloe Spec Rd Dist St Clair Co	Special Road and Bridge	1,927,500	0.2900	0.2900 A	1,951,611	0.2900	0.2900	2,005,706	0.2900	0.2900
	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	5,277,989	0.2800	0.2800	5,366,168	0.2800	0.2800	5,571,491	0.2800	0.2800
	Hillsdale Spec Rd Dist St Clair Co	Special Road and Bridge	1,304,329	0.3500	0.3500	1,274,543	0.3500	0.3500	1,320,534	0.3500	0.3500 A
	Lowry City Sp Rd Dist St Clair Co	Special Road and Bridge	3,217,817	0.3200	0.3200 A	3,610,782	0.3200	0.3200	3,630,560	0.3200	0.3200
	Osceola Spec Rd Dist St Clair Co	Special Road and Bridge	12,096,670	0.3100	0.3100 A	12,359,315	0.3100	0.3100	12,377,643	0.3100	0.3100
	Vista Spec Rd Dist St Clair Co	Special Road and Bridge	2,601,331	0.5000	0.5000	2,700,028	0.5500	0.5500 A	2,791,563	0.5500	0.5500
	City of Appleton City	General Revenue	6,775,712	0.6326	0.6326	6,725,150	0.6398	0.6398	6,758,965	0.6530	0.6530
		Parks & Recreation	6,775,712	0.3571	0.3571	6,725,150	0.3612	0.3612	6,758,965	0.3686	0.3686
		Library	6,775,712	0.2245	0.2245	6,725,150	0.2271	0.2271	6,758,965	0.2318	0.2318
		Police & Fire	6,775,712	0.1938	0.1938	6,725,150	0.1960	0.1960	6,758,965	0.2001	0.2001
		General Revenue	3,223,551	0.6088	0.6088	3,613,338	0.6373	0.6373	3,627,384	0.6415	0.6415
	City of Lowry City	Lights	3,223,551	0.1889	0.1889	3,613,338	0.1977	0.1977	3,627,384	0.1990	0.1990
		Health	3,223,551	0.1574	0.0000	3,613,338	0.1648	0.0000	3,627,384	0.1658	0.0000
		General Revenue	4,446,082	0.6953	0.6900	4,700,527	0.7005	0.7000	4,690,606	0.7154	0.7100
	City of Osceola	Parks & Recreation	4,446,082	0.1000	0.1000	4,700,527	0.1000	0.1000	4,690,606	0.1000	0.1000
		General Revenue	529,954	0.4169	0.4169	508,820	0.4403	0.4169	519,337	0.4809	0.4407
	St Clair County Library	General Revenue	71,660,831	0.1934	0.1800	73,420,196	0.1939	0.1800	75,939,642	0.1954	0.1954
	Iconium Fire Protection District	General Revenue	7,787,994	0.3000	0.1500	7,965,843	0.3000	0.1500	8,360,259	0.3000	0.2500
	Sac Osage Fire Protection District	General Revenue	**	**	**	36,466,636	0.2500	0.2500 A	22,509,765	0.2500	0.2500
	Appleton City R-II School District	Operating Funds-Schools	19,082,542	3.3297	3.3297	19,074,660	3.3507	3.3165	19,231,400	3.3850	3.3850
	Roscoe C-1 School District	Operating Funds-Schools	5,416,124	2.9843	2.9843	5,414,710	2.9863	2.9863	5,815,818	3.0588	3.0588
		Debt Service	5,416,124	0.4144	0.4144	5,414,710	0.4807	0.4807	5,815,818	0.6278	0.6278
	Lakeland R-III School District	Operating Funds-Schools	22,421,520	3.1469	3.1469	23,196,760	3.1587	3.1587	24,287,614	3.1783	3.1783
		Debt Service	22,421,520	0.6200	0.6200	23,196,760	1.7062	0.6200	24,287,614	1.6646	0.6200
	Osceola School District	Operating Funds-Schools	21,682,234	2.3674	2.3674	22,420,675	2.3623	2.3623	22,899,803	2.3645	2.3645
		Building-Temp.	21,682,234	0.9113	0.9113	22,420,675	0.9126	0.9126	22,899,803	0.9172	0.9172
	St. Clair County	General Revenue	78,436,544	0.4889	0.3276	80,142,638	0.4905	0.3470	82,692,231	0.4947	0.3325
		Road & Bridge	78,436,544	0.2852	0.2852	42,591,695	0.3500	0.2860	82,692,231	0.2886	0.2886
		Common Road District	41,587,720	0.3200	0.3200 A	42,591,695	0.3200	0.3200	44,699,621	0.3200	0.3200
		Health	78,436,544	0.2100	0.2100	80,142,638	0.2100	0.2100	82,692,231	0.2100	0.2100
St. Francois	Flat River Sp Rd #2 St Francois Co	Road & Bridge	23,902,424	0.2232	0.2232	23,932,996	0.2256	0.2256	24,914,046	0.2256	0.2256
	City of Bismarck	General Revenue	7,635,444	0.5069	0.4900	7,745,394	0.5069	0.4900	8,148,594	0.5069	0.4900
		Health	7,635,444	0.1595	0.1500	7,745,394	0.1595	0.1595	8,148,594	0.1595	0.1500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Francois	City of Desloge	General Revenue	26,607,657	0.4648	0.4648	27,739,652	0.4634	0.4634	29,608,253	0.4618	0.4618
		Debt Service	26,607,657	0.1978	0.1978	27,739,652	0.0435	0.0435	29,608,253	0.0076	0.0076
	City of Farmington	General Revenue	127,482,165	0.4449	0.4200	136,701,641	0.4449	0.4200	147,779,713	0.4449	0.4200
		Debt Service	127,482,165	0.0600	0.0600	136,701,641	0.0779	0.0600	147,779,713	0.0990	0.0600
	City of Leadington	General Revenue	5,106,305	0.3487	0.2900	5,908,891	0.3487	0.2900	6,102,755	0.3487	0.2900
	City of Leadwood	General Revenue	3,950,880	0.8215	0.8215	3,960,848	0.8268	0.8268	4,140,605	0.8268	0.8268
		Debt Service	3,950,880	1.2357	1.2357	3,960,848	1.0734	1.0734	4,140,605	0.8356	0.8356
	City of Iron Mountain Lake	General Revenue	2,434,056	0.7212	0.7212	2,397,111	0.7338	0.7338	2,463,869	0.7338	0.7338
		Debt Service	2,434,056	2.0200	2.0200	2,397,111	2.9218	2.0200	2,463,869	2.3526	2.0200
	City of Park Hills	General Revenue	35,472,795	0.6840	0.6840	49,512,398	0.6840	0.6840	38,576,876	0.6840	0.6840
	Leadwood Fire Protection District	General Revenue	11,400,994	0.5375	0.5375	11,408,670	0.5466	0.5466	11,957,316	0.5466	0.5466
	Doe Run Fire Protection District	General Revenue	33,747,641	0.3188	0.3188	34,457,104	0.3188	0.3188	36,310,747	0.3188	0.3188
	Mineral Area College	General Revenue	602,602,617	0.3357	0.3357	625,196,661	0.3357	0.3357	667,150,015	0.3357	0.3357
		Debt Service	602,602,617	0.1300	0.1300	625,196,661	0.2271	0.1300	667,150,015	0.2096	0.1300
	Bismarck R-V School District	Operating Funds-Schools	19,252,082	3.4999	3.1000	19,319,325	3.5056	3.1000	20,117,985	3.5033	3.5033
		Debt Service	19,252,082	0.6500	0.6500	19,319,325	2.3354	0.6500	20,117,985	1.5771	0.6500
	Farmington R-VII School District	Operating Funds-Schools	217,335,472	3.0002	3.0002	230,852,779	3.0016	3.0016	249,621,960	2.9992	2.9992
		Debt Service	217,335,472	0.6200	0.6200	230,852,779	0.7854	0.6200	249,621,960	0.7624	0.6200
	North St. Francois Co R-I Sch Dist	Operating Funds-Schools	118,979,783	3.4927	3.0900	123,414,178	3.5241	3.2500	130,368,214	3.4836	3.4836
		Debt Service	118,979,783	0.6700	0.6700	123,414,178	1.6722	0.7500	130,368,214	2.1804	0.7500
	Central R-III School District	Operating Funds-Schools	67,202,884	3.3733	3.3000	68,595,815	3.4040	3.3000	74,342,079	3.3455	3.3400
		Debt Service	67,202,884	0.7583	0.7583	68,595,815	1.6030	0.7583	74,342,079	1.2614	0.7100
	West St Francois Co R-IV Sch Dist	Operating Funds-Schools	31,035,010	3.2661	3.1200	30,984,199	3.3727	3.1200	33,884,708	3.3659	3.3000
		Debt Service	31,035,010	0.9300	0.9300	30,984,199	1.6750	0.9300	33,884,708	1.8728	0.7500
	St. Francois County	General Revenue	487,510,827	0.3315	0.0000	509,502,382	0.3315	0.0240	542,482,779	0.3315	0.0300
		Road & Bridge	463,608,403	0.2493	0.2226	485,569,386	0.2493	0.2275	517,568,733	0.2493	0.2493
		Health	487,510,827	0.0921	0.0921	509,502,382	0.0921	0.0921	542,482,779	0.0921	0.0921
		Ambulance	487,510,827	0.1381	0.1381	509,502,382	0.1381	0.1381	542,482,779	0.1381	0.1381
		Developmentally Disabled	487,510,827	0.0921	0.0921	509,502,382	0.0921	0.0921	542,482,779	0.0921	0.0921
		Senior Services	**	**	**	509,502,382	0.0500	0.0500	542,482,779	0.0500	0.0500
Ste. Genevieve	City of Bloomsdale	General Revenue	5,164,730	0.3243	0.3243	5,290,443	0.3243	0.3243	6,003,998	0.3178	0.3178
	City of St Mary	General Revenue	3,085,322	0.9297	0.9297	3,094,035	0.9409	0.9409	3,481,613	0.8855	0.8855
	City of Ste Genevieve	General Revenue	45,892,736	0.4979	0.4979	46,217,641	0.5009	0.5009	50,415,798	0.4857	0.4857
		Parks & Recreation	45,892,736	0.1294	0.1294	46,217,641	0.1302	0.1302	50,415,798	0.1263	0.1263
		Band	45,892,736	0.0797	0.0797	46,217,641	0.0802	0.0802	50,415,798	0.0778	0.0778
		Cemetery	45,892,736	0.0497	0.0497	46,217,641	0.0500	0.0500	50,415,798	0.0485	0.0485
		Debt Service	45,892,736	0.0089	0.0089	**	**	**	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ste. Genevieve	Ste. Genevieve County Library	General Revenue	263,169,721	0.1000	0.1000	269,384,878	0.1000	0.1000	294,349,688	0.0987	0.0987
		Operating Funds-Schools	213,871,107	3.0000	3.0667	222,267,680	3.0000	3.0481	243,798,006	3.1000	3.0481 B
		Debt Service	213,871,107	0.2600	0.2600	222,267,680	0.3258	0.2600	243,798,006	0.4259	0.2600
	Ste. Genevieve County	General Revenue	263,169,721	0.3726	0.2722	269,384,878	0.3726	0.2442	294,349,688	0.3677	0.2382
		Road & Bridge	263,169,721	0.2819	0.2819	269,384,878	0.2819	0.2819	294,349,688	0.2782	0.2782
		Health	263,169,721	0.1000	0.1000	269,384,878	0.1000	0.1000	294,349,688	0.0987	0.0987
		Hospital	263,169,721	0.1712	0.1801	269,384,878	0.1712	0.1789	294,349,688	0.1690	0.1690
		Ambulance	263,169,721	0.1410	0.1410	269,384,878	0.1410	0.1410	294,349,688	0.1392	0.1392
		Mental Health	263,169,721	0.1000	0.1000	269,384,878	0.1000	0.1000	294,349,688	0.0987	0.0987
		Senate Bill 40	263,169,721	0.1000	0.0700	269,384,878	0.1000	0.0700	294,349,688	0.0987	0.0700
		Senior Services	263,169,721	0.0500	0.0300	269,384,878	0.0500	0.0300	294,349,688	0.0493	0.0300
St. Louis	Eureka Fire Protection District	General Revenue	See Appendix VIII			264,539,478	0.6980	0.6980	301,810,811	0.6622	0.6647 c
		Ambulance	See Appendix VIII			264,539,478	0.2811	0.2810	301,810,811	0.2667	0.2679 c
		Pension	See Appendix VIII			264,539,478	0.0937	0.0930	301,810,811	0.0890	0.0893 c
		Dispatch	See Appendix VIII			264,539,478	0.0281	0.0280	301,810,811	0.0266	0.0267 c
		Debt Service	See Appendix VIII			264,539,478	0.1500	0.1500	301,810,811	0.1500	0.1500
	Metropolitan Sewer Dist St Louis Co	General Revenue -Gen. Adm	See Appendix VIII			21,371,590,710	0.0197	0.0190	23,834,740,810	0.0186	0.0186
		General Revenue -Storm	See Appendix VIII			12,651,835,499	0.0681	0.0500	14,171,203,173	0.0637	0.0500
	Metro Zoological Park & Museum Dist	Art Museum	See Appendix VIII			21,763,846,237	0.0787	0.0787	24,262,856,477	0.0744	0.0763 c
		Botanical Garden	See Appendix VIII			21,763,846,237	0.0394	0.0394	24,262,856,477	0.0371	0.0376 c
		Museum of Mo. History	See Appendix VIII			21,763,846,237	0.0394	0.0394	24,262,856,477	0.0371	0.0376 c
		Museum of Nat. History	See Appendix VIII			21,763,846,237	0.0394	0.0394	24,262,856,477	0.0371	0.0376 c
		Zoological Park	See Appendix VIII			21,763,846,237	0.0787	0.0787	24,262,856,477	0.0744	0.0763 c
	Rockwood R-VI School District	Operating Funds-Schools	See Appendix VIII			2,519,395,500	3.8464	3.8834	2,823,917,500	3.6809	3.7574 c
		Debt Service	See Appendix VIII			2,519,395,500	0.7569	0.7500	2,823,917,500	0.7562	0.7500
	Special Sch Dist of St. Louis Co	Operating Funds-Schools	See Appendix VIII			18,437,235,879	0.8630	0.9051	20,480,719,495	0.8230	0.8399 c
Saline	Saline Co Ambulance Dist No 3	General Revenue	156,461,807	0.2131	0.2131	158,569,321	0.2131	0.2131	166,026,800	0.2121	0.2121
	Slater Ambulance District No 1	General Revenue	33,909,783	0.3638	0.3638	33,984,475	0.3700	0.3700	34,974,072	0.3700	0.3700
	Sweet Springs Ambulance District	General Revenue	40,743,388	0.4339	0.4339	41,578,802	0.4339	0.4339	42,899,162	0.4339	0.3500
	Blackburn Elmwood Sp Rd Saline Co	Road & Bridge	5,226,660	0.3178	0.3178	5,270,597	0.3178	0.3178	5,385,859	0.3178	0.3178
		Special Road and Bridge	5,226,660	0.3524	0.3524	5,270,597	0.3524	0.3524	5,385,859	0.3524	0.3524
		Debt Service	5,226,660	0.5284	0.5284	5,270,597	0.5218	0.5218	5,385,859	0.5021	0.5021
	Gilliam Spec Rd Dist Saline Co	Road & Bridge	6,321,761	0.3086	0.3086	6,431,746	0.3086	0.3086	6,791,696	0.3086	0.3086
		Special Road and Bridge	6,321,761	0.2868	0.2868	6,431,746	0.2868	0.2868	6,791,696	0.2900	0.2900 A
	Grand Pass Spec Road Dist Saline Co	Road & Bridge	3,463,265	0.2953	0.2953	3,533,227	0.2953	0.2953	3,840,875	0.2983	0.2983
		Special Road and Bridge	3,463,265	0.3600	0.3600 A	3,533,227	0.3600	0.3600	3,840,875	0.3600	0.3600
	Marshall Spec Rd Dist Saline Co	Road & Bridge	112,654,126	0.2703	0.2703	112,898,334	0.2731	0.2731	118,225,334	0.2731	0.2731

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	Slater Spec Rd Dist Saline Co	Road & Bridge	21,752,313	0.3143	0.3143	21,678,990	0.3172	0.3172	22,289,252	0.3172	0.3172
		Special Road and Bridge	21,752,313	0.3600	0.3600	21,678,990	0.3600	0.3600	22,289,252	0.3600	0.3600
	Sweet Springs Sp Rd Dist Saline Co	Road & Bridge	17,932,022	0.2991	0.2991	19,317,382	0.2991	0.2991	20,151,876	0.2991	0.2991
		Special Road and Bridge	17,932,022	0.2803	0.2803	19,317,382	0.2803	0.2803	20,151,876	0.3000	0.3000 A
	Malta Bend Spec Rd Dist Saline Co	Road & Bridge	9,401,772	0.3104	0.3104	9,464,561	0.3104	0.3104	9,985,887	0.3104	0.3104
		Special Road and Bridge	9,401,772	0.2963	0.2963	9,464,561	0.2963	0.2963	9,985,887	0.3000	0.3000 A
	Village of Arrow Rock	General Revenue	817,856	0.5521	0.5521	819,799	0.3422	0.3422	937,785	0.3099	0.3099
		General Revenue-Temp	**	**	**	819,799	0.3000	0.3000 A	937,785	0.2717	0.2717
	City of Blackburn	General Revenue	1,536,246	0.5498	0.5498	1,509,983	0.5616	0.5616	1,517,667	0.5634	0.5634
		Lights	1,536,246	0.1118	0.1118	1,509,983	0.1142	0.1142	1,517,667	0.1145	0.1145
		General Revenue-Temp	1,536,246	0.2674	0.2674	1,509,983	0.2731	0.2731	1,517,667	0.2740	0.2740
	City of Gilliam	General Revenue	893,375	0.7213	0.7213	899,677	0.7287	0.7287	943,816	0.7287	0.7287
		Lights	893,375	0.3846	0.3846	899,677	0.3885	0.3885	943,816	0.3885	0.3885
	Village of Grand Pass	General Revenue	371,271	0.4435	0.4435	360,044	0.4574	0.4574	395,137	0.4617	0.4617
	City of Malta Bend	General Revenue	1,260,705	0.7828	0.7828	1,268,108	0.7828	0.7828	943,986	1.0000	0.7828
	City of Marshall	General Revenue	98,227,776	0.6855	0.6855	97,968,848	0.6962	0.6962	102,740,366	0.6962	0.6962
		Parks & Recreation	98,227,776	0.2964	0.2964	97,968,848	0.3010	0.3010	102,740,366	0.3010	0.3010
		Library	98,227,776	0.1760	0.1760	97,968,848	0.1787	0.1787	102,740,366	0.1787	0.1787
		Band	98,227,776	0.0460	0.0460	97,968,848	0.0467	0.0467	102,740,366	0.0467	0.0467
		General Revenue	964,741	0.4767	0.4767	991,022	0.4767	0.4767	998,382	0.4767	0.4767
	City of Miami	Streets	964,741	0.6197	0.6197	991,022	0.6196	0.6196	998,382	0.6196	0.6196
		General Revenue	268,855	0.9373	0.9373	261,626	0.9632	0.9632	273,051	0.9568	0.9568
	City of Nelson	General Revenue	710,993	0.8623	0.8623	749,863	0.8406	0.8406	750,292	0.8420	0.8420
	City of Slater	General Revenue	11,918,627	0.6890	0.6890	11,583,625	0.7126	0.7126	11,927,494	0.7126	0.7126
		Parks & Recreation	11,918,627	0.1938	0.1938	11,583,625	0.2000	0.2000	11,927,494	0.2000	0.2000
		Library	11,918,627	0.2153	0.2153	11,583,625	0.2227	0.2227	11,927,494	0.2227	0.2227
	City of Sweet Springs	General Revenue	9,321,428	0.7297	0.7286	9,064,591	0.7571	0.7571	9,286,776	0.7571	0.7571
		Parks & Recreation	9,321,428	0.3468	0.3463	9,064,591	0.3598	0.3598	9,286,776	0.3598	0.3598
		Library	9,321,428	0.2085	0.2082	9,064,591	0.2163	0.2163	9,286,776	0.2163	0.2163
		Debt Service	9,321,428	0.2000	0.2000	9,064,591	0.2225	0.2000	9,286,776	0.2194	0.2194
	City of Emma	General Revenue	1,651,220	0.5000	0.0000	1,742,840	0.4906	0.4906	1,775,849	0.4906	0.4906
	Malta Bend Fire Protection District	General Revenue	9,705,099	0.2811	0.2811	10,189,810	0.2776	0.2776	10,381,114	0.2776	0.2776
	Miami R-I School District	Operating Funds-Schools	7,413,540	3.4291	3.4291	7,473,958	3.9291	3.9291 B	7,608,396	3.9291	3.9291
	Orearville R-IV School District	Operating Funds-Schools	4,702,882	3.8507	3.8507	4,785,967	3.7898	3.7898	5,121,423	3.7785	3.6973
		Debt Service	4,702,882	0.8500	0.8500	4,785,967	1.6421	0.8500	5,121,423	1.1473	0.8500
	Malta Bend R-V School District	Operating Funds-Schools	7,723,524	4.3639	4.3639	7,818,916	4.2817	4.2817	8,000,103	4.3627	4.3627
		Debt Service	7,723,524	0.7500	0.7500	7,818,916	0.7754	0.7754	8,000,103	0.6322	0.6322

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	Hardeman R-X School District	Operating Funds-Schools	5,617,633	3.8465	3.8465	5,635,593	3.7808	3.7808	5,981,343	3.7134	3.7134
		Debt Service	5,617,633	0.9621	0.9621	5,635,593	1.0336	1.0336	5,981,343	0.9337	0.9337
	Gilliam C-4 School District	Operating Funds-Schools	2,422,682	4.2296	4.2296	2,407,418	4.4361	4.4000	2,530,943	4.3350	4.3350
	Marshall School District	Operating Funds-Schools	116,578,834	3.0419	3.0190	116,490,120	3.3361	3.3361 B	122,893,747	3.3552	3.3552
		Debt Service	116,578,834	0.3171	0.3171	**	**	**	**	**	**
	Slater School District	Operating Funds-Schools	15,902,268	3.7084	3.7084	15,628,892	3.7489	3.7489	16,100,703	3.7576	3.7576
		Debt Service	15,902,268	0.5400	0.5400	15,628,892	0.5639	0.5400	16,100,703	0.7310	0.5400
	Sweet Springs R-VII School District	Operating Funds-Schools	21,134,633	3.3933	3.3100	20,978,092	3.4863	3.4000	21,554,235	4.0468	4.0000 B
		Debt Service	21,134,633	0.6400	0.6400	20,978,092	1.1117	0.6400	21,554,235	0.6803	0.6400
	Saline County	General Revenue	222,573,435	0.3991	0.2062	225,033,032	0.3991	0.1995	234,620,426	0.3984	0.1992
		Common Road District	45,816,516	0.2901	0.2901	47,541,954	0.2901	0.2901	49,479,471	0.2891	0.2891
		Special Road and Bridge	45,816,516	0.3600	0.3600 A	47,541,954	0.3600	0.3600	49,479,471	0.3587	0.3587
		Health	**	**	**	225,033,032	0.1400	0.1400 A	234,620,426	0.1397	0.1397
		Senate Bill 40	222,573,435	0.0664	0.0664	225,033,032	0.0664	0.0664	234,620,426	0.0663	0.0663
Schuyler	Schuyler County Ambulance District	General Revenue	35,233,864	0.3000	0.3000	35,633,339	0.3000	0.3000	36,751,852	0.3000	0.3000
	Schuyler County Nursing Home Dist	General Revenue	35,233,864	0.1500	0.1500	35,633,339	0.1500	0.1500	36,751,852	0.1500	0.1500
	Glenwood Chariton SRD 4 Schuyler Co	Road & Bridge	4,697,519	0.3221	0.3221	4,782,905	0.3221	0.3221	4,917,017	0.3221	0.3221
		Special Road and Bridge	4,697,519	0.3313	0.3313	4,782,905	0.3600	0.3600 A	4,917,017	0.3600	0.3600
	City of Downing	General Revenue	1,618,338	1.0000	0.9600	1,676,630	1.0000	1.0000	1,695,227	1.0000	1.0000
	Village of Glenwood	General Revenue	989,064	0.4642	0.4642	975,282	0.4761	0.4761	997,086	0.4774	0.4774
		Debt Service	989,064	0.4100	0.4100	975,282	0.5018	0.4100	997,086	0.5920	0.4500
	City of Greentop	General Revenue	2,166,239	0.9216	0.9216	2,202,812	0.9216	0.9216	2,273,965	0.9216	0.9216
	City of Lancaster	General Revenue	4,953,916	0.8449	0.8400	4,963,983	0.8501	0.8500	4,965,156	0.8568	0.8500
		Parks & Recreation	4,953,916	0.1878	0.1800	4,963,983	0.1890	0.1800	4,965,156	0.1905	0.1900
	City of Queen City	General Revenue	3,203,139	0.8333	0.8333	2,624,895	1.0000	1.0000	2,753,322	1.0000	1.0000
	Schuyler County Library	General Revenue	35,233,864	0.1500	0.1500	35,633,339	0.1500	0.1500	36,751,852	0.1500	0.1500
	Schuyler Co R-I School District	Operating Funds-Schools	29,107,580	3.4300	2.7500	30,297,040	3.3479	2.7500	31,402,080	3.3672	2.7500
		Debt Service	29,107,580	0.7700	0.7700	30,297,040	0.9670	0.7700	31,402,080	1.0083	0.7700
	Schuyler County	General Revenue	35,233,864	0.5000	0.2900	35,633,339	0.5000	0.2900	36,751,852	0.5000	0.3300
		Common Road District	30,536,345	0.5000	0.5000	30,850,434	0.5000	0.5000	31,834,835	0.5000	0.5000
		Special Road and Bridge	30,536,345	0.2600	0.2600	30,850,434	0.2600	0.2600 A	31,834,835	0.2600	0.2600
		Health	35,233,864	0.1500	0.1500	35,633,339	0.3000	0.1800	36,751,852	0.3000	0.2500
		Senior Services	35,233,864	0.0500	0.0500	35,633,339	0.0500	0.0500	36,751,852	0.0500	0.0500
Scotland	Scotland County Ambulance District	General Revenue	46,202,658	0.2500	0.2500	46,935,647	0.2500	0.2500	48,711,271	0.2500	0.2500
	Scotland County Memorial Hosp Dist	General Revenue	46,202,658	0.4977	0.4977	46,935,647	0.4977	0.4977	48,711,271	0.4977	0.4977
	Scotland County Nursing Home Dist	General Revenue	46,202,658	0.3000	0.3000	46,935,647	0.3000	0.3000	48,711,271	0.3000	0.3000
	Bear Creek Watershed Subdistrict	General Revenue	994,117	0.4000	0.4000	996,448	0.4000	0.4000	996,783	0.4000	0.4000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scotland	Village of Arbela	General Revenue	119,221	0.5000	0.5000	142,028	0.5000	0.5000	144,267	0.5000	0.5000
	Village of Granger	General Revenue	232,421	0.8000	0.6400	210,427	0.8000	0.6400	198,003	0.8000	0.6400
	City of Memphis	General Revenue	12,675,141	0.2824	0.2700	12,024,457	0.2986	0.2700	12,630,886	0.2986	0.2700
		Streets	12,675,141	0.3530	0.3400	12,024,457	0.3733	0.3400	12,630,886	0.3733	0.3400
		Fire	12,675,141	0.1614	0.1300	12,024,457	0.1707	0.1300	12,630,886	0.1707	0.1300
		Cemetery	12,675,141	0.1000	0.1000	12,024,457	0.1000	0.1000	12,630,886	0.1000	0.1000
		Swimming Pool	12,675,141	0.1715	0.1600	12,024,457	0.1814	0.1600	12,630,886	0.1814	0.1600
	Village of Rutledge	General Revenue	370,747	0.4237	0.4237	390,609	0.4237	0.4230	395,938	0.4237	0.4230
	City of South Gorin	General Revenue	551,929	0.8000	0.8000	558,331	0.7999	0.7999	547,592	0.8000	0.8000
		Fire	551,929	0.2000	0.2000	558,331	0.2000	0.2000	547,592	0.2000	0.2000
	Scotland County Library District	General Revenue	46,202,658	0.1900	0.1900	46,935,647	0.1900	0.1900	48,711,271	0.1900	0.1900
	Gorin R-III School District	Operating Funds-Schools	3,053,968	4.9801	4.0823	3,064,936	5.1209	4.2734	3,019,739	5.2650	4.4646
	Scotland Co R-I School District	Operating Funds-Schools	37,811,175	3.6900	3.3600	38,165,818	3.6900	3.3600	39,681,302	3.6735	3.6500
	Scotland County	General Revenue	46,202,658	0.4977	0.4977	46,935,647	0.4977	0.4977	48,711,271	0.4977	0.4977
		Road & Bridge	46,202,658	0.3452	0.3452	46,935,647	0.3452	0.3452	48,711,271	0.3452	0.3452
		Special Road and Bridge	46,202,658	0.3100	0.3100	46,935,647	0.3100	0.3100	48,711,271	0.3100	0.3100
		Health	46,202,658	0.1500	0.1500	46,935,647	0.1500	0.1500	48,711,271	0.1500	0.1500
Scott	Southern Scott Co Ambulance Dist	General Revenue	203,746,284	0.3000	0.2500	207,722,659	0.3000	0.2700	215,341,173	0.3000	0.2700
	North Scott Co Ambulance District	General Revenue	144,729,434	0.3000	0.3000	148,180,642	0.3000	0.3000	157,313,162	0.3000	0.3000
	Illmo Special Road Dist Scott Co	Road & Bridge	48,032,725	0.3015	0.3015	47,302,828	0.3096	0.3096	51,027,049	0.3096	0.3096
	Sikeston Special Road Dist Scott Co	Road & Bridge	173,888,537	0.1800	0.1400	176,888,146	0.1800	0.1400	182,499,428	0.1800	0.1400
	City of Benton	General Revenue	4,945,222	0.5859	0.5859	5,069,974	0.5859	0.5859	5,485,355	0.5859	0.5859
		Parks & Recreation	4,945,222	0.1819	0.1819	5,069,974	0.1819	0.1819	5,485,355	0.1819	0.1819
	Village of Blodgett	General Revenue	1,093,581	0.3791	0.2800	1,161,199	0.3802	0.2800	1,198,365	0.3802	0.2800
	City of Chaffee	General Revenue	15,822,458	0.7679	0.7679	16,159,018	0.7679	0.7679	16,804,337	0.7679	0.7679
		Parks & Recreation	15,822,458	0.1638	0.1638	16,159,018	0.1638	0.1638	16,804,337	0.1638	0.1638
		Library	15,822,458	0.1638	0.1638	16,159,018	0.1638	0.1638	16,804,337	0.1638	0.1638
	Village of Commerce	General Revenue	565,759	0.5000	0.5000	615,605	0.5000	0.5000	639,343	0.5000	0.5000
	Village of Diehlstadt	General Revenue	463,980	0.3425	0.3300	482,724	0.3439	0.3439	489,427	0.3439	0.3439
	Village of Haywood City	General Revenue	450,836	0.4839	0.2900	383,993	0.5000	0.2900	419,431	0.5000	0.2900
	Village of Kelso	General Revenue	4,725,995	0.5000	0.5000	4,794,805	0.5000	0.5000	5,213,863	0.4993	0.4993
		Fire	4,725,995	0.1300	0.1300	4,794,805	0.1300	0.1300	5,213,863	0.1298	0.1298
	City of Miner	General Revenue	19,347,831	0.2967	0.1900	20,116,242	0.2967	0.1900	20,985,646	0.2967	0.1900
	City of Morley	General Revenue	3,359,408	0.6079	0.6079	3,497,009	0.6079	0.6079	3,690,584	0.6079	0.6079
	City of Oran	General Revenue	6,643,862	0.6270	0.6270	6,927,784	0.6270	0.6270	7,289,475	0.6270	0.6270
		Parks & Recreation	6,643,862	0.1882	0.1882	6,927,784	0.1882	0.1882	7,289,475	0.1882	0.1882
	City of Scott City	General Revenue	37,015,229	0.4500	0.4500	35,846,400	0.4706	0.4706	37,543,131	0.4706	0.4706

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scott	City of Scott City	Parks & Recreation	37,015,229	0.1608	0.1608	35,846,400	0.1681	0.1681	37,543,131	0.1681	0.1681
		Cemetery	37,015,229	0.0500	0.0500	35,846,400	0.0500	0.0500	37,543,131	0.0500	0.0500
		Debt Service	37,015,229	0.2886	0.2886	35,846,400	0.4180	0.4180	37,543,131	0.3711	0.3711
	Village of Vanduser	General Revenue	1,026,316	0.3478	0.3331	1,055,540	0.3478	0.3478	1,152,967	0.3476	0.3476
		Fire	1,026,316	0.1000	0.1000	1,055,540	0.1000	0.1000	1,152,967	0.1000	0.1000
	City of Sikeston	General Revenue	164,764,029	0.5530	0.5530	167,727,437	0.5530	0.3693	172,937,794	0.5530	0.3693
		Parks & Recreation	164,764,029	0.1609	0.1609	167,727,437	0.1609	0.1609	172,937,794	0.1609	0.1609
		Library	164,764,029	0.1609	0.1609	167,727,437	0.1609	0.1609	172,937,794	0.1609	0.1609
	Scott County Library	General Revenue	221,211,815	0.0968	0.0968	228,816,568	0.0968	0.0968	242,682,179	0.0968	0.0968
	Sikeston Fire Protection District	General Revenue	38,176,981	0.3000	0.1100	40,602,917	0.3000	0.1100	41,385,361	0.3000	0.0800
	NBC Fire Protection District	General Revenue	33,734,468	0.3000	0.3000	35,292,998	0.3000	0.3000	37,935,278	0.3000	0.3000
	Scott County Rural Fire Prot Dist	General Revenue	31,425,499	0.3000	0.3000	32,553,009	0.3000	0.3000	34,298,280	0.3000	0.3000
	Oran Fire Protection District	General Revenue	12,484,103	0.4019	0.4019	12,956,996	0.4019	0.4019	13,790,586	0.4019	0.4019
	Scott City R-I School District	Operating Funds-Schools	44,351,415	2.8961	2.7500	43,132,990	3.0223	2.7500	46,943,790	2.9933	2.7500
		Debt Service	44,351,415	0.4900	0.4900	43,132,990	0.6068	0.4900	46,943,790	0.5938	0.4900
	Chaffee R-II School District	Operating Funds-Schools	20,205,273	2.8706	2.8494	20,642,830	2.8771	2.8771	21,719,830	2.8731	2.8731
		Debt Service	20,205,273	0.8500	0.8500	20,642,830	1.9038	0.8500	21,719,830	2.6685	1.1800
	Scott Co R-IV School District	Operating Funds-Schools	40,218,940	2.7500	2.7500	41,988,330	2.7500	2.7500	45,710,060	2.7500	2.7500
		Debt Service	40,218,940	0.4200	0.4200	41,988,330	0.4204	0.4200	45,710,060	0.5692	0.4200
	Scott Co R-V School District	Operating Funds-Schools	12,598,660	3.1734	3.1700	12,755,570	3.1993	2.7900	13,284,390	3.1947	3.1947
		Debt Service	12,598,660	0.7200	0.7200	12,755,570	2.1831	1.1000	13,284,390	1.4739	1.1000
	Sikeston R-VI School District	Operating Funds-Schools	187,420,363	3.3983	3.0750	191,695,379	3.4085	3.2500	201,712,308	3.3944	3.2500
		Debt Service	187,420,363	0.1750	0.1750	**	**	**	201,712,308	0.2910	0.1900
	Kelso C-7 School District	Operating Funds-Schools	18,310,150	2.8259	2.8259	18,887,170	2.8328	2.8328	20,485,130	2.8531	2.8531
	Oran R-III School District	Operating Funds-Schools	15,636,810	3.5509	3.3200	16,448,340	3.5800	3.3200	17,299,590	3.5489	3.3200
		Debt Service	15,636,810	0.1800	0.1800	16,448,340	0.8257	0.1800	17,299,590	0.9881	0.1800
	Scott County	General Revenue	348,475,717	0.3760	0.1000	355,903,302	0.3760	0.1000	372,654,339	0.3760	0.1000
		Johnson Grass	348,475,717	0.0100	0.0100	355,903,302	0.0100	0.0100	372,654,339	0.0100	0.0100
		Common Road District	126,554,455	0.2992	0.2992	131,712,326	0.2992	0.2992	139,127,858	0.2992	0.2992
		Health	348,475,717	0.1000	0.1000	355,903,302	0.1000	0.1000	372,654,339	0.1000	0.1000
		Senate Bill 40	348,475,717	0.1000	0.0400	355,903,302	0.1000	0.0400	372,654,339	0.1000	0.0400
Shannon	Shannon County Ambulance District	General Revenue	44,889,618	0.1281	0.1281	45,994,138	0.1281	0.1281	47,582,498	0.1285	0.1285
	City of Birch Tree	General Revenue	3,284,199	0.3883	0.3883	3,215,963	0.3984	0.3984	3,346,724	0.3984	0.3984
	City of Winona	General Revenue	6,031,118	0.0000	0.0000	6,145,200	0.0000	0.0000	6,261,855	0.0000	0.0000
	Timber Community Fire Prot Dist	General Revenue	2,813,600	0.3000	0.3000	2,837,965	0.3000	0.3000	2,993,095	0.3000	0.3000
	Winona R-III School District	Operating Funds-Schools	13,159,112	2.7500	2.7500	13,523,574	2.7500	2.7500	14,047,876	2.7500	2.7500
	Eminence R-I School District	Operating Funds-Schools	15,213,475	2.7500	2.7500	15,621,290	2.7500	2.7500	16,294,930	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Shannon	Eminence R-I School District	Debt Service	15,213,475	0.6900	0.6900	15,621,290	0.6900	0.6900	16,294,930	0.6931	0.6900
		General Revenue	56,968,890	0.3046	0.1100	58,326,416	0.3053	0.1100	60,285,698	0.3066	0.1300
		Road & Bridge	56,968,890	0.2358	0.2358	58,326,416	0.2363	0.2358	60,285,698	0.2373	0.2358
		Health	56,968,890	0.0975	0.0975	58,326,416	0.0977	0.0977	60,285,698	0.0981	0.0977
		Senate Bill 40	56,968,890	0.0975	0.0975	58,326,416	0.0977	0.0975	60,285,698	0.0981	0.0975
		Senior Services	56,968,890	0.0487	0.0487	58,326,416	0.0488	0.0488	60,285,698	0.0490	0.0490
Shelby	Salt River Ambulance District	General Revenue	68,779,151	0.2500	0.2500	68,389,955	0.2500	0.2500	71,244,733	0.2500	0.2500
		General Revenue	18,711,604	0.2200	0.2200	19,044,539	0.2200	0.2200	19,817,317	0.2200	0.2200
	Salt River Nursing Home District	General Revenue	59,910,054	0.1500	0.1500	59,143,104	0.1500	0.1500	61,999,872	0.1500	0.1500
		General Revenue	19,864,524	0.4700	0.4700	19,462,581	0.4700	0.4700	20,218,915	0.4700	0.4700
	Shelbina Special Rd Dist Shelby Co	Road & Bridge	537,512	0.7500	0.7500	500,940	0.7500	0.7500	501,697	0.7500	0.7500
		General Revenue	537,512	0.2500	0.2500	500,940	0.2500	0.2500	501,697	0.2500	0.2500
	City of Clarence	General Revenue	4,617,202	0.9578	0.9578	4,601,347	1.0000	1.0000	4,697,716	1.0000	1.0000
		Library	4,617,202	0.1000	0.1000	4,601,347	0.1000	0.1000	4,697,716	0.1000	0.1000
		Streets	4,617,202	0.2000	0.2000	4,601,347	0.2000	0.2000	4,697,716	0.2000	0.2000
	City of Hunnewell	General Revenue	898,225	0.8683	0.8000	896,583	0.8752	0.8500	921,774	0.8773	0.8500
		General Revenue	534,860	0.5000	0.4600	543,496	0.4999	0.4600	633,773	0.4999	0.4600
	Village of Leonard	General Revenue	15,207,676	0.7877	0.7800	14,863,195	0.8111	0.8100	15,244,698	0.8111	0.8100
		Library	15,207,676	0.2311	0.2200	14,863,195	0.2380	0.2300	15,244,698	0.2380	0.2300
	City of Shelbyville	General Revenue	3,098,841	0.8473	0.8473	3,205,646	0.8488	0.8488	3,344,189	0.8488	0.8488
		Gen Rev-Temp	3,098,841	0.3000	0.3000	3,205,646	0.3000	0.3000	3,344,189	0.3000	0.3000
	Shelbina Fire Protection District	General Revenue	34,212,971	0.2158	0.2158	33,894,479	0.2193	0.2193	35,882,209	0.2193	0.2193
		Operating Funds-Schools	23,647,459	3.9484	3.4900	23,478,719	4.0890	3.5200	24,627,683	4.0938	4.0900
	North Shelby School District	Debt Service	23,647,459	0.3300	0.3300	23,478,719	0.6027	0.3300	24,627,683	0.3459	0.1800
		Operating Funds-Schools	45,896,174	3.3700	3.3700	45,795,112	3.3700	3.3700	47,987,801	3.3700	3.3700
	Shelby Co R-IV School District	Operating Funds-Schools	45,896,174	0.3800	0.3800	45,795,112	0.3800	0.3800	47,987,801	0.3800	0.3800
		Operating Funds-Temp	72,663,804	0.4660	0.3000	72,312,649	0.4757	0.3600	75,312,119	0.4757	0.3300
	Shelby County	General Revenue	50,282,029	0.3500	0.3500	50,331,001	0.3500	0.3500	55,093,177	0.3435	0.3435
		Road & Bridge	72,663,804	0.2500	0.2500	72,312,649	0.2500	0.2500	75,312,119	0.2500	0.2500
		Health	313,280,837	0.2004	0.2004	325,692,889	0.2004	0.2004	342,754,834	0.2004	0.2004
Stoddard	Stoddard County Ambulance District	General Revenue	8,573,857	0.0500	0.0500	9,005,555	0.0500	0.0500	8,254,929	0.0500	0.0500
		Johnson Grass	8,573,857	0.1460	0.1460	9,005,555	0.1460	0.1460	8,254,929	0.1605	0.1605
		Road & Bridge	8,573,857	0.3500	0.3500	9,005,555	0.3500	0.3500	8,254,929	0.3500	0.3500
	Bluff Spec Rd Dist Stoddard Co	Special Road and Bridge	2,762,489	0.0500	0.0500	2,755,411	0.0500	0.0500	2,709,521	0.0500	0.0500
		Johnson Grass	2,762,489	0.2763	0.2763	2,755,411	0.2788	0.2788	2,709,521	0.2857	0.2857
	Crowder Zeta Sp Rd Dist Stoddard Co	Road & Bridge	11,104,805	0.0500	0.0500	11,947,708	0.0500	0.0500	12,834,821	0.0500	0.0500
		Johnson Grass	11,104,805	0.2618	0.2618	11,947,708	0.2618	0.2618	12,834,821	0.2631	0.2631
	Dudley Spec Rd Dist Stoddard Co	Road & Bridge									
		Johnson Grass									

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	Dudley Spec Rd Dist Stoddard Co	Special Road and Bridge	11,104,805	0.2500	0.2500 A	11,947,708	0.2500	0.2500	12,834,821	0.2500	0.2500
	Essex Spec Rd Dist Stoddard Co	Johnson Grass	12,470,285	0.0500	0.0500	12,959,675	0.0500	0.0500	13,257,780	0.0500	0.0500
		Road & Bridge	12,470,285	0.2416	0.2416	12,959,675	0.2416	0.2416	13,257,780	0.2428	0.2428
		Special Road and Bridge	12,470,285	0.3500	0.3500	12,959,675	0.3500	0.3500	13,257,780	0.3500	0.3500 A
	Gray Ridge Spec Rd Dist Stoddard Co	Road & Bridge	7,926,289	0.3079	0.3079	8,163,665	0.3067	0.3067	8,513,868	0.3106	0.3106
	Lavalle Spec Road Dist Stoddard Co	Road & Bridge	2,320,160	0.3500	0.3500	2,343,083	0.3500	0.3500	2,378,478	0.3500	0.3500
	City of Bell City	General Revenue	1,931,386	0.6828	0.6828	1,943,648	0.6828	0.6828	1,994,689	0.6828	0.6828
	City of Bernie	General Revenue	12,231,732	0.4897	0.4897	12,261,601	0.4960	0.4960	12,584,343	0.4960	0.4960
		Parks & Recreation	12,231,732	0.0900	0.0900	12,261,601	0.0900	0.0900	12,584,343	0.0900	0.0900
	City of Bloomfield	General Revenue	9,459,454	0.4804	0.4800	9,659,987	0.4835	0.4835	10,260,573	0.4800	0.4800
		Library	9,459,454	0.1401	0.1400	9,659,987	0.1410	0.1410	10,260,573	0.1400	0.1400
		Debt Service	9,459,454	0.1853	0.1853	9,659,987	0.2652	0.2652	10,260,573	0.2529	0.2529
	City of Dexter	General Revenue	77,232,112	0.4972	0.4972	80,165,837	0.4972	0.4972	86,573,707	0.4972	0.4972
		Library	77,232,112	0.1392	0.1392	80,165,837	0.1392	0.1392	86,573,707	0.1392	0.1392
	City of Dudley	General Revenue	4,279,885	0.5376	0.5376	4,844,477	0.5376	0.5376	6,010,213	0.5376	0.5376
	City of Essex	General Revenue	2,844,126	0.3940	0.3940	2,906,539	0.3940	0.3940	3,102,576	0.3940	0.3940
	City of Puxico	General Revenue	5,531,818	0.4873	0.4873	5,497,786	0.4948	0.4948	5,764,450	0.4948	0.4948
		Parks & Recreation	5,531,818	0.2088	0.2088	5,497,786	0.2120	0.2120	5,764,450	0.2120	0.2120
		Library	5,531,818	0.0696	0.0696	5,497,786	0.0707	0.0707	5,764,450	0.0707	0.0707
		Health	5,531,818	0.0994	0.0994	5,497,786	0.1009	0.1009	5,764,450	0.1009	0.1009
		Cemetery	5,531,818	0.0994	0.0994	5,497,786	0.1009	0.1009	5,764,450	0.1009	0.1009
	Village of Penermon	General Revenue	140,586	0.3990	0.3990	141,199	0.3990	0.3990	151,136	0.3989	0.3989
	Castor Township of Stoddard Co	General Revenue	43,858,391	0.0700	0.0700	45,341,593	0.0700	0.0700	46,760,724	0.0700	0.0700
		Road & Bridge	35,284,534	0.2210	0.2200	36,336,038	0.2210	0.2210	38,505,795	0.2210	0.2210
	Duck Creek Township of Stoddard Co	General Revenue	33,082,827	0.1000	0.1000	34,686,410	0.1000	0.1000	36,800,174	0.1000	0.1000
		Johnson Grass	21,978,022	0.0500	0.0500	34,686,410	0.0376	0.0376	36,800,174	0.0376	0.0376
		Road & Bridge	21,978,022	0.2518	0.2500	22,738,702	0.2518	0.2518	23,965,353	0.2518	0.2518
		Special Road and Bridge	21,978,022	0.3500	0.3500	22,738,702	0.3500	0.3500 A	23,965,353	0.3500	0.3500
	Elk Township of Stoddard Co	General Revenue	11,619,807	0.1000	0.1000	12,093,578	0.1000	0.1000	11,984,637	0.1000	0.1000
		Road & Bridge	9,299,647	0.3102	0.3102	9,750,495	0.3102	0.3102	9,606,159	0.3157	0.3157
		Special Road and Bridge	9,299,647	0.3500	0.3500 A	9,750,495	0.3500	0.3500	9,606,159	0.3500	0.3500
	Liberty Township of Stoddard Co	General Revenue	153,228,687	0.0800	0.0700	158,482,425	0.0800	0.0700	168,766,262	0.0800	0.0800
		Johnson Grass	153,228,687	0.0500	0.0500	158,482,425	0.0500	0.0500	168,766,262	0.0500	0.0500
		Road & Bridge	153,228,687	0.3500	0.0800	158,482,425	0.3500	0.0800	168,766,262	0.3500	0.1000
		Special Road and Bridge	153,228,687	0.3500	0.3500	158,482,425	0.3500	0.3500 A	168,766,262	0.3500	0.3500
	New Lisbon Township of Stoddard Co	General Revenue	8,435,124	0.0809	0.0809	8,889,548	0.0809	0.0809	9,306,725	0.0809	0.0809
		Johnson Grass	8,435,124	0.0500	0.0500	8,889,548	0.0500	0.0500	9,306,725	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	New Lisbon Township of Stoddard Co	Road & Bridge	8,435,124	0.2325	0.2325	8,889,548	0.2325	0.2325	9,306,725	0.2325	0.2325
		Special Road and Bridge	8,435,124	0.3500	0.3500	8,889,548	0.3500	0.3500	9,306,725	0.3500	0.3500
	Pike Township of Stoddard Co	General Revenue	40,989,842	0.0905	0.0905	43,441,394	0.0905	0.0905	45,772,412	0.0905	0.0905
		Johnson Grass	38,227,353	0.0429	0.0429	43,441,394	0.0407	0.0407	45,772,412	0.0407	0.0407
		Road & Bridge	38,227,353	0.2314	0.2314	40,685,983	0.2314	0.2314	43,062,891	0.2314	0.2314
	Richland Township of Stoddard Co	General Revenue	22,066,159	0.0813	0.0813	22,757,943	0.0813	0.0813	23,363,900	0.0820	0.0820
		Road & Bridge	1,669,585	0.3500	0.3500	1,634,603	0.3500	0.3500	1,592,252	0.3500	0.3500
	Richland R-I School District	Operating Funds-Schools	19,148,139	4.0874	3.1000	19,648,482	4.1978	3.5700	20,196,143	4.2400	3.6700
		Debt Service	19,148,139	0.3300	0.3300	19,648,482	0.3464	0.3300	20,196,143	0.3467	0.3300
	Bell City R-II School District	Operating Funds-Schools	17,862,183	3.3409	3.1500	19,258,188	3.3347	3.1500	21,059,112	3.2760	3.1500
	Advance R-IV School District	Operating Funds-Schools	24,373,764	2.7500	2.7500	24,977,540	2.7862	2.7500	26,019,000	2.7500	2.7500
		Debt Service	24,373,764	0.4300	0.4300	24,977,540	0.6190	0.4300	26,019,000	0.6137	0.4300
	Puxico R-VIII School District	Operating Funds-Schools	31,645,954	2.7500	2.7500	63,914,342	2.7500	2.7500	33,676,411	2.7500	2.7500
	Bloomfield R-XIV School District	Operating Funds-Schools	33,665,071	2.7932	2.7500	34,563,120	2.7928	2.7500	35,799,453	2.7956	2.7500
	Dexter R-XI School District	Operating Funds-Schools	130,237,379	2.7500	2.7500	134,412,362	2.7500	2.7500	145,399,817	2.7500	2.7500
		Debt Service	130,237,379	0.5700	0.5700	134,412,362	0.8819	0.5700	145,399,817	0.5913	0.5700
	Bernie R-XIII School District	Operating Funds-Schools	26,853,320	2.8213	2.8213	27,229,774	2.8743	2.8641	27,531,923	2.8740	2.8740
		Debt Service	26,853,320	0.3000	0.3000	27,229,774	0.4183	0.3000	27,531,923	0.5613	0.3000
	Stoddard County	General Revenue	313,280,837	0.2505	0.0000	325,692,889	0.2505	0.0000	342,754,834	0.2505	0.0000
		Johnson Grass	313,280,837	0.0500	0.0000	325,692,889	0.0500	0.0000	342,754,834	0.0500	0.0000
		Health	313,280,837	0.1000	0.1000	325,692,889	0.1000	0.1000	342,754,834	0.1000	0.1000
		Senate Bill 40	313,280,837	0.0802	0.0800	325,692,889	0.0802	0.0800	342,754,834	0.0802	0.0800
Stone	City of Crane	General Revenue	5,771,922	0.5335	0.5335	5,880,614	0.8335	0.8335	6,430,601	0.8022	0.8022
		Parks & Recreation	5,771,922	0.1310	0.1310	5,880,614	0.1316	0.1316	6,430,601	0.1267	0.1267
		Library	5,771,922	0.1310	0.0000	5,880,614	0.1316	0.0000	6,430,601	0.1267	0.0000
		Debt Service	5,771,922	0.3630	0.3630	**	**	**	**	**	**
	City of Galena	General Revenue	2,115,531	0.5174	0.5174	2,241,463	0.5174	0.5174	2,484,842	0.5052	0.5052
	City of Hurley	General Revenue	542,893	0.6434	0.6434	594,351	0.6435	0.6435	625,725	0.6435	0.6435
	City of Kimberling City	General Revenue	32,681,557	0.4553	0.4553	32,251,127	0.4664	0.4664	36,053,319	0.4410	0.4410
	City of Reeds Spring	General Revenue	2,844,915	0.6666	0.6666	3,621,494	0.6666	0.6666	4,183,129	0.6560	0.6560
	Village of McCord Bend	General Revenue	835,820	0.5000	0.5000	852,391	0.5000	0.5000	901,706	0.4966	0.4966
	Stone County Library	General Revenue	351,143,618	0.0702	0.0702	363,424,924	0.0702	0.0702	406,480,802	0.0682	0.0682
	Southern Stone Co Fire Prot Dist	General Revenue	277,887,081	0.2713	0.1900	287,280,622	0.2713	0.0000	323,679,229	0.2620	0.0000
	Hurley Fire Protection District	General Revenue	10,554,286	0.3204	0.3204	10,863,626	0.3243	0.3243	11,875,014	0.3243	0.3243
	North Stone-Northeast Barry FPD	General Revenue	21,491,840	0.2925	0.2925	22,011,048	0.2929	0.2929	23,950,678	0.2924	0.2924
	Hurley R-I School District	Operating Funds-Schools	7,279,065	3.9700	3.9700	7,681,725	3.9700	3.9700	8,340,414	3.9700	3.9700
		Debt Service	7,279,065	0.5802	0.5802	7,681,725	0.5893	0.5802	8,340,414	0.5830	0.5830

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stone	Galena R-II School District	Operating Funds-Schools	20,076,846	3.2142	3.2142	20,499,327	3.2248	3.2248	22,198,339	3.2039	3.2039
		Debt Service	20,076,846	0.5322	0.5322	20,499,327	0.5601	0.5601	22,198,339	0.8755	0.5322
	Crane R-III School District	Operating Funds-Schools	17,783,721	3.1794	3.1794	15,800,517	3.2210	3.2210	20,577,576	3.1521	3.1521
	Reeds Spring R-IV School District	Operating Funds-Schools	214,205,514	2.7500	2.7500	222,510,782	2.9500	2.9500	253,440,359	3.0500	3.0500
		Debt Service	214,205,514	0.7100	0.7100	222,510,782	1.3848	0.7100	253,440,359	1.2315	0.7100
	Blue Eye R-V School District	Operating Funds-Schools	61,102,374	3.1183	3.1000	63,037,466	3.3500	3.2000	69,685,208	3.2602	3.2602
		Debt Service	61,102,374	0.8000	0.8000	63,037,466	1.1222	0.8000	69,685,208	1.3374	0.8000
	Stone County	General Revenue	351,143,618	0.2912	0.1300	363,424,924	0.2912	0.1300	406,480,802	0.2828	0.1300
		Road & Bridge	351,143,618	0.2109	0.0000	363,424,924	0.2109	0.0000	406,480,802	0.2048	0.0000
		Health	351,143,618	0.0803	0.0803	363,424,924	0.0803	0.0803	406,480,802	0.0780	0.0780
		Senior Services	351,143,618	0.0494	0.0494	363,424,924	0.0494	0.0494	406,480,802	0.0480	0.0480
Sullivan	Sullivan County Ambulance District	General Revenue	67,232,594	0.5013	0.5013	66,333,065	0.5013	0.5013	68,712,025	0.5013	0.5000
	Locust Creek Watershed Subdistrict	General Revenue	19,801,267	0.3858	0.3858	20,166,478	0.3858	0.3858	20,555,146	0.3858	0.3858
	Harris Spec Rd Dist Sullivan Co	Road & Bridge	414,639	0.3500	0.3500	427,992	0.3498	0.3498	435,584	0.3497	0.3497
	Milan Special Road Dist Sullivan Co	Road & Bridge	11,195,805	0.2927	0.2927	10,488,392	0.3134	0.3134	11,047,927	0.3171	0.3171
	West Buchanan Road Dist Sullivan Co	Road & Bridge	2,203,297	0.3500	0.3500	2,302,720	0.3500	0.3500	2,493,099	0.3500	0.3500
		Special Road and Bridge	2,203,297	0.3500	0.3500	2,302,720	0.3500	0.3500	2,493,099	0.3500	0.3500
	City of Green Castle	General Revenue	895,784	0.5451	0.5141	879,240	0.5557	0.5557	941,499	0.5557	0.5557
		Debt Service	895,784	1.2802	1.2802	**	**	**	**	**	**
	City of Green City	General Revenue	3,930,268	0.5035	0.5035	3,933,684	0.5039	0.5000	4,044,862	0.5039	0.5000
		Lights	3,930,268	0.1800	0.1800	3,933,684	0.1800	0.1800	4,044,862	0.1800	0.1800
		Fire	3,930,268	0.3064	0.3064	3,933,684	0.3066	0.3000	4,044,862	0.3066	0.3000
	City of Harris	General Revenue	166,485	0.9000	0.9000	151,024	0.9000	0.9000	148,378	0.9000	0.0000
	Village of Humphreys	General Revenue	232,980	0.7500	0.7500	306,312	0.7349	0.7300	232,621	0.7500	0.0100
		Parks & Recreation	232,980	0.5000	0.5000	306,312	0.4902	0.4900	232,621	0.5000	0.0100
		Lights	232,980	1.4524	0.0100	306,312	1.4238	0.0100	232,621	1.5000	0.5000
		Streets	232,980	0.9684	0.0100	306,312	0.9492	0.0100	232,621	1.0000	0.7500
	City of Milan	General Revenue	11,135,554	0.6807	0.6800	10,376,507	0.7329	0.6800	10,963,442	0.7417	0.6800
		Park	11,135,554	0.1000	0.1000	10,376,507	0.1000	0.1000	10,963,442	0.1000	0.1000
		Recreation	11,135,554	0.0500	0.0500	10,376,507	0.0500	0.0500	10,963,442	0.0500	0.0500
	Village of Newtown	General Revenue	689,551	2.4475	1.7320	685,206	2.4667	1.9120	667,946	1.0000	1.0000
		Debt Service	689,551	0.3843	0.3843	685,206	0.2036	0.2036	667,946	0.4342	0.4342
	Village of Osgood	General Revenue	95,336	1.2453	1.2300	95,672	1.2449	1.2300	116,493	1.0000	1.0000
		General Revenue-temp	95,336	0.3000	0.3000	95,672	0.3000	0.3000	116,493	0.3000	0.3000
	Sullivan County Library	General Revenue	67,232,594	0.1000	0.1000	66,333,065	0.1000	0.1000	68,712,025	0.1000	0.1000
	Bowman Township of Sullivan Co	General Revenue	5,474,113	0.1000	0.1000	5,463,877	0.1000	0.1000	5,589,173	0.1000	0.1000
		Road & Bridge	5,474,113	0.5000	0.5000	5,463,877	0.5000	0.5000	5,589,173	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Bowman Township of Sullivan Co	Special Road and Bridge	5,474,113	0.3500	0.3500	5,463,877	0.3500	0.3500	5,589,173	0.3500	0.3500 A
	Buchanan Township of Sullivan Co	General Revenue	3,282,695	0.1000	0.1000	3,422,874	0.1000	0.1000	3,662,985	0.1000	0.1000
		Road & Bridge	3,282,695	0.5000	0.5000	3,422,874	0.5000	0.5000	3,662,985	0.5000	0.5000
		Special Road and Bridge	3,282,695	0.3500	0.3500	3,422,874	0.3500	0.3500	3,662,985	0.3500	0.3500 A
	Clay Township of Sullivan Co	General Revenue	4,985,465	0.1000	0.1000	5,194,377	0.0983	0.0983	5,072,018	0.1000	0.1000
		Road & Bridge	4,985,465	0.5000	0.5000	5,194,377	0.4917	0.4917	5,072,018	0.5000	0.5000
		Special Road and Bridge	4,985,465	0.3500	0.3500 A	5,194,377	0.3442	0.3442	5,072,018	0.3500	0.3500
	Duncan Township of Sullivan Co	General Revenue	3,339,730	0.1000	0.1000	3,280,773	0.1000	0.1000	3,414,441	0.1000	0.1000
		Road & Bridge	3,339,730	0.4922	0.4760	3,280,773	0.5000	0.5000	3,414,441	0.5000	0.5000
		Special Road and Bridge	3,339,730	0.3500	0.3500 A	3,280,773	0.3500	0.3500	3,414,441	0.3500	0.3500
	Jackson Township of Sullivan Co	General Revenue	4,060,793	0.1000	0.1000	4,099,122	0.1000	0.1000	4,237,520	0.1000	0.1000
		Road & Bridge	4,060,793	0.4780	0.4780	4,099,122	0.4780	0.4780	4,237,520	0.4780	0.4780
		Special Road and Bridge	4,060,793	0.3500	0.3500	4,099,122	0.3500	0.3500	4,237,520	0.3500	0.3500 A
	Liberty Township of Sullivan Co	General Revenue	2,684,877	0.1000	0.1000	2,665,152	0.1000	0.1000	2,815,590	0.1000	0.1000
		Road & Bridge	2,684,877	0.5000	0.5000	2,665,152	0.5000	0.5000	2,815,590	0.5000	0.5000
		Special Road and Bridge	2,684,877	0.3500	0.3500	2,665,152	0.3500	0.3500 A	2,815,590	0.3500	0.3500
	Morris Township of Sullivan Co	General Revenue	2,332,440	0.1000	0.1000	2,447,850	0.1000	0.1000	2,503,664	0.1000	0.1000
		Road & Bridge	2,332,440	0.5000	0.5000	2,447,850	0.5000	0.5000	2,503,664	0.5000	0.5000
		Special Road and Bridge	2,332,440	0.3500	0.3500	2,447,850	0.3500	0.3500	2,503,664	0.3500	0.3500 A
	Penn Township of Sullivan Co	General Revenue	9,255,217	0.1000	0.1000	9,354,918	0.1000	0.1000	9,826,212	0.1000	0.1000
		Road & Bridge	9,255,217	0.3958	0.3958	9,354,918	0.5000	0.5000	9,826,212	0.5000	0.5000
	Pleasant Hill Township, Sullivan Co	General Revenue	3,544,949	0.1000	0.1000	3,548,216	0.1000	0.1000	3,588,020	0.1000	0.1000
		Road & Bridge	3,544,949	0.5000	0.5000	3,548,216	0.5000	0.5000	3,588,020	0.5000	0.5000
		Special Road and Bridge	3,544,949	0.3500	0.3500 A	3,548,216	0.3500	0.3500	3,588,020	0.3500	0.3500
	Polk Township of Sullivan Co	General Revenue	23,086,565	0.1000	0.1000	21,377,976	0.1000	0.1000	22,132,576	0.1000	0.1000
		Road & Bridge	23,086,565	0.5000	0.5000	21,377,976	0.5000	0.5000	22,132,576	0.5000	0.5000
		Special Road and Bridge	23,086,565	0.3500	0.3500	21,377,976	0.3500	0.3500 A	22,132,576	0.3500	0.3500
	Taylor Township of Sullivan Co	General Revenue	1,482,161	0.1000	0.1000	1,481,610	0.1000	0.1000	1,612,877	0.1000	0.1000
		Road & Bridge	1,482,161	0.5000	0.5000	1,481,610	0.5000	0.5000	1,612,877	0.5000	0.5000
		Special Road and Bridge	1,482,161	0.3500	0.3500 A	1,481,610	0.3500	0.3500	1,612,877	0.3500	0.3500
	Union Township of Sullivan Co	General Revenue	3,717,965	0.1000	0.1000	3,928,929	0.1000	0.1000	4,162,587	0.1000	0.1000
		Road & Bridge	3,717,965	0.5000	0.5000	3,928,929	0.5000	0.5000	4,162,587	0.5000	0.5000
		Special Road and Bridge	3,717,965	0.3500	0.3500 A	3,928,929	0.3500	0.3500	4,162,587	0.3500	0.3500
	Medicine Creek Fire Protection Dist	General Revenue	20,394,335	0.3000	0.3000	20,488,403	0.3000	0.3000	21,607,669	0.3000	0.3000
	Galt Fire Protection District	General Revenue	11,513,227	0.3000	0.3000	11,431,909	0.3000	0.3000	11,391,565	0.3000	0.3000
	Green City R-I School District	Operating Funds-Schools	16,709,072	4.4626	3.8209	17,109,277	4.4969	3.8412	17,996,087	4.4603	3.7632
		Debt Service	16,709,072	0.5800	0.5800	17,109,277	0.9568	0.5800	17,996,087	0.8151	0.5800

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Milan C-2 School District	Operating Funds-Schools	33,123,592	3.6841	3.1000	31,349,876	3.7400	3.3500	32,450,122	3.7400	3.7400
	Newtown-Harris R-III School Dist	Operating Funds-Schools	8,948,912	6.7267	5.0000	9,149,667	6.7206	5.0000	9,542,580	6.7015	5.0000
	Sullivan County	General Revenue	67,232,594	0.4000	0.2575	66,333,065	0.4000	0.2707	68,712,025	0.4000	0.2312
		Health	67,232,594	0.2504	0.2504	66,333,065	0.2504	0.2504	68,712,025	0.2504	0.2504
		Hospital	67,232,594	0.4300	0.4300	66,333,065	0.4300	0.4300	68,712,025	0.4300	0.4300
Taney	Taney County Ambulance District	General Revenue	683,264,086	0.2009	0.0000	703,019,206	0.2014	0.0000	738,690,163	0.2014	0.0000
	City of Branson	General Revenue	346,522,817	0.4853	0.4851	362,056,586	0.4853	0.4853	378,311,049	0.4853	0.4853
	City of Forsyth	General Revenue	17,979,655	0.5344	0.5344	19,136,770	0.5344	0.5344	19,883,949	0.5336	0.5336
		Debt Service	17,979,655	0.3500	0.3500	19,136,770	0.4816	0.3500	19,883,949	0.4600	0.3500
	City of Hollister	General Revenue	35,016,215	0.5496	0.5400	35,213,693	0.5677	0.5677	36,240,256	0.5677	0.5677
		Debt Service	35,016,215	0.1800	0.1800	35,213,693	0.1285	0.1285	36,240,256	0.6961	0.1285
	City of Rockaway Beach	General Revenue	5,243,976	0.6837	0.6837	5,129,360	0.6857	0.6857	5,111,575	0.6923	0.6923
		Debt Service	5,243,976	0.6696	0.6696	5,129,360	0.9928	0.9928	5,111,575	0.5801	0.5801
	Village of Merriam Woods	General Revenue	5,298,320	0.4974	0.4974	5,197,198	0.5000	0.5000	5,346,867	0.5000	0.5000
		Debt Service	5,298,320	0.4730	0.4730	5,197,198	0.2703	0.2703	5,346,867	0.1942	0.1942
	Village of Bull Creek	General Revenue	418,100	0.5000	0.4945	469,107	0.5000	0.4945	472,879	0.5000	0.4945
	Western Taney Co Fire Prot Dist	General Revenue	211,010,919	0.3896	0.3896	213,112,281	0.3900	0.3900	227,942,830	0.3900	0.3900
	Central Taney County Fire Prot Dist	General Revenue	53,781,509	0.4100	0.4100	55,142,520	0.4100	0.4100	57,684,868	0.4100	0.4100
	Cedar Creek Fire Protection Dist	General Revenue	**	**	**	**	**	**	3,866,414	0.3000	0.3000 A
	Protem Fire Protection District	General Revenue	**	**	**	**	**	**	5,291,706	0.3000	0.3000 A
	Bradleyville R-I School District	Operating Funds-Schools	6,060,607	3.6124	3.4000	6,289,995	3.9124	3.7000 B	6,630,217	3.9124	3.7000
		Debt Service	6,060,607	0.3000	0.3000	**	**	**	**	**	**
	Taneyville R-II School District	Operating Funds-Schools	7,643,129	3.3429	3.3429	7,854,155	3.3208	3.3208	8,256,912	3.3384	3.3384
		Debt Service	7,643,129	0.8273	0.8273	7,854,155	1.1688	0.8494	8,256,912	0.8940	0.8318
	Forsyth R-III School District	Operating Funds-Schools	55,779,688	2.7500	2.7500	56,934,739	3.3200	3.3200 B	59,456,035	3.3207	3.3207
		Debt Service	55,779,688	0.6700	0.6700	56,934,739	0.6700	0.4200	59,456,035	0.7253	0.4200
	Branson R-IV School District	Operating Funds-Schools	463,938,621	2.7500	2.7500	474,373,969	2.7500	2.7500	497,140,209	2.7500	2.7500
		Debt Service	463,938,621	0.7000	0.7000	474,373,969	0.8214	0.7000	497,140,209	0.9862	0.7000
	Hollister R-V School District	Operating Funds-Schools	96,513,201	3.6616	3.3900	104,156,729	3.6626	3.4400	112,684,049	3.6618	3.6604
		Debt Service	96,513,201	0.8500	0.8500	104,156,729	0.8075	0.8000	112,684,049	0.5796	0.5796
	Kirbyville R-VI School District	Operating Funds-Schools	24,771,711	3.0662	3.0662	25,646,649	3.3725	3.3725 B	26,306,206	3.3824	3.3824
		Debt Service	24,771,711	0.9000	0.9000	25,646,649	1.4445	0.9000	26,306,206	1.5460	0.9000
	Mark Twain R-VIII School District	Operating Funds-Schools	4,626,082	3.1337	3.1323	4,965,926	3.5013	3.5000 B	5,296,046	3.5013	3.5000
	Taney County	General Revenue	683,264,086	0.2611	0.0000	703,019,206	0.2618	0.0000	738,690,163	0.2618	0.0000
		Road & Bridge	683,264,086	0.2009	0.0000	703,019,206	0.2014	0.0000	738,690,163	0.2014	0.0000
		Health	683,264,086	0.1404	0.1404	703,019,206	0.1404	0.1404	738,690,163	0.1404	0.1404
		Developmentally Disabled	683,264,086	0.0904	0.0904	703,019,206	0.0906	0.0904	738,690,163	0.0906	0.0906

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Texas	City of Cabool	General Revenue	14,140,472	0.7506	0.7506	14,123,535	0.7542	0.7542	14,950,064	0.7468	0.7468
	City of Houston	General Revenue	17,456,752	0.3409	0.3409	17,856,675	0.3409	0.3409	18,482,996	0.3409	0.3409
		Debt Service	17,456,752	0.2881	0.2881	17,856,675	0.3526	0.3526	18,482,996	0.3117	0.3117
	City of Licking	General Revenue	9,092,111	0.4198	0.4198	8,561,939	0.4489	0.4489	9,340,046	0.4424	0.4424
		Debt Service	9,092,111	0.1716	0.1716	8,561,939	0.2815	0.2311	9,340,046	0.2677	0.2677
	Village of Raymondville	General Revenue	1,686,042	0.3543	0.3543	1,667,947	0.3582	0.3582	1,803,089	0.3582	0.3582
	City of Summersville	General Revenue	2,340,659	0.6365	0.6365	2,491,170	0.6365	0.6365	2,697,853	0.6289	0.6289
		Debt Service	2,340,659	0.9225	0.9225	2,491,170	0.8869	0.8869	2,697,853	0.8374	0.8374
	Texas County Library District	General Revenue	146,654,992	0.1000	0.1000	146,875,074	0.1000	0.1000	158,183,821	0.1000	0.1000
	Boone Township of Texas Co	General Revenue	1,442,156	0.1000	0.0750	1,505,357	0.1000	0.0750	1,565,272	0.1000	0.0750
		Road & Bridge	1,442,156	0.2835	0.2469	1,505,357	0.2835	0.2469	1,565,272	0.2835	0.2469
	Burdine Township of Texas Co	General Revenue	22,911,874	0.0913	0.0913	22,575,871	0.0932	0.0932	24,301,063	0.0928	0.0928
		Road & Bridge	22,911,874	0.3045	0.3045	22,575,871	0.3108	0.3108	24,301,063	0.3096	0.3096
	Carroll Township of Texas Co	General Revenue	5,886,461	0.0991	0.0991	5,860,278	0.1000	0.1000	6,491,304	0.1000	0.1000
		Road & Bridge	5,886,461	0.3448	0.3448	5,860,278	0.3530	0.3530	6,491,304	0.3530	0.3530
	Cass Township of Texas Co	General Revenue	7,434,231	0.1000	0.1000	7,491,884	0.1000	0.1000	8,083,046	0.1000	0.1000
		Road & Bridge	7,434,231	0.3336	0.3336	7,491,884	0.3352	0.3352	8,083,046	0.3352	0.3352
	Clinton Township of Texas Co	General Revenue	11,341,548	0.1000	0.1000	11,014,121	0.1000	0.1000	11,833,165	0.1000	0.1000
		Road & Bridge	11,341,548	0.5000	0.5000	11,014,121	0.5000	0.5000	11,833,165	0.5000	0.5000
	Current Township of Texas Co	General Revenue	1,524,528	0.0956	0.0956	1,466,459	0.0994	0.0994	1,523,546	0.0994	0.0994
		Road & Bridge	1,524,528	0.2903	0.2903	1,466,459	0.3018	0.3018	1,523,546	0.3018	0.3018
	Date Township of Texas Co	General Revenue	2,902,161	0.0892	0.0892	2,820,771	0.0920	0.0920	2,953,007	0.0920	0.0920
		Road & Bridge	2,902,161	0.2777	0.2777	2,820,771	0.2864	0.2864	2,953,007	0.2864	0.2864
	Jackson Township of Texas Co	General Revenue	6,640,605	0.1000	0.1000	6,609,392	0.1000	0.1000	7,119,666	0.1000	0.1000
		Road & Bridge	6,640,605	0.3553	0.3553	6,609,392	0.3598	0.3598	7,119,666	0.3598	0.3598
	Lynch Township of Texas Co	General Revenue	7,765,792	0.1000	0.1000	7,974,071	0.1000	0.1000	8,502,325	0.0999	0.0999
		Road & Bridge	7,765,792	0.3058	0.3058	7,974,071	0.3058	0.3058	8,502,325	0.3054	0.3054
	Morris Township of Texas Co	General Revenue	5,436,210	0.1000	0.1000	5,385,710	0.1000	0.1000	5,799,369	0.1000	0.1000
		Road & Bridge	5,436,210	0.3193	0.3193	5,385,710	0.3237	0.3237	5,799,369	0.3237	0.3237
	Ozark Township of Texas Co	General Revenue	3,294,396	0.1000	0.1000	3,372,648	0.1000	0.1000	3,577,102	0.1000	0.1000
		Road & Bridge	3,294,396	0.3431	0.3431	3,372,648	0.3460	0.3460	3,577,102	0.3460	0.3460
	Pierce Township of Texas Co	General Revenue	2,943,377	0.0981	0.0981	2,881,420	0.1000	0.1000	2,992,047	0.1000	0.1000
		Road & Bridge	2,943,377	0.3167	0.3167	2,881,420	0.3257	0.3257	2,992,047	0.3257	0.3257
	Piney Township of Texas Co	General Revenue	31,816,391	0.1000	0.1000	32,775,637	0.1000	0.1000	34,426,740	0.1000	0.1000
		Road & Bridge	31,816,391	0.3116	0.3116	32,775,637	0.3116	0.3116	34,426,740	0.3116	0.3116
	Roubidoux Township of Texas Co	General Revenue	8,694,331	0.1000	0.1000	8,959,290	0.1000	0.1000	10,267,247	0.0978	0.0978
		Road & Bridge	8,694,331	0.2987	0.2987	8,959,290	0.2987	0.2987	10,267,247	0.2921	0.2921

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Texas	Sargent Township of Texas Co	General Revenue	2,357,393	0.0700	0.0700	2,383,910	0.0700	0.0700	2,465,473	0.0700	0.0700
		Road & Bridge	2,357,393	0.2800	0.2800	2,383,910	0.2800	0.2800	2,465,473	0.2800	0.2800
	Sherrill Township of Texas Co	General Revenue	20,459,017	0.1000	0.1000	20,066,198	0.1000	0.1000	22,054,381	0.0991	0.0991
		Road & Bridge	20,459,017	0.3437	0.3437	20,066,198	0.3528	0.3528	22,054,381	0.3497	0.3497
	Upton Township of Texas Co	General Revenue	4,173,084	0.1000	0.1000	4,292,234	0.1000	0.1000	4,592,057	0.1000	0.1000
		Road & Bridge	4,173,084	0.3094	0.3094	4,292,234	0.3099	0.3099	4,592,057	0.3099	0.3099
	Success R-VI School District	Operating Funds-Schools	5,287,015	2.7500	2.7500	5,358,090	2.7500	2.7500	5,737,297	2.7500	2.7500
	Houston R-I School District	Operating Funds-Schools	38,166,265	2.8383	2.8383	39,272,363	2.8484	2.8484	41,438,440	2.8589	2.8589
		Debt Service	38,166,265	0.7929	0.7929	39,272,363	0.5568	0.5568	41,438,440	0.7851	0.6800
	Summersville R-II School District	Operating Funds-Schools	18,281,443	3.0000	3.0000	18,781,045	3.0000	3.0000	20,120,618	3.0000	3.0000
	Licking R-VIII School District	Operating Funds-Schools	25,198,863	2.7500	2.7500	25,028,295	2.7500	2.7500	27,460,797	2.7500	2.7500
	Cabool R-IV School District	Operating Funds-Schools	32,715,944	2.7500	2.7500	32,552,691	2.7500	2.7500	35,294,781	2.6472	2.6472
		Operating Schools - Temp	**	**	**	**	**	**	35,294,781	0.5628	0.5628 A
	Plato R-V School District	Operating Funds-Schools	18,727,676	2.9580	2.9580	19,089,427	2.9535	2.9535	21,343,394	2.9414	2.9414
	Raymondville R-VII School District	Operating Funds-Schools	5,900,471	3.1290	2.9500	5,950,827	3.1339	2.9500	6,428,747	3.1411	2.9500
		Debt Service	5,900,471	0.7200	0.7200	5,950,827	1.2141	0.7200	6,428,747	1.1239	0.7200
	Texas County	General Revenue	146,654,992	0.2753	0.0000	146,875,074	0.2776	0.0000	158,183,821	0.2776	0.0000
		Health	146,654,992	0.1000	0.1000	146,875,074	0.1000	0.1000	158,183,821	0.1000	0.1000
		Senate Bill 40	146,654,992	0.1000	0.1000	146,875,074	0.1000	0.1000	158,183,821	0.1000	0.1000
Vernon	Vernon County Ambulance District	General Revenue	201,566,512	0.1455	0.1455	200,971,351	0.1474	0.1455	204,709,781	0.1500	0.1500
	City of Bronaugh	General Revenue	940,360	0.1248	0.1200	908,060	0.1330	0.1300	935,453	0.1330	0.1300
		Streets	940,360	0.2809	0.2700	908,060	0.2993	0.2700	935,453	0.2994	0.2700
	Village of Deerfield	General Revenue	457,816	0.3500	0.3500	446,759	0.3500	0.3500	419,672	0.3500	0.3500
	Village of Harwood	General Revenue	263,245	0.9710	0.9710	261,750	0.9939	0.9710	267,434	1.0000	0.9939
	City of Metz	General Revenue	447,143	0.5608	0.5608	449,157	0.5610	0.5608	407,098	0.6000	0.5608
	Village of Milo	General Revenue	242,776	0.7500	0.7500	249,460	0.7500	0.7500	265,162	0.7499	0.7499
	Village of Moundville	General Revenue	518,304	0.3853	0.3853	526,697	0.3935	0.3935	534,667	0.4079	0.4079
		Parks & Recreation	518,304	0.2000	0.2000	526,697	0.2000	0.2000	534,667	0.2000	0.2000
	City of Nevada	General Revenue	88,173,555	0.5875	0.5433	87,782,345	0.5963	0.5400	85,156,348	0.6533	0.5350
		Parks & Recreation	88,173,555	0.1921	0.0000	87,782,345	0.1950	0.0000	85,156,348	0.1988	0.0000
		Library	88,173,555	0.1921	0.1921	87,782,345	0.1950	0.1950	85,156,348	0.1988	0.1988
	City of Richards	General Revenue	370,002	0.5000	0.3900	368,482	0.5000	0.3900	361,108	0.5000	0.3900
		Streets	370,002	0.2500	0.2000	368,482	0.2500	0.2000	361,108	0.2500	0.2000
	City of Schell City	General Revenue	1,061,846	0.6720	0.6720	994,954	0.7249	0.7249	967,072	0.7682	0.7682
	City of Sheldon	General Revenue	2,276,099	0.5201	0.5201	2,276,187	0.5294	0.5294	2,347,043	0.5294	0.5294
		Streets	2,276,099	0.1666	0.1666	2,276,187	0.1696	0.1696	2,347,043	0.1696	0.1696
	Village of Stotesbury	General Revenue	41,376	0.3500	0.3500	40,640	0.3500	0.3500	38,819	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Village of Statesbury	Lights	41,376	0.1000	0.1000	40,640	0.1000	0.1000	38,819	0.1000	0.1000
		Streets	41,376	0.0500	0.0500	40,640	0.0500	0.0500	38,819	0.0500	0.0500
	City of Walker	General Revenue	1,500,957	0.4614	0.4614	1,337,802	0.5182	0.4614	1,328,014	0.5264	0.5264
		Lights	1,500,957	0.0493	0.0493	1,337,802	0.0500	0.0493	1,328,014	0.0500	0.0500
		Streets	1,500,957	0.1180	0.1180	1,337,802	0.1325	0.1180	1,328,014	0.1346	0.1346
	Bacon Township of Vernon Co	General Revenue	4,556,778	0.0993	0.0993	4,444,656	0.1000	0.1000	4,528,488	0.1000	0.1000
		Road & Bridge	4,556,778	0.3607	0.3607	4,444,656	0.3733	0.3733	4,528,488	0.3809	0.3809
		Special Road and Bridge	4,556,778	0.1700	0.1700 A	4,444,656	0.1700	0.1700	4,528,488	0.1700	0.1700 A
	Badger Township of Vernon Co	General Revenue	4,218,760	0.0933	0.0916	4,228,503	0.0950	0.0950	4,574,064	0.0950	0.0950
		Road & Bridge	4,218,760	0.3421	0.3358	4,228,503	0.3484	0.3484	4,574,064	0.3484	0.3484
		Special Road and Bridge	4,218,760	0.3400	0.3400	4,228,503	0.3400	0.3400	4,574,064	0.3400	0.3400 A
	Blue Mound Township of Vernon Co	General Revenue	3,216,188	0.0979	0.0979	3,155,893	0.1000	0.0979	3,416,684	0.1000	0.1000
		Road & Bridge	3,216,188	0.2545	0.2545	3,155,893	0.2610	0.2545	3,416,684	0.2610	0.2610
		Special Road and Bridge	3,216,188	0.1860	0.1860	3,155,893	0.1900	0.1860	3,416,684	0.1860	0.1860 A
	Center Township of Vernon Co	General Revenue	103,584,793	0.0964	0.0964	103,569,341	0.0975	0.0975	102,549,010	0.0997	0.1020 C
		Road & Bridge	103,584,793	0.2999	0.2999	103,569,341	0.3034	0.3034	102,549,010	0.3283	0.3523 C
	Clear Creek Township of Vernon Co	General Revenue	4,848,846	0.0908	0.0908	4,557,639	0.0982	0.0820	4,738,794	0.0989	0.0989
		Road & Bridge	4,848,846	0.3229	0.3229	4,557,639	0.3493	0.3493	4,738,794	0.3518	0.3518
	Coal Township of Vernon Co	General Revenue	3,259,150	0.1000	0.1000	3,321,949	0.1000	0.1000	3,454,162	0.1000	0.1000
		Road & Bridge	3,259,150	0.3500	0.3500	3,321,949	0.3500	0.3500	3,454,162	0.3500	0.3500
	Deerfield Township of Vernon Co	General Revenue	7,676,789	0.0925	0.0925	7,863,280	0.0925	0.0925	8,077,004	0.0925	0.0925
		Road & Bridge	7,676,789	0.3500	0.3500	7,863,280	0.3500	0.3500	8,077,004	0.3500	0.3500
		Special Road and Bridge	7,676,789	0.3500	0.3500	7,863,280	0.3500	0.3500	8,077,004	0.3500	0.3500 A
	Dover Township of Vernon Co	General Revenue	4,113,066	0.0996	0.0996	4,306,989	0.0996	0.0996	4,706,282	0.0996	0.0996
		Road & Bridge	4,113,066	0.3487	0.3487	4,306,989	0.3487	0.3487	4,706,282	0.3487	0.3487
		Special Road and Bridge	4,113,066	0.3487	0.3487	4,306,989	0.3487	0.3487	4,706,282	0.3487	0.3487
	Drywood Township of Vernon Co	General Revenue	9,225,577	0.0999	0.0999	9,036,105	0.1000	0.1000	9,389,356	0.1000	0.1000
		Road & Bridge	9,225,577	0.2769	0.2769	9,036,105	0.2860	0.2860	9,389,356	0.2860	0.2860
		Special Road and Bridge	9,225,577	0.2400	0.2400 A	9,036,105	0.2400	0.2400	9,389,356	0.2400	0.2400
	Harrison Township of Vernon Co	General Revenue	3,647,767	0.1000	0.1000	3,755,852	0.1000	0.1000	3,964,943	0.1000	0.1000
		Road & Bridge	3,647,767	0.3500	0.3500	3,755,852	0.3500	0.3500	3,964,943	0.3500	0.3500
		Special Road and Bridge	3,647,767	0.3500	0.3500	3,755,852	0.3500	0.3500	3,964,943	0.3500	0.3500 A
	Henry Township of Vernon Co	General Revenue	3,143,558	0.1000	0.1000	3,206,787	0.1000	0.1000	3,409,134	0.1000	0.1000
		Road & Bridge	3,143,558	0.3500	0.3500	3,206,787	0.3500	0.3500	3,409,134	0.3500	0.3500
		Special Road and Bridge	3,143,558	0.3500	0.3500	3,206,787	0.3500	0.3500	3,409,134	0.3500	0.3500 A
	Lake Township of Vernon Co	General Revenue	2,440,327	0.1000	0.1000	2,420,553	0.1000	0.1000	2,593,427	0.1000	0.1000
		Road & Bridge	2,440,327	0.5000	0.5000	2,420,553	0.5000	0.5000	2,593,427	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Lake Township of Vernon Co	Special Road and Bridge	2,440,327	0.3500	0.3500 A	2,420,553	0.3500	0.3500	2,593,427	0.3500	0.3500 A
	Metz Township of Vernon Co	General Revenue	3,682,848	0.0991	0.0991	3,676,015	0.1000	0.1000	3,703,306	0.1000	0.1000
		Road & Bridge	3,682,848	0.3220	0.3220	3,676,015	0.3250	0.3250	3,703,306	0.3277	0.3277
		Special Road and Bridge	3,682,848	0.3500	0.3500 A	3,676,015	0.3500	0.3500	3,703,306	0.3500	0.3500
	Montevallo Township of Vernon Co	General Revenue	3,575,682	0.1000	0.1000	3,645,068	0.1000	0.1000	4,247,200	0.1000	0.1000
		Road & Bridge	3,575,682	0.3500	0.3500	3,645,068	0.3500	0.3500	4,247,200	0.3500	0.3500
		Special Road and Bridge	3,575,682	0.2500	0.2500 A	3,645,068	0.2500	0.2500	4,247,200	0.2500	0.2500 A
	Moundville Township of Vernon Co	General Revenue	5,634,750	0.1000	0.1000	5,658,453	0.1000	0.1000	5,879,659	0.1000	0.1000
		Road & Bridge	5,634,750	0.3490	0.3490	5,658,453	0.3500	0.3500	5,879,659	0.3500	0.3500
		Special Road and Bridge	5,634,750	0.2400	0.2400	5,658,453	0.2400	0.2400	5,879,659	0.2400	0.2400 A
	Osage Township of Vernon Co	General Revenue	4,035,148	0.0989	0.0989	3,749,821	0.1000	0.1000	3,760,943	0.1000	0.1000
		Road & Bridge	4,035,148	0.3461	0.3461	3,749,821	0.3500	0.3461	3,760,943	0.3500	0.3500
		Special Road and Bridge	4,035,148	0.2472	0.2472	3,749,821	0.2500	0.2500 A	3,760,943	0.2500	0.2500
	Richland Township of Vernon Co	General Revenue	2,645,391	0.1000	0.1000	2,764,442	0.1000	0.1000	2,762,374	0.1000	0.1000
		Road & Bridge	2,645,391	0.3500	0.3500	2,764,442	0.3500	0.3500	2,762,374	0.3500	0.3500
		Special Road and Bridge	2,645,391	0.3500	0.3500	2,764,442	0.3500	0.3500	2,762,374	0.3500	0.3500 A
	Virgil Township of Vernon Co	General Revenue	3,172,475	0.0808	0.0808	3,209,026	0.0809	0.0809	3,530,186	0.0809	0.0809
		Road & Bridge	3,172,475	0.2929	0.2929	3,209,026	0.2934	0.2934	3,530,186	0.2934	0.2934
	Walker Township of Vernon Co	General Revenue	5,519,688	0.0921	0.0921	5,168,742	0.0985	0.0985	5,257,935	0.0987	0.0987
		Road & Bridge	5,519,688	0.3067	0.3067	5,168,742	0.3280	0.3280	5,257,935	0.3285	0.3285
		Special Road and Bridge	5,519,688	0.3461	0.3461	5,168,742	0.3500	0.3500	5,257,935	0.3500	0.3500 A
	Washington Township of Vernon Co	General Revenue	19,368,931	0.1000	0.1000	19,232,237	0.1000	0.1000	20,166,830	0.1000	0.1000
		Road & Bridge	19,368,931	0.3500	0.3500	19,232,237	0.3500	0.3500	20,166,830	0.3500	0.3500
		Special Road and Bridge	19,368,931	0.3000	0.3000	19,232,237	0.3000	0.3000	20,166,830	0.3000	0.3000 A
	Nevada R-V School District	Operating Funds-Schools	142,085,118	3.1729	3.1700	142,824,480	3.1847	3.1800	144,982,406	3.4041	3.4202 C
		Operating Funds-Temp	142,085,118	0.1400	0.1400	142,824,480	0.1400	0.1400	144,982,406	0.1398	0.1398
		Debt Service	142,085,118	0.1600	0.1600	142,824,480	0.2091	0.1500	144,982,406	0.1973	0.0100
	Bronaugh R-VII School District	Operating Funds-Schools	9,989,592	3.5478	3.5478	10,130,724	3.5350	3.5350	10,752,378	3.5705	3.5705
		Debt Service	9,989,592	0.0310	0.0310	**	**	**	**	**	**
	Sheldon R-VIII School District	Operating Funds-Schools	8,466,278	4.1272	3.2800	8,524,987	4.1526	3.2800	9,482,992	4.1821	3.4300
		Debt Service	8,466,278	0.3900	0.3900	8,524,987	0.8683	0.6400	9,482,992	0.9079	0.4900
	Northeast Vernon County R-I	Operating Funds-Schools	14,285,419	4.0920	3.3500	14,095,895	4.1856	3.3500	15,024,269	4.1897	3.4500
	Vernon County	General Revenue	201,566,512	0.3430	0.1633	200,971,351	0.3474	0.1281	204,709,781	0.3620	0.0995
		Health	201,566,512	0.1000	0.1000	200,971,351	0.1000	0.1000	204,709,781	0.1000	0.1000
Warren	Marthasville Community Amb Dist	General Revenue	67,545,317	0.1564	0.1564	68,417,504	0.1583	0.1583	76,168,515	0.1543	0.1543
		Ambulance	67,545,317	0.1368	0.1368	68,417,504	0.1385	0.1385	76,168,515	0.1350	0.1350
	Warren County Ambulance District	General Revenue	291,523,456	0.3475	0.3475	300,610,256	0.3480	0.3480	346,899,870	0.3328	0.3328

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Warren	City of Marthasville	General Revenue	7,836,437	0.5669	0.5669	8,139,492	0.5669	0.5669	9,907,005	0.5379	0.5379
		Lights	7,836,437	0.1293	0.1293	8,139,492	0.1293	0.1293	9,907,005	0.1227	0.1227
	City of Truesdale	General Revenue	13,776,883	0.5203	0.5203	10,565,800	0.6876	0.6876	12,281,047	0.6701	0.6701
		Debt Service	13,776,883	0.1980	0.1980	10,565,800	0.1934	0.1934	12,281,047	0.0686	0.0686
	City of Warrenton	General Revenue	67,528,027	0.2690	0.2690	69,664,353	0.2690	0.2690	82,613,526	0.2592	0.2592
		Parks & Recreation	67,528,027	0.1594	0.1594	69,664,353	0.1594	0.1594	82,613,526	0.1536	0.1536
	City of Wright City	General Revenue	23,932,827	0.5192	0.5192	26,430,642	0.5197	0.5197	31,990,265	0.4937	0.4937
		Parks & Recreation	23,932,827	0.0964	0.0964	26,430,642	0.0965	0.0965	31,990,265	0.0917	0.0917
		Lights	23,932,827	0.1927	0.1927	26,430,642	0.1929	0.1929	31,990,265	0.1833	0.1833
		Debt Service	23,932,827	0.1456	0.1456	26,430,642	0.0545	0.0545	31,990,265	0.0293	0.0293
	Village of Innsbrook	General Revenue	31,498,312	0.1465	0.1465	33,575,912	0.1461	0.1461	42,598,342	0.1300	0.1300
	Village of Pendleton	General Revenue	291,315	0.5000	0.5000	321,904	0.5000	0.5000	319,409	0.5000	0.5000
	Warren County Library District	General Revenue	363,355,231	0.0691	0.0691	373,039,558	0.0694	0.0694	426,588,591	0.0667	0.0667
		Library	363,355,231	0.0394	0.0394	373,039,558	0.0396	0.0396	426,588,591	0.0381	0.0381
	Wright City Fire Protection Dist	General Revenue	123,057,179	0.4258	0.4258	128,919,552	0.4258	0.4258	146,128,797	0.4069	0.4069
	Marthasville Fire Protection Dist	General Revenue	51,151,720	0.4144	0.4082	51,581,519	0.4160	0.4149	57,550,863	0.4062	0.4047
	Warrenton Fire Protection District	General Revenue	168,085,074	0.4474	0.4474	170,509,065	0.4500	0.4500	199,198,465	0.4323	0.4323
	Wright City R-II School District	Operating Funds-Schools	115,583,010	3.2436	3.2436	121,251,869	3.2420	3.2420	137,646,646	3.0966	3.0966
		Debt Service	115,583,010	0.6800	0.6800	121,251,869	1.4049	0.6800	137,646,646	1.0874	0.6800
	Warren Co R-III School District	Operating Funds-Schools	179,289,324	2.9714	2.9714	182,362,813	3.4414	3.2914 B	212,793,441	3.3224	3.2914
		Debt Service	179,289,324	0.4689	0.4689	182,362,813	0.4689	0.4689	212,793,441	0.6819	0.6189
	Warren County	General Revenue	363,355,231	0.2466	0.1035	373,039,558	0.2477	0.0873	426,588,591	0.2381	0.0936
		Road & Bridge	363,355,231	0.1776	0.1776	373,039,558	0.1784	0.1784	426,588,591	0.1715	0.1715
		Developmentally Disabled	363,355,231	0.1874	0.1600	373,039,558	0.1882	0.1600	426,588,591	0.1809	0.1600
Washington	Washington County Ambulance Dist	General Revenue	159,651,829	0.2500	0.2500	167,934,425	0.2500	0.2500	181,214,404	0.2479	0.2479
	Village of Caledonia	General Revenue	955,485	0.1532	0.1532	973,075	0.1532	0.1532	1,042,510	0.1480	0.1480
	City of Irondale	General Revenue	1,557,952	0.5122	0.5122	1,653,717	0.4989	0.4989	1,800,822	0.4866	0.4866
	Village of Mineral Point	General Revenue	825,244	0.2818	0.2818	852,357	0.2791	0.2791	921,476	0.2714	0.2714
	City of Potosi	General Revenue	19,718,899	0.6080	0.6080	21,824,186	0.5870	0.5870	22,248,487	0.5870	0.5870
	Washington County Library District	General Revenue	159,651,829	0.2000	0.2000	167,934,425	0.2000	0.2000	181,214,404	0.1983	0.1983
	Potosi Fire Protection District	General Revenue	105,700,376	0.3000	0.3000	91,491,509	0.3000	0.3000	119,506,743	0.2495	0.2495
	Richwoods Fire Protection District	General Revenue	9,113,038	0.2957	0.2957	9,910,872	0.2957	0.2957	10,913,252	0.2899	0.2899
	Irondale Fire Protection District	General Revenue	6,927,292	0.5000	0.5000	7,021,863	0.5000	0.5000	7,724,786	0.4950	0.4950
	Caledonia Fire Protection District	General Revenue	3,356,238	0.4000	0.4000 A	3,939,959	0.3664	0.3664	4,479,374	0.3550	0.3550
	Kingston K-14 School District	Operating Funds-Schools	18,963,510	3.2557	2.9000	19,603,080	3.0294	3.0294	22,261,695	3.0694	3.0694
		Debt Service	18,963,510	0.8400	0.8400	19,603,080	2.1043	0.9100	22,261,695	1.9812	0.8700
	Potosi R-III School District	Operating Funds-Schools	60,369,314	2.7500	2.7500	62,855,777	2.7500	2.7500	67,125,881	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Washington	Potosi R-III School District	Debt Service	60,369,314	0.5000	0.5000	62,855,777	0.9119	0.5000	67,125,881	0.8065	0.5000
	Richwoods R-VII School District	Operating Funds-Schools	7,180,579	3.7916	3.2500	7,545,532	3.8403	3.2500	8,479,189	3.6728	3.2500
	Valley R-VI School District	Operating Funds-Schools	16,007,390	4.1600	4.1600	15,508,312	4.1600	4.1600	17,712,110	3.9742	3.9742
	Washington County	General Revenue	159,651,829	0.3901	0.1900	167,934,425	0.3901	0.1900	181,214,404	0.3868	0.1900
		Road & Bridge	159,651,829	0.2741	0.2741	167,934,425	0.2741	0.2741	181,214,404	0.2718	0.2718
		Health	159,651,829	0.1500	0.1500	167,934,425	0.1500	0.1500	181,214,404	0.1487	0.1487
		Hospital	159,651,829	0.2000	0.2000	167,934,425	0.2000	0.2000	181,214,404	0.1983	0.1983
		Senate Bill 40	159,651,829	0.2000	0.1700	167,934,425	0.2000	0.2000	181,214,404	0.1983	0.1983
		Senior Services	159,651,829	0.0500	0.0500	167,934,425	0.0500	0.0500	181,214,404	0.0496	0.0496
Wayne	East Wayne County Ambulance Dist	General Revenue	44,970,440	0.3000	0.3000	45,348,487	0.3000	0.3000	45,642,104	0.3000	0.3000
	Clearwater Ambulance District	General Revenue	51,940,863	0.3000	0.3000	52,162,614	0.3000	0.3000	52,868,815	0.3000	0.3000
	Village of Mill Spring	General Revenue	431,235	0.6204	0.4500	638,178	0.4459	0.4459	421,484	0.6752	0.4500
	City of Piedmont	General Revenue	14,776,120	0.2674	0.2200	14,895,737	0.2674	0.2200	15,022,818	0.2678	0.2200
		Lights	14,776,120	0.1749	0.1300	14,895,737	0.1749	0.1300	15,022,165	0.1751	0.1300
		Library	14,776,120	0.1132	0.1000	14,895,737	0.1132	0.1000	15,022,165	0.1134	0.1000
		Cemetery	14,776,120	0.0500	0.0300	14,895,737	0.0500	0.0300	15,022,165	0.0500	0.0300
	Clearwater Fire Protection District	General Revenue	36,952,635	0.3000	0.3000	37,059,273	0.3000	0.3000	37,791,641	0.3000	0.3000
	Greenville R-II School District	Operating Funds-Schools	30,384,245	2.7500	2.7500	30,597,684	2.7500	2.7500	30,983,591	2.7500	2.7500
		Debt Service	30,384,245	0.3600	0.3600	30,597,684	0.4079	0.3600	30,983,591	0.4661	0.3600
	Clearwater R-I School District	Operating Funds-Schools	51,868,882	2.7500	2.7500	51,445,292	2.7500	2.7500	52,303,636	2.7500	2.7500
		Debt Service	51,868,882	0.3423	0.3423	51,445,292	0.4778	0.3423	52,303,636	0.8119	0.3423
	Wayne County	General Revenue	99,771,164	0.3003	0.1600	100,457,362	0.3015	0.1500	101,908,748	0.3024	0.1450
		Road & Bridge	99,771,164	0.2302	0.1100	100,457,362	0.2311	0.1100	101,908,748	0.2318	0.1100
		Health	99,771,164	0.1000	0.1000	100,457,362	0.1000	0.1000	101,908,748	0.1000	0.1000
		Senate Bill 40	99,771,164	0.0901	0.0800	100,457,362	0.0905	0.0800	101,908,748	0.0907	0.0800
Webster	Village of Diggins	General Revenue	1,625,319	0.2100	0.2100	1,691,233	0.2100	0.2100	1,776,333	0.2100	0.2100
	City of Fordland	General Revenue	3,628,686	0.4038	0.4038	3,751,395	0.4038	0.4038	3,904,698	0.4038	0.4038
	City of Marshfield	Parks & Recreation	50,509,671	0.1143	0.1000	55,116,703	0.1140	0.1000	57,457,245	0.1140	0.1000
		Cemetery	50,509,671	0.1351	0.1000	55,116,703	0.1348	0.1000	57,457,245	0.1348	0.1000
		Debt Service	50,509,671	0.2500	0.2500	55,116,703	0.3753	0.3753	57,457,245	0.3501	0.3501
	City of Niangua	General Revenue	1,482,007	0.2645	0.2645	1,535,504	0.2645	0.2645	1,514,638	0.2688	0.2688
	City of Rogersville	General Revenue	13,632,763	0.3300	0.3220	14,539,747	0.3332	0.3332	17,854,570	0.3315	0.3315
		Debt Service	13,632,763	0.5400	0.5400	14,539,747	0.9433	0.4588	17,854,570	0.6630	0.4605
	City of Seymour	General Revenue	12,124,434	0.3650	0.3600	12,417,350	0.3650	0.3600	12,780,946	0.3650	0.3600
		Parks & Recreation	12,124,434	0.0811	0.0800	12,417,350	0.0811	0.0800	12,780,946	0.0811	0.0800
		Library	12,124,434	0.0608	0.0600	12,417,350	0.0608	0.0600	12,780,946	0.0608	0.0600
		Cemetery Fund	12,124,434	0.0507	0.0500	12,417,350	0.0507	0.0500	12,780,946	0.0507	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Webster	Webster County Library District	General Revenue	231,927,871	0.1200	0.1200	242,343,192	0.1200	0.1200	255,892,605	0.1200	0.1200
	Southern Webster Co Fire Prot Dist	General Revenue	49,789,056	0.2833	0.2833	47,703,207	0.3000	0.3000	53,349,957	0.2954	0.2954
	Niangua R-V School District	Operating Funds-Schools	10,541,077	3.1000	3.1000 B	10,890,367	3.0386	3.0386	11,318,208	3.1268	3.1200
	Fordland R-III School District	Operating Funds-Schools	23,160,429	2.7500	2.7500	24,047,871	2.7500	2.7500	24,681,788	2.7500	2.7500
		Debt Service	23,160,429	0.7900	0.7900	24,047,871	1.5155	0.7900	24,681,788	1.4162	0.7900
	Marshfield R-I School District	Operating Funds-Schools	123,513,699	2.6500	2.6500	129,508,574	2.7000	2.7000	136,064,031	2.7000	2.7000
		Debt Service	123,513,699	0.4000	0.4000	129,508,574	1.1591	0.4000	136,064,031	1.1798	0.4000
	Seymour R-II School District	Operating Funds-Schools	31,536,714	2.7500	2.7500	32,763,032	2.7500	2.7500	34,559,791	2.7500	2.7500
	Webster County	General Revenue	244,133,225	0.2700	0.0477	254,859,842	0.2700	0.0425	268,762,971	0.2700	0.0583
		Road & Bridge	244,133,225	0.1900	0.1900	254,859,842	0.1900	0.1900	268,762,971	0.1900	0.1900
		Health	244,133,225	0.1400	0.1400	254,859,842	0.1400	0.1400	268,762,971	0.1400	0.1400
		Senate Bill 40	244,133,225	0.0800	0.0800	254,859,842	0.0800	0.0800	268,762,971	0.0800	0.0800
Worth	Worth County Ambulance District	General Revenue	22,540,790	0.3000	0.1500	22,605,879	0.3000	0.1500	22,866,362	0.3000	0.1500
	Platte River Tributaries Sub Dist	General Revenue	577,840	0.3999	0.3999	577,840	0.3999	0.3999	577,840	0.3999	0.3999
	East Fork of Grand River Watershed	General Revenue	**	**	**	1,894,620	0.2000	0.2000 A	2,590,480	0.2000	0.2000
	Village of Allendale	General Revenue	442,670	0.3783	0.3783	426,350	0.3965	0.3965	442,897	0.4000	0.4000
		Gen Revenue-Temp	442,670	0.2000	0.2000	426,350	0.2000	0.2000	442,897	0.2000	0.2000
	Village of Denver	General Revenue	188,972	0.4747	0.4474	191,297	0.4860	0.4860	200,871	0.5000	0.5000
	City of Grant City	General Revenue	4,139,790	0.9934	0.9934	4,347,291	1.0000	1.0000	4,325,318	1.0000	1.0000
		Health	4,139,790	0.1800	0.1800	4,347,291	0.1800	0.1800	4,325,318	0.1800	0.1800
		Special Fund	4,139,790	0.3000	0.3000	4,347,291	0.3000	0.3000	4,325,318	0.3000	0.3000
	City of Sheridan	General Revenue	814,755	0.9906	0.9906	818,154	0.9979	0.9979	882,418	1.0000	1.0000
		Fire-Temp	814,755	0.2000	0.2000	818,154	0.2000	0.0000	882,418	0.2000	0.0000
	Village of Worth	General Revenue	208,290	0.5000	0.5000	197,523	0.5000	0.5000	188,989	0.5000	0.5000
	Sheridan Fire Protection District	General Revenue	**	**	**	3,301,630	0.2000	0.2000 A	4,310,585	0.1701	0.1701
	Worth County Fire Protection Dist	General Revenue	**	**	**	9,967,800	0.2000	0.2000 A	17,183,751	0.1866	0.1866
	Worth Co R-III School District	Operating Funds-Schools	19,714,520	3.4536	3.4536	19,909,730	3.4338	3.4338	20,621,250	3.4354	3.4354
	Worth County	General Revenue	22,540,790	0.5000	0.5000	22,605,879	0.5000	0.5000	22,866,362	0.5000	0.5000
		Library	22,540,790	0.1000	0.1000	22,605,879	0.1000	0.1000	22,866,362	0.1000	0.1000
		Road & Bridge	22,540,790	0.5000	0.5000	22,605,879	0.5000	0.5000	22,866,362	0.5000	0.5000
		Senior Services	22,540,790	0.0500	0.0500	22,605,879	0.0500	0.0500	22,866,362	0.0500	0.0500
		General Revenue-Temp	22,540,790	0.3500	0.3500 A	22,605,879	0.3500	0.3500	22,866,362	0.3500	0.3500
		Spec Rd & Bridge-Temp	22,540,790	0.3300	0.3300	22,605,879	0.3300	0.3300	22,866,362	0.3300	0.3300
Wright	City of Hartville	General Revenue	3,450,294	0.5045	0.5045	3,530,542	0.5045	0.5045	3,821,516	0.4845	0.4845
	City of Mansfield	General Revenue	8,170,647	0.4778	0.4778	8,111,965	0.4831	0.4831	8,868,042	0.4626	0.4626
		Streets	8,170,647	0.1454	0.1454	8,111,965	0.1470	0.1470	8,868,042	0.1408	0.1408
		Cemetery	8,170,647	0.1000	0.1000	8,111,965	0.1000	0.1000	8,868,042	0.0958	0.0958

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Wright	City of Mountain Grove	General Revenue	33,633,733	0.4516	0.4516	33,710,113	0.4583	0.4583	36,869,868	0.4474	0.4474
		Parks & Recreation	33,633,733	0.0602	0.0602	33,710,113	0.0611	0.0611	36,869,868	0.0597	0.0597
	City of Norwood	General Revenue	2,453,642	0.4040	0.4040	2,411,033	0.4160	0.4160	2,677,060	0.3942	0.3942
		Water	2,453,642	0.6443	0.6443	2,411,033	0.6634	0.6634	2,677,060	0.6287	0.6287
	Wright County Library	General Revenue	121,115,876	0.1431	0.1431	122,641,225	0.1437	0.1437	136,435,251	0.1397	0.1397
	Norwood R-I School District	Operating Funds-Schools	10,935,989	3.3051	3.3051	11,213,650	3.3263	3.3263	12,677,535	3.2917	3.2917
	Hartville R-II School District	Operating Funds-Schools	24,878,055	2.7500	2.7500	25,473,446	2.7500	2.7500	28,538,700	2.7500	2.7500
		Debt Service	24,878,055	0.4800	0.4800	25,473,446	1.1180	0.4800	28,538,700	0.8266	0.4800
	Mountain Grove R-III School Dist	Operating Funds-Schools	64,925,982	2.7500	2.7500	65,000,241	2.7500	2.7500	71,913,158	2.7500	2.7500
	Mansfield R-IV School District	Operating Funds-Schools	23,773,274	2.7500	2.7500	24,364,202	2.7500	2.7500	27,357,002	3.4200	3.4200
		Debt Service	23,773,274	0.8000	0.8000	24,364,202	1.3064	0.8000	27,357,002	0.8001	0.8000
	Manes R-V School District	Operating Funds-Schools	3,665,274	3.0566	3.0566	3,714,975	3.5566	3.5566	4,174,710	3.4933	3.4933
	Wright County	General Revenue	121,115,876	0.3169	0.0280	122,641,225	0.3182	0.0047	136,435,251	0.3093	0.0404
		Health	121,115,876	0.0818	0.0818	122,641,225	0.0821	0.0821	136,435,251	0.0798	0.0798
		Developmentally Disabled	121,115,876	0.0818	0.0818	122,641,225	0.0821	0.0821	136,435,251	0.0798	0.0798
St. Louis City	St Louis Public Libraries	General Revenue	3,433,205,486	0.5446	0.5446	3,392,622,339	0.5561	0.5561	3,866,005,847	0.5104	0.5104
	Baden Market Centre Spec Bus Dist	General Revenue	1,207,570	0.7730	0.7730	1,081,110	0.8500	0.8500	1,151,280	0.8261	0.8261
	Cherokee Station Special Bus Dist	General Revenue	2,128,500	0.7948	0.7948	2,268,080	0.7948	0.7948	2,373,840	0.7860	0.7860
	St. Louis Downtown Business Dist	General Revenue	6,265,400	0.3939	0.3939	6,893,300	0.3939	0.3939	0	0.0000	0.0000
	Kingsway Center Special Bus Dist	General Revenue	1,355,490	0.8500	0.8500	1,268,700	0.8500	0.8500	1,360,560	0.8206	0.8206
	Locust Central Business District	General Revenue	31,295,080	0.6052	0.6052	31,719,740	0.6052	0.6052	35,200,370	0.5644	0.5644
	South Grand Square Spec Bus Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Central West End South SBD	General Revenue	11,423,950	0.8078	0.8078	12,223,080	0.8078	0.8078	15,006,110	0.6824	0.6824
	Central West End North SBD	General Revenue	33,933,700	0.7808	0.7808	33,953,750	0.7808	0.7808	38,938,480	0.7088	0.7088
	Soulard Special Business District	General Revenue	27,566,270	0.2960	0.2960	31,297,660	0.8500	0.2960	43,303,270	0.6381	0.3000
	Downtown Parks Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Waterman/Lake Special Business Dist	General Revenue	2,199,270	0.7783	0.7783	2,306,450	0.7783	0.7783	3,271,860	0.8500	0.8500
	Westminister/Lake Special Bus Dist	General Revenue	5,049,250	0.6682	0.6682	5,253,810	0.6682	0.6682	7,666,910	0.8500	0.8500
	Washington Place Special Bus Dist	General Revenue	2,727,250	0.5537	0.5537	2,866,580	0.5537	0.5537	3,690,880	0.8500	0.8500
	East Loop/Parkview Gardens SBD	General Revenue	3,895,120	0.8500	0.8500	2,941,490	0.8500	0.8500	3,690,810	0.7011	0.7011
	Cathedral Square Special Bus Dist	General Revenue	12,404,350	0.7156	0.7156	12,290,070	0.7223	0.7223	18,778,890	0.4920	0.4920
	Central West End Southeast SBD	General Revenue	8,801,120	0.7268	0.7268	9,067,880	0.7268	0.7268	10,503,620	0.6526	0.6526
	Cherokee-Lemp Special Business Dist	General Revenue	1,469,950	0.7165	0.7165	1,476,540	0.7165	0.7165	1,665,500	0.6574	0.6574
	Gardenside Special Business Dist	General Revenue	7,950,170	0.7985	0.7985	7,824,520	0.8113	0.8113	11,692,660	0.5624	0.5624
	St. Louis Community College	General Revenue	22,295,596,918	0.2312	0.2312	22,086,133,226	0.2360	0.2368	24,854,810,894	0.2208	0.2231
	St. Louis City School District	Operating Funds-Schools	3,332,578,940	3.6427	3.6400	3,317,300,286	3.6540	3.6540	3,790,385,195	3.3509	3.3509
		Debt Service	3,332,578,940	0.5500	0.5500	3,317,300,286	0.7687	0.6500	3,790,385,195	0.6254	0.6211

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2003			2004			2005		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis City	City of St. Louis	Parks & Recreation	3,127,845,861	0.0194	0.0194	3,095,854,283	0.0197	0.0197	3,575,176,629	0.0179	0.0179
		Health	3,127,845,861	0.0194	0.0194	3,095,854,283	0.0197	0.0197	3,575,176,629	0.0179	0.0179
		Hospital	3,127,845,861	0.0968	0.0968	3,095,854,283	0.0987	0.0987	3,575,176,629	0.0895	0.0895
		Developmentally Disabled	3,433,205,486	0.1459	0.1459	3,392,622,339	0.1490	0.1490	3,866,005,847	0.1368	0.1368
		Mental Health	3,433,205,486	0.0875	0.0875	3,392,622,339	0.0894	0.0894	3,866,005,847	0.0821	0.0821
		County Purposes	3,127,845,861	0.3386	0.3386	3,095,854,283	0.3455	0.3455	3,575,176,629	0.3134	0.3134
		General Revenue No. 1	3,433,205,486	0.1556	0.1556	3,392,622,339	0.1589	0.1589	3,866,005,847	0.1458	0.1458
		General Revenue No. 2	3,127,845,861	0.7812	0.7812	3,095,854,283	0.7970	0.7970	3,575,176,629	0.7229	0.7229
		Community Child Serv Tax	**	**	**	**	**	**	3,866,005,847	0.1900	0.1900 A
		Debt Service	3,433,205,486	0.1513	0.1513	3,392,622,339	0.2051	0.1513	3,575,176,629	0.1743	0.1328

LEGEND:

- ** Levy did not exist in the given year or was not certified due to insufficient substantiating data
- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix X for 2005 levies.
- B A voter approved increase to an existing levy, see Appendix XI for 2005 levies.
- C Levy includes a recoupment rate authorized by state law.
- D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.2 for 2005 levies.
- E The ballot passed by Christian County Senior Services stated, ".05 cents" and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$.0005 allowed by the ballot language.
- F Article X, Section 11(g) of the Missouri Constitution allows the school board of the Kansas City 33 School District to set its tax levy at a rate that is lower than the court-ordered rate for the 1995 tax year (which was \$4.96). The rate so established may be changed from year to year by the school board of the district.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

In 2003, all political subdivisions in St. Louis County were required to levy a separate tax rate for each subclass of property per section 137.073 RSMo as revised by House Bill 1150 passed in 2002. This statute and the tax rate calculation was revised again by Senate Bill 960 (SB960) passed in 2004. Due to SB960's effective date of October 1, 2004 for all political subdivisions not within St. Louis County, all political subdivisions partially in St. Louis County and partially in another county levied a single tax rate applied to all property in 2004. Political subdivisions partially in St. Louis County and partially in another county(ies) were required by SB 267 passed in 2005 to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions of SB 960.

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	6,653,510	0.2480	0.0000	0	0.0000	0.0000	507,908	0.2730	0.0000	1,166,366	0.3030	0.0000
City of Bellefontaine Neighbors	General Revenue	63,554,650	0.2160	0.1500	1,160	0.2500	0.1500	8,401,300	0.2020	0.1500	15,598,256	0.2360	0.0000
Village of Bellerive Acres	General Revenue	3,266,380	0.6300	0.6300	0	0.0000	0.0000	176,110	0.6040	0.6040	598,160	0.7670	0.7670
Village of Bel Nor	General Revenue	17,492,480	0.2360	0.2360	0	0.0000	0.0000	344,020	0.2580	0.2580	2,757,525	0.2930	0.2930
	Debt Service	17,492,480	0.0000	0.0000	0	0.0000	0.0000	344,020	0.0000	0.0000	2,757,525	0.0000	0.0000
Village of Bel Ridge	General Revenue	9,111,220	0.3500	0.3500	0	0.0000	0.0000	4,099,200	0.3500	0.3500	0	0.0000	0.0000
City of Berkeley	General Revenue	36,780,880	0.7360	0.7510	C	14,270	0.8480	0.8630	C	92,221,225	0.8320	0.9060	C
	Pension	36,780,880	0.1100	0.1100		14,270	0.0940	0.0940		92,221,225	0.1100	0.1100	
	Debt Service	36,780,880	0.1060	0.1060		14,270	0.1060	0.1060		92,221,225	0.1060	0.1060	
City of Beverly Hills	General Revenue	2,204,890	0.2210	0.2210		0	0.0000	0.0000		1,171,454	0.2190	0.2190	
City of Black Jack	Debt Service	57,992,670	0.9170	0.5000		5,600	0.9170	0.5000		3,497,502	0.9170	0.5000	
City of Breckenridge Hills	General Revenue	19,446,200	0.3140	0.2000		0	0.0000	0.0000		9,499,189	0.2730	0.2000	
City of Brentwood	General Revenue	123,374,550	0.1810	0.0000		0	0.0000	0.0000		105,725,340	0.1580	0.1580	
	Library	123,374,550	0.1570	0.1570		0	0.0000	0.0000		105,725,340	0.1360	0.1360	
	Pension	123,374,550	0.3880	0.3880	B	0	0.1500	0.0000	B	105,725,340	0.4110	0.4110	B
	Debt Service	123,374,550	0.1850	0.0000		0	0.1850	0.0000		105,725,340	0.1850	0.0000	
City of Bridgeton	General Revenue	106,065,850	0.2330	0.1600		130,420	0.2480	0.1600		271,439,726	0.2240	0.2240	
Village of Calverton Park	General Revenue	8,014,770	0.2920	0.2150		0	0.0000	0.0000		443,413	0.2880	0.2150	
City of Charlack	General Revenue	6,264,240	0.2290	0.2270		0	0.0000	0.0000		1,967,540	0.2340	0.2300	
City of Clarkson Valley	General Revenue	81,017,680	0.1280	0.1280		6,460	0.1240	0.1240		5,205,930	0.1400	0.1400	
City of Clayton	General Revenue	361,135,010	0.6590	0.6460	C	0	0.0000	0.0000		307,554,860	0.6940	0.6940	C
	Debt Service	361,135,010	0.1660	0.1500		0	0.1660	0.1500		307,554,860	0.1660	0.1500	
City of Cool Valley	General Revenue	5,358,120	0.1610	0.1610		0	0.0000	0.0000		5,726,381	0.1470	0.1470	
City of Country Club Hills	General Revenue	4,882,490	0.6400	0.6400		0	0.0000	0.0000		915,040	0.7040	0.7040	
	Parks & Recreation	4,882,490	0.2930	0.2930		0	0.0000	0.0000		915,040	0.3220	0.3220	
	Health	4,882,490	0.1640	0.1640		0	0.0000	0.0000		915,040	0.1820	0.1820	
Village of Country Life Acres	General Revenue	6,362,830	0.3410	0.3410		0	0.0000	0.0000		70,625	0.4210	0.4210	
City of Crestwood	General Revenue	154,529,600	0.2410	0.2410		150	0.0000	0.0000		84,448,261	0.2630	0.2630	
City of Creve Coeur	General Revenue	396,217,760	0.0880	0.0930	C	9,220	0.0000	0.0000		291,092,479	0.0890	0.0940	C
City of Crystal Lake Park	General Revenue	12,817,850	0.7000	0.7000		0	0.0000	0.0000		133,381	0.3100	0.7000	D
City of Dellwood	General Revenue	27,273,340	0.1910	0.1910		0	0.0000	0.0000		7,149,030	0.2270	0.2270	
City of Des Peres	General Revenue	186,101,150	0.2830	0.0000		180,690	0.3380	0.0000		85,026,700	0.2260	0.0000	
City of Edmundson	General Revenue	3,447,180	0.5000	0.3590		0	0.0000	0.0000		20,215,480	0.3870	0.3870	
City of Ellisville	General Revenue	122,858,810	0.3720	0.1500		44,790	0.6500	0.1500		83,303,089	0.3820	0.1500	
City of Eureka	General Revenue	118,792,920	0.4420	0.3730		236,750	0.6120	0.3730		40,009,651	0.4490	0.3900	
City of Ferguson	General Revenue	107,607,570	0.4230	0.4230		13,400	0.2520	0.2520		42,482,715	0.4310	0.4310	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	Parks & Recreation	107,607,570	0.1770	0.1770	13,400	0.1060	0.1060	42,482,715	0.1860	0.1860	40,697,543	0.1980	0.1980
City of Flordell Hills	General Revenue	3,467,700	0.4220	0.4220	0	0.0000	0.0000	912,614	0.8540	0.8540	0	0.0000	0.0000
City of Florissant	General Revenue	357,997,510	0.1010	0.0000	38,760	0.1190	0.0000	114,767,344	0.1160	0.0000	95,282,139	0.1200	0.0000
City of Frontenac	General Revenue	145,313,700	0.5080	0.5080	0	0.0000	0.0000	33,006,260	0.5590	0.5590	20,491,410	0.5530	0.5530
Village of Glen Echo Park	General Revenue	1,003,633	0.5000	0.5000	A 0	0.5000	0.5000	A 0	0.5000	0.5000	A 298,937	0.5000	0.5000
City of Glendale	General Revenue	115,672,430	0.4470	0.4470	0	0.0000	0.0000	5,263,643	0.4210	0.4210	15,225,800	0.5190	0.5190
	Pension	115,672,430	0.0860	0.0860	0	0.0000	0.0000	5,263,643	0.0830	0.0830	15,225,800	0.1000	0.1000
Town of Grantwood Village	General Revenue	18,571,780	0.2310	0.2310	108,500	0.2170	0.2170	1,349,991	0.1550	0.1550	3,179,664	0.2610	0.2610
City of Greendale	General Revenue	5,126,870	0.5150	0.5150	0	0.0000	0.0000	200,460	0.5320	0.5320	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	9,477,360	0.4130	0.3800	0	0.0000	0.0000	356,189	0.2880	0.2880	2,387,960	0.4500	0.3800
City of Hazelwood	General Revenue	181,788,850	0.7190	0.7210	C 212,910	0.7400	0.7420	C 181,052,419	0.7760	0.7810	C 102,950,491	0.7550	0.7570
	Debt Service	181,788,850	0.1460	0.1460	212,910	0.1460	0.1460	181,052,419	0.1460	0.1460	102,950,491	0.1460	0.1460
Village of Hillsdale	General Revenue	2,266,570	0.4000	0.4000	0	0.0000	0.0000	2,617,330	0.4550	0.4550	3,662,716	0.5000	0.5000
City of Huntleigh	General Revenue	29,762,950	0.2910	0.2220	11,200	0.1700	0.1700	349,346	0.3850	0.3200	2,360,452	0.3280	0.2220
City of Jennings	General Revenue	58,821,600	1.0000	1.0000	0	0.0000	0.0000	11,695,050	1.0000	1.0000	16,521,101	1.0000	1.0000
	Pension	58,821,600	0.1850	0.1800	0	0.0000	0.0000	11,695,050	0.1850	0.1800	16,521,101	0.1850	0.1800
City of Kinloch	General Revenue	715,420	1.0000	1.0000	0	0.0000	0.0000	1,296,441	1.0000	0.8900	721,315	1.0000	1.0000
City of Kirkwood	Parks & Recreation	440,847,050	0.1740	0.1300	0	0.0000	0.0000	77,987,510	0.1810	0.1300	74,448,550	0.2000	0.1300
	Library	438,542,950	0.1940	0.1930	0	0.0000	0.0000	77,136,190	0.2130	0.2130	72,463,950	0.2350	0.2350
	Pension	440,847,050	0.1510	0.1470	0	0.0000	0.0000	77,987,510	0.1710	0.1650	74,448,550	0.1820	0.1820
	Debt Service	440,847,050	0.2060	0.1990	0	0.2060	0.1990	77,987,510	0.2060	0.1990	74,448,550	0.2060	0.1990
City of Ladue	General Revenue	481,872,010	0.7280	0.7170	2,350	0.8940	0.8940	42,266,303	0.6960	0.6850	45,298,303	0.7560	0.7560
City of Lakeshire	General Revenue	11,952,460	0.0890	0.0890	0	0.0000	0.0000	186,895	0.0500	0.0500	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,465,800	0.1480	0.1480	0	0.0000	0.0000	53,223	0.1640	0.1640	265,769	0.1850	0.1850
City of Manchester	General Revenue	219,133,010	0.3400	0.0500	410	0.4880	0.0500	44,410,124	0.2870	0.0500	43,905,069	0.3850	0.0500
	Debt Service	219,133,010	0.2150	0.2000	410	0.2150	0.2000	44,410,124	0.2150	0.2000	43,905,069	0.2150	0.2000
City of Maplewood	General Revenue	60,759,440	0.4090	0.4090	0	0.0000	0.0000	40,155,133	0.6030	0.6030	20,837,264	0.5670	0.5670
	Pension	60,759,440	0.1860	0.1860	0	0.0000	0.0000	40,155,133	0.2470	0.2470	20,837,264	0.2450	0.2450
	Solid Waste	60,759,440	0.1840	0.1840	0	0.0000	0.0000	40,155,133	0.2180	0.2180	20,837,264	0.2180	0.2180
Village of Marlborough	General Revenue	12,341,480	0.0950	0.0950	0	0.0000	0.0000	7,134,040	0.1070	0.1070	4,829,793	0.1110	0.1110
City of Normandy	General Revenue	18,071,750	0.3680	0.3680	0	0.0000	0.0000	3,640,700	0.3440	0.3440	5,253,386	0.4000	0.4000
City of Northwoods	General Revenue	19,297,580	0.3730	0.3600	0	0.0000	0.0000	3,879,831	0.2810	0.2800	5,566,358	0.4150	0.3600
	Debt Service	19,297,580	0.9860	0.7000	0	0.9860	0.7000	3,879,831	0.9860	0.7000	5,566,358	0.9860	0.7000
Village of Norwood Court	General Revenue	3,242,510	0.3090	0.0000	0	0.0000	0.0000	162,250	0.3500	0.0000	810,390	0.3450	0.0000
City of Oakland	General Revenue	19,727,320	0.2030	0.2030	0	0.0000	0.0000	1,918,230	0.2130	0.2130	3,012,336	0.2370	0.2370
City of Olivette	General Revenue	121,574,370	0.6830	0.6920	C 0	0.0000	0.0000	C 50,623,419	0.7240	0.7640	C 31,705,605	0.7710	0.7790
	Pension	121,574,370	0.2500	0.2500	B 0	0.2500	0.2500	B 50,623,419	0.2500	0.2500	B 31,705,605	0.2500	0.2500

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate			
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	
City of Overland	General Revenue	98,648,250	0.0840	0.0750	0	0.0000	0.0000	78,709,696	0.0970	0.0970	39,950,724	0.0970	0.0750	
	Pension	98,648,250	0.1260	0.1260	0	0.0000	0.0000	78,709,696	0.1460	0.1460	39,950,724	0.1460	0.1460	
City of Pagedale	General Revenue	9,274,390	0.2870	0.2870	0	0.0000	0.0000	10,512,000	0.2940	0.2940	6,312,022	0.3500	0.3500	
City of Pasadena Hills	General Revenue	11,857,130	0.2440	0.2440	0	0.0000	0.0000	64,410	0.2800	0.2800	1,783,260	0.3100	0.3100	
	Debt Service	11,857,130	0.9710	0.9710	0	0.9710	0.9710	64,410	0.9710	0.9710	1,783,260	0.9710	0.9710	
Village of Pasadena Park	General Revenue	4,273,147	0.2550	0.2540	0	0.0000	0.0000	17,670	0.3110	0.3110	764,410	0.3090	0.3090	
City of Pine Lawn	General Revenue	11,255,520	0.2520	0.2520	0	0.0000	0.0000	3,208,963	0.2260	0.2180	3,431,387	0.2580	0.2580	
City of Richmond Heights	General Revenue	158,653,390	0.5150	0.2900	0	0.0000	0.0000	113,302,958	0.5970	0.3360	C 33,110,783	0.6150	0.2900	
	Library	158,653,390	0.1760	0.1760	0	0.0000	0.0000	113,302,958	0.2060	0.2210	C 33,110,783	0.2120	0.2120	
	Pension	158,653,390	0.2980	0.2980	0	0.0000	0.0000	113,302,958	0.3450	0.3690	C 33,110,783	0.3560	0.3200	
Village of Riverview	General Revenue	12,329,060	0.2800	0.2800	0	0.0000	0.0000	1,851,262	0.3010	0.2800	2,850,999	0.3120	0.2800	
City of Rock Hill	General Revenue	53,961,740	0.2580	0.2580	0	0.0000	0.0000	19,274,929	0.2610	0.2610	11,427,250	0.3540	0.3540	
	Library	53,961,740	0.2630	0.2630	0	0.0000	0.0000	19,274,929	0.2660	0.2660	11,427,250	0.3600	0.3600	
City of St Ann	General Revenue	78,365,670	0.1540	0.1540	0	0.0000	0.0000	50,646,208	0.1720	0.1720	23,955,161	0.1930	0.0000	
City of St George	General Revenue	12,254,710	0.1100	0.1100	0	0.0000	0.0000	333,856	0.1230	0.1100	1,940,258	0.1390	0.1390	
City of St John	General Revenue	37,606,310	0.3220	0.3270	C 0	0.0000	0.0000	C 7,688,584	0.4510	0.4580	C 12,421,137	0.4500	0.4530	C
City of Shrewsbury	General Revenue	71,416,430	0.3780	0.3780	0	0.0000	0.0000	28,016,661	0.3750	0.3750	16,636,923	0.4370	0.4370	
	Debt Service	71,416,430	0.8060	0.5630	0	0.8060	0.5630	28,016,661	0.8060	0.5630	16,636,923	0.8060	0.5630	
City of Sunset Hills	General Revenue	181,973,470	0.0800	0.0540	371,710	0.0670	0.0600	91,723,930	0.0820	0.0570	44,889,202	0.0900	0.0600	
Village of Sycamore Hills	General Revenue	4,875,210	0.1990	0.1970	0	0.0000	0.0000	427,848	0.2610	0.2490	1,485,727	0.2530	0.2530	
	Health	4,875,210	0.0920	0.0910	0	0.0000	0.0000	427,848	0.1210	0.1150	1,485,727	0.1180	0.1180	
City of Town and Country	General Revenue	380,024,200	0.5420	0.0000	45,440	0.9000	0.0000	200,937,839	0.5550	0.0000	81,996,704	0.5790	0.0000	
	Dispatch	380,024,200	0.0290	0.0000	45,440	0.0300	0.0000	200,937,839	0.0290	0.0000	81,996,704	0.0300	0.0000	
Village of Twin Oaks	General Revenue	4,703,220	0.4300	0.0000	0	0.0000	0.0000	4,728,794	0.3560	0.0000	0	0.0000	0.0000	
City of University City	General Revenue	427,489,880	0.5730	0.5730	0	0.0000	0.0000	42,503,877	0.6440	0.6440	63,305,338	0.6910	0.6910	
	Library	427,489,880	0.2490	0.2490	0	0.0000	0.0000	42,503,877	0.2830	0.2830	63,305,338	0.3010	0.3010	
	Pension	427,489,880	0.1610	0.0000	0	0.0000	0.0000	42,503,877	0.1840	0.0000	63,305,338	0.1950	0.0000	
	Debt Service	427,489,880	0.0230	0.0230	0	0.0230	0.0230	42,503,877	0.0230	0.0230	63,305,338	0.0230	0.0230	
Village of Uplands Park	General Revenue	1,867,930	0.3740	0.3740	0	0.0000	0.0000	65,603	0.4070	0.4070	563,118	0.3910	0.3910	
City of Valley Park	General Revenue	55,555,610	0.6000	0.5700	7,100	0.0000	0.0000	8,487,650	0.8800	0.6400	16,263,183	0.6850	0.5700	
City of Velda City	General Revenue	5,039,640	0.3680	0.3680	0	0.0000	0.0000	151,876	0.4800	0.4800	1,273,970	0.3820	0.3820	
	Debt Service	5,039,640	1.0530	0.7100	0	1.0530	0.7100	151,876	1.0530	0.7100	1,273,970	1.0530	0.7100	
Village of Velda Village Hills	General Revenue	4,221,970	0.3550	0.3550	0	0.0000	0.0000	11,870	0.5000	0.5000	1,142,310	0.3780	0.3780	
City of Vinita Park	General Revenue	6,861,790	0.2300	0.2360	C 0	0.0000	0.0000	25,029,390	0.2510	0.2700	C 8,031,120	0.2300	0.2380	C
Village of Vinita Terrace	General Revenue	1,566,490	0.0390	0.0390	0	0.0000	0.0000	751,079	0.0470	0.0470	0	0.0000	0.0000	
	Health	1,566,490	0.1130	0.1130	0	0.0000	0.0000	792,395	0.1630	0.1630	0	0.0000	0.0000	
City of Warson Woods	General Revenue	47,249,460	0.3780	0.3780	0	0.0000	0.0000	7,247,801	0.4140	0.4140	6,531,000	0.4470	0.0000	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate						
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied				
City of Warson Woods	Debt Service	47,249,460	0.4130	0.0000	0	0.4130	0.0000	7,247,801	0.4130	0.0000	6,531,000	0.4130	0.0000				
City of Webster Groves	General Revenue	354,220,670	0.2440	0.2450	C	0	0.0000	0.0000	39,070,260	0.2590	0.2610	C	54,176,241	0.2800	0.2800		
	Library	354,220,670	0.1570	0.1570		0	0.0000	0.0000	39,070,260	0.1660	0.1670	C	54,176,241	0.1800	0.1790		
	Streets	354,220,670	0.1580	0.1590	C	0	0.0000	0.0000	39,070,260	0.1670	0.1690	C	54,176,241	0.1810	0.1810		
	Pension	354,220,670	0.1260	0.1260		0	0.0000	0.0000	39,070,260	0.1340	0.1360	C	54,176,241	0.1450	0.1450		
	Debt Service	354,220,670	0.4150	0.4150		0	0.4150	0.4150	39,070,260	0.4150	0.4150		54,176,241	0.4150	0.4150		
City of Wellston	General Revenue	3,472,260	0.6000	0.6000		0	0.0000	0.0000	6,209,109	0.6000	0.6000		4,550,062	0.6000	0.6000		
Village of Westwood	General Revenue	14,619,930	0.0590	0.0590		0	0.0000	0.0000	1,658,086	0.0660	0.0660		0	0.0000	0.0000		
City of Winchester	General Revenue	14,168,180	0.1800	0.1800		0	0.0000	0.0000	2,465,851	0.1950	0.1950		3,030,184	0.2610	0.2610		
City of Woodson Terrace	General Revenue	21,169,200	0.2130	0.2130		0	0.0000	0.0000	19,455,390	0.2330	0.2200		24,780,598	0.2510	0.2200		
City of Chesterfield	Debt Service	934,815,920	0.0870	0.0600		1,655,570	0.0870	0.0600	240,637,610	0.0870	0.0600		264,290,790	0.0870	0.0600		
Ferguson Municipal Pub Library Dist	General Revenue	107,607,570	0.2070	0.2110	C	13,400	0.0000	0.0020	C	42,482,715	0.2110	0.2140	C	40,965,613	0.2200	0.2200	
Maplewood Public Library	General Revenue	61,274,210	0.2090	0.2090		0	0.0000	0.0000	40,155,113	0.2500	0.2500		24,899,054	0.2420	0.2420		
St Louis County Library	General Revenue	10,293,704,520	0.1640	0.1500		7,594,790	0.1990	0.1500	4,475,165,521	0.1710	0.1500		3,301,811,890	0.1850	0.1500		
Valley Park Community Library	General Revenue	24,161,280	0.1490	0.1490		1,510	0.1700	0.1700	7,737,690	0.1000	0.1000		13,518,867	0.1700	0.1700		
Affton Fire Protection District	General Revenue	340,947,220	0.7000	0.7000		820	0.7320	0.7320	55,657,505	0.7520	0.7520		77,048,970	0.7940	0.7940		
	Ambulance	340,947,220	0.1590	0.1590		820	0.1220	0.1220	55,657,505	0.1810	0.1810		77,048,970	0.1820	0.1820		
	Pension	340,947,220	0.0560	0.0560		820	0.0700	0.0700	55,657,505	0.0630	0.0630		77,048,970	0.0640	0.0640		
	Dispatch	340,947,220	0.0240	0.0240		820	0.0000	0.0000	55,657,505	0.0270	0.0270		77,048,970	0.0270	0.0270		
Metro West Fire Protection District	General Revenue	1,146,075,740	0.4980	0.4990	C	1,240,140	0.6200	0.6180	180,740,184	0.5590	0.5720	C	218,326,565	0.5610	0.5610		
	Ambulance	1,146,075,740	0.2580	0.2590	C	1,240,140	0.2860	0.2860	180,740,184	0.2780	0.2800	C	218,326,565	0.2900	0.2920	C	
	Pension	1,146,075,740	0.0950	0.0950		1,240,140	0.1050	0.1050	180,740,184	0.1020	0.1030	C	218,326,565	0.1060	0.1060		
	Dispatch	1,146,075,740	0.0440	0.0440		1,240,140	0.0460	0.0460	180,740,184	0.0450	0.0450		218,326,565	0.0480	0.0480		
	Debt Service	1,146,075,740	0.0380	0.0380		1,240,140	0.0380	0.0380	180,740,184	0.0380	0.0380		218,326,565	0.0380	0.0380		
Black Jack Fire Protection District	General Revenue	400,433,940	0.9110	0.9110		210,080	1.0000	1.0000	59,573,936	0.9930	0.9930		95,068,432	1.0000	1.0000		
	Pension	400,433,940	0.0910	0.0910		210,080	0.1000	0.1000	59,573,936	0.0940	0.0940		95,068,432	0.1000	0.1000		
	NCCFA System	400,433,940	0.0460	0.0400		210,080	0.0500	0.0400	59,573,936	0.0440	0.0400		95,068,432	0.0500	0.0400		
	Debt Service	400,433,940	0.1670	0.1670		210,080	0.1670	0.1670	59,573,936	0.1670	0.1670		95,068,432	0.1670	0.1670		
Monarch Fire Protection District	General Revenue	1,201,708,610	0.4800	0.4750	C	2,249,920	0.7000	0.7010	C	275,694,515	0.5730	0.5790	C	300,103,357	0.5490	0.5520	C
	Ambulance	1,201,708,610	0.3000	0.2960	C	2,249,920	0.3300	0.3310	C	275,694,515	0.3300	0.3320	C	300,103,357	0.3300	0.3310	C
	Pension	1,201,708,610	0.0910	0.0800		2,249,920	0.1000	0.0800		275,694,515	0.1000	0.0800		300,103,357	0.1000	0.0800	
	Dispatch	1,201,708,610	0.0470	0.0420		2,249,920	0.0500	0.0420		275,694,515	0.0500	0.0420		300,103,357	0.0500	0.0420	
	Debt Service	1,201,708,610	0.0640	0.0400		2,249,920	0.0640	0.0400		275,694,515	0.0640	0.0400		300,103,357	0.0640	0.0400	
Community Fire Protection District	General Revenue	251,826,510	0.9170	0.9170		0	0.0000	0.0000	161,080,262	1.0000	1.0000		123,659,609	1.0000	1.0000		
	Ambulance	251,826,510	0.2290	0.2290		0	0.0000	0.0000	161,080,262	0.2500	0.2500		123,659,609	0.2500	0.2500		
	Pension	251,826,510	0.0920	0.0920		0	0.0000	0.0000	161,080,262	0.1000	0.1000		123,659,609	0.1000	0.1000		
	Dispatch	251,826,510	0.0280	0.0280		0	0.0000	0.0000	161,080,262	0.0290	0.0290		123,659,609	0.0300	0.0300		

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	
Community Fire Protection District	Debt Service	251,826,510	0.2500	0.2500	0	0.2500	0.2500	161,080,262	0.2500	0.2500	123,659,609	0.2500	0.2500	
Creve Coeur Fire Protection Dist	General Revenue	591,487,880	0.5610	0.5770	C 7,550	0.3710	0.3740	C 385,455,784	0.5950	0.6240	C 208,421,843	0.6260	0.6290	C
	Ambulance	591,487,880	0.1990	0.2040	C 7,550	0.1330	0.1340	C 385,455,784	0.2110	0.2220	C 208,421,843	0.2220	0.2230	C
	Pension	591,487,880	0.1360	0.1400	C 7,550	0.0800	0.0810	C 385,455,784	0.1440	0.1530	C 208,421,843	0.1500	0.1510	C
	Dispatch	591,487,880	0.0450	0.0460	C 7,550	0.0270	0.0270	385,455,784	0.0480	0.0500	C 208,421,843	0.0500	0.0500	
Fenton Fire Protection District	General Revenue	349,574,400	0.4370	0.4090	C 302,870	0.5740	0.5750	C 260,546,137	0.4950	0.5000	C 269,495,210	0.5140	0.5190	C
	Ambulance	349,574,400	0.2860	0.2300	302,870	0.2750	0.2690	260,546,137	0.2920	0.2850	269,495,210	0.3000	0.3000	
	Pension	349,574,400	0.0950	0.0930	302,870	0.0920	0.0900	260,546,137	0.0970	0.0950	269,495,210	0.1000	0.1000	
	Dispatch	349,574,400	0.0480	0.0350	302,870	0.0460	0.0450	260,546,137	0.0490	0.0480	269,495,210	0.0500	0.0500	
Florissant Valley Fire Prot Dist	General Revenue	518,310,700	0.6080	0.6080	195,140	0.7410	0.7410	138,141,033	0.7040	0.7040	134,042,981	0.7170	0.7170	
	Ambulance	518,310,700	0.3870	0.3870	195,140	0.4340	0.4340	138,141,033	0.4330	0.4330	134,042,981	0.4400	0.4400	
	Pension	518,310,700	0.0880	0.0880	195,140	0.0990	0.0990	138,141,033	0.0990	0.0990	134,042,981	0.1000	0.1000	
	Dispatch	518,310,700	0.0440	0.0440	195,140	0.0500	0.0500	138,141,033	0.0490	0.0490	134,042,981	0.0500	0.0500	
	Debt Service	518,310,700	0.1450	0.1450	195,140	0.1450	0.1450	138,141,033	0.1450	0.1450	134,042,981	0.1450	0.1450	
Kinloch Fire Protection District	General Revenue	738,070	0.9000	0.8600	0	0.0000	0.0000	1,296,441	0.9000	0.8600	725,315	0.9000	0.8600	
	Dispatch	738,070	0.0300	0.0400	D 0	0.0000	0.0000	1,296,441	0.0300	0.0400	D 725,315	0.0300	0.0400	D
Lemay Fire Protection District	General Revenue	118,076,797	0.8490	0.8490	180	0.9900	0.9900	22,534,400	0.9110	0.9110	32,224,076	0.9900	0.9900	
	Ambulance	118,076,797	0.1900	0.1900	180	0.3000	0.3000	22,534,400	0.2220	0.2220	32,224,076	0.2500	0.2500	
	Pension	118,076,797	0.0860	0.0860	180	0.0000	0.0000	22,534,400	0.0920	0.0920	32,224,076	0.1000	0.1000	
	Central Alarm Fund	118,076,797	0.0430	0.0430	180	0.0000	0.0000	22,534,400	0.0460	0.0460	32,224,076	0.0500	0.0500	
	Debt Service	118,076,797	0.0470	0.0470	180	0.0470	0.0470	22,534,400	0.0470	0.0470	32,224,076	0.0470	0.0470	
West County EMS & Fire Prot Dist	General Revenue	460,162,630	0.4200	0.4200	311,930	0.4160	0.4160	104,207,423	0.4190	0.4190	95,916,175	0.4570	0.4570	
	Ambulance	460,162,630	0.1790	0.1790	311,930	0.1760	0.1760	104,207,423	0.1780	0.1780	95,916,175	0.1940	0.1940	
	Pension	460,162,630	0.0890	0.0800	311,930	0.0880	0.0800	104,207,423	0.0890	0.0800	95,916,175	0.0970	0.0800	
	Dispatch	460,162,630	0.0450	0.0450	311,930	0.0450	0.0450	104,207,423	0.0450	0.0450	95,916,175	0.0490	0.0490	
	Debt Service	460,162,630	0.1200	0.1200	311,930	0.1200	0.1200	104,207,423	0.1200	0.1200	95,916,175	0.1200	0.1200	
Maryland Heights Fire Prot Dist	General Revenue	214,031,240	0.7310	0.7340	C 6,930	0.6930	0.6930	250,408,230	0.7690	0.7760	C 143,364,670	0.8000	0.8000	
	Ambulance	214,031,240	0.3630	0.3670	C 6,930	0.4000	0.4020	C 250,408,230	0.3620	0.3680	C 143,364,670	0.3680	0.3720	C
	Pension	214,031,240	0.1190	0.1200	C 6,930	0.1010	0.1010	250,408,230	0.1250	0.1260	C 143,364,670	0.1300	0.1300	
	Dispatch	214,031,240	0.0460	0.0460	6,930	0.0430	0.0430	250,408,230	0.0480	0.0480	143,364,670	0.0500	0.0500	
Mehlville Fire Protection District	General Revenue	1,392,676,910	0.8760	0.5630	C 918,770	1.0800	0.7550	C 376,391,410	0.9120	0.5530	C 321,993,134	0.8970	0.6190	C
	Ambulance	1,392,676,910	0.2000	0.2030	C 918,770	0.2830	0.2840	C 376,391,410	0.1960	0.1990	C 321,993,134	0.2220	0.2250	C
	Pension	1,392,676,910	0.0870	0.0890	C 918,770	0.0940	0.0940	376,391,410	0.0850	0.0850	321,993,134	0.0960	0.0960	
	Alarm Fund	1,392,676,910	0.0430	0.0000	918,770	0.0470	0.0000	376,391,410	0.0430	0.0000	C 321,993,134	0.0480	0.0000	
Metro-North Fire Protection Dist	General Revenue	85,423,760	1.3442	1.3462	C 0	0.0000	0.0000	17,002,198	1.3224	1.3244	C 21,884,245	1.4910	1.4930	C
	Pension	85,423,760	0.2250	0.2250	0	0.0000	0.0000	17,002,198	0.2220	0.2220	21,884,245	0.2490	0.2490	
	Dispatch	85,423,760	0.0270	0.0270	0	0.0000	0.0000	17,002,198	0.0270	0.0270	21,884,245	0.0300	0.0300	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro-North Fire Protection Dist	Debt Service	85,423,760	0.0490	0.0490	0	0.0490	0.0490	17,002,198	0.0490	0.0490	21,884,245	0.0490	0.0490
Normandy Fire Protection District	General Revenue	128,515,150	1.3401	1.3401	15,420	1.2819	1.2819	23,914,272	1.4790	1.4790	38,276,987	1.5000	1.5000
	Ambulance	128,515,150	0.2680	0.2680	15,420	0.2550	0.2550	23,914,272	0.2960	0.2960	38,276,987	0.3000	0.3000
	Pension	128,515,150	0.0890	0.0890	15,420	0.0850	0.0850	23,914,272	0.0990	0.0990	38,276,987	0.1000	0.1000
	Dispatch	128,515,150	0.0450	0.0450	15,420	0.0390	0.0390	23,914,272	0.0490	0.0490	38,276,987	0.0500	0.0500
	Debt Service	122,308,710	0.0090	0.0090	878,390	0.0090	0.0090	434,242,439	0.0090	0.0090	171,947,386	0.0090	0.0090
Pattonville-Bridgeton Terr Fire Dis	General Revenue	122,308,710	0.9110	0.9110	878,390	0.4320	0.4320	434,242,439	0.9630	0.9630	171,947,386	0.9830	0.9830
	Ambulance	122,308,710	0.2240	0.2240	878,390	0.1100	0.1100	434,242,439	0.2460	0.2460	171,947,386	0.2500	0.2500
	Pension	122,308,710	0.1390	0.1390	878,390	0.0660	0.0660	434,242,439	0.1470	0.1470	171,947,386	0.1500	0.1500
	Dispatch	122,308,710	0.0460	0.0400	878,390	0.0220	0.0220	434,242,439	0.0490	0.0400	171,947,386	0.0500	0.0400
	Debt Service	122,308,710	0.0090	0.0090	878,390	0.0090	0.0090	434,242,439	0.0090	0.0090	171,947,386	0.0090	0.0090
Riverview Fire Protection District	General Revenue	101,208,480	1.2845	1.2845	5,890	1.4612	1.4612	16,354,472	1.4256	1.4256	25,935,605	1.4544	1.4544
	Pension	101,208,480	0.2210	0.2210	5,890	0.2500	0.2500	16,354,472	0.2450	0.2450	25,935,605	0.2500	0.2500
	Dispatch	101,208,480	0.0440	0.0400	5,890	0.0500	0.0400	16,354,472	0.0490	0.0400	25,935,605	0.0500	0.0400
	Debt Service	101,208,480	0.0690	0.0690	5,890	0.0690	0.0690	16,354,472	0.0690	0.0690	25,935,605	0.0690	0.0690
Robertson Fire Protection District	General Revenue	38,791,090	0.8900	0.8900	231,970	0.8900	0.8900	168,580,885	0.8900	0.8900	98,986,388	0.8900	0.8900
	Ambulance	38,791,090	0.5500	0.4850	231,970	0.5500	0.4850	168,580,885	0.5500	0.4850	98,986,388	0.5500	0.4850
	Pension	38,791,090	0.2000	0.2000	231,970	0.2000	0.2000	168,580,885	0.2000	0.2000	98,986,388	0.2000	0.2000
	Dispatch	38,791,090	0.0500	0.0400	231,970	0.0500	0.0400	168,580,885	0.0500	0.0400	98,986,388	0.0500	0.0400
	Debt Service	38,791,090	0.1470	0.1470	231,970	0.1470	0.1470	168,580,885	0.1470	0.1470	98,986,388	0.1470	0.1470
Spanish Lake Fire Protection Dist	General Revenue	120,882,240	1.2500	1.2212	103,810	1.2321	0.9080	20,935,960	1.0588	1.2500	D 31,592,390	1.2500	1.2500
	Pension	120,882,240	0.1500	0.1470	103,810	0.1500	0.1100	20,935,960	0.1270	0.1500	D 31,592,390	0.1500	0.1500
	Dispatch	120,882,240	0.0500	0.0490	103,810	0.0500	0.0370	20,935,960	0.0420	0.0500	D 31,592,390	0.0500	0.0500
	Debt Service	120,882,240	0.1910	0.1910	103,810	0.1910	0.1910	20,935,960	0.1910	0.1910	31,592,390	0.1910	0.1910
Valley Park Fire Protection Dist	General Revenue	122,993,640	0.7870	0.7870	120,070	0.8800	0.8800	39,640,420	0.7790	0.7790	47,016,377	0.8800	0.8800
	Ambulance	122,993,640	0.2690	0.2690	120,070	0.3000	0.3000	39,640,420	0.2650	0.2650	47,016,377	0.3000	0.3000
	Pension	122,993,640	0.0900	0.0900	120,070	0.1000	0.1000	39,640,420	0.0880	0.0880	47,016,377	0.1000	0.1000
	Dispatch	122,993,640	0.0270	0.0270	120,070	0.0300	0.0300	39,640,420	0.0270	0.0270	47,016,377	0.0300	0.0300
	Debt Service	122,993,640	0.0360	0.0360	120,070	0.0360	0.0360	39,640,420	0.0360	0.0360	47,016,377	0.0360	0.0360
Mid-County Fire Protection District	General Revenue	38,949,770	1.2507	1.2507	0	0.0000	0.0000	46,738,277	1.3304	1.3304	42,964,457	1.3500	1.3500
	Ambulance	38,949,770	0.1390	0.1390	0	0.0000	0.0000	46,738,277	0.1480	0.1480	42,964,457	0.1500	0.1500
	Pension	38,949,770	0.2500	0.2500	B 0	0.2500	0.0000	B 46,738,277	0.2500	0.2500	B 42,964,457	0.2500	0.2500
	Dispatch	38,949,770	0.0280	0.0280	0	0.0000	0.0000	46,738,277	0.0300	0.0300	42,964,457	0.0300	0.0300
	Debt Service	38,949,770	0.1920	0.1920	0	0.1920	0.1920	46,738,277	0.1920	0.1920	42,964,457	0.1920	0.1920
West Overland Fire Protection Dist	General Revenue	50,004,870	0.6400	0.6400	0	0.0000	0.0000	93,262,517	0.6530	0.6530	33,979,516	0.7100	0.7100
	Ambulance	50,004,870	0.2250	0.2250	0	0.0000	0.0000	93,262,517	0.2300	0.2300	33,979,516	0.2500	0.2500
	Pension	50,004,870	0.1350	0.1350	0	0.0000	0.0000	93,262,517	0.1380	0.1380	33,979,516	0.1500	0.1500
	Dispatch	50,004,870	0.0450	0.0450	0	0.0000	0.0000	93,262,517	0.0460	0.0460	33,979,516	0.0500	0.0500

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Debt Service	50,004,870	0.0930	0.0930	0	0.0930	0.0930	93,262,517	0.0930	0.0930	33,979,516	0.0930	0.0930
Black Creek Sewer	General Revenue	640,450,520	0.0900	0.0600	0	0.0000	0.0000	499,040,139	0.0970	0.0600	162,770,208	0.0950	0.0600
Black Jack-Dellwood Sewer	General Revenue	141,698,030	0.0900	0.0600	10,970	0.0390	0.0390	54,827,913	0.0960	0.0600	42,032,065	0.0980	0.0600
Clayton Central Sewer	General Revenue	22,919,590	0.0690	0.0600	0	0.0000	0.0000	262,416,501	0.0920	0.0600	44,268,690	0.0900	0.0600
Coldwater Creek Sewer	General Revenue	955,512,200	0.0910	0.0700	44,300	0.1000	0.0700	498,367,824	0.0990	0.0700	518,494,912	0.1000	0.0700
Creve Coeur-Frontenac Sewer	General Revenue	281,523,180	0.0730	0.0500	0	0.0000	0.0000	159,311,782	0.0750	0.0500	72,661,352	0.0760	0.0500
Deer Creek Sewer	General Revenue	2,186,764,140	0.0860	0.0600	181,990	0.0920	0.0600	847,113,916	0.0930	0.0600	435,772,211	0.0930	0.0600
Fountain Creek Sewer	General Revenue	88,610,060	0.1260	0.1000	0	0.0000	0.0000	21,487,201	0.1380	0.1000	22,039,702	0.1400	0.1000
Gravois Creek Sewer	General Revenue	913,754,670	0.0770	0.0600	457,270	0.0680	0.0600	393,361,430	0.0800	0.0600	230,556,862	0.0860	0.0600
Loretta-Joplin Sewer	General Revenue	18,654,930	0.0780	0.0600	0	0.0000	0.0000	1,741,876	0.0840	0.0600	4,609,966	0.0900	0.0600
Maline Creek Sewer	General Revenue	356,784,790	0.0930	0.0700	47,360	0.0810	0.0700	128,880,937	0.0960	0.0700	129,010,284	0.1000	0.0700
Marlborough Sewer	General Revenue	39,866,590	0.0520	0.0400	0	0.0000	0.0000	10,801,243	0.0600	0.0400	8,822,498	0.0580	0.0400
Meramec River Basin Sewer	General Revenue	1,791,297,090	0.0930	0.0700	1,151,980	0.0950	0.0700	598,994,852	0.0980	0.0700	577,669,442	0.1000	0.0700
Missouri River-Bonfils Sewer	General Revenue	131,335,260	0.0950	0.0700	659,360	0.0240	0.0240	446,403,073	0.0970	0.0700	204,009,012	0.1000	0.0700
North Affton Sewer	General Revenue	57,766,430	0.0750	0.0600	0	0.0000	0.0000	4,460,706	0.0760	0.0600	10,574,963	0.0850	0.0600
Paddock Creek Sewer	General Revenue	101,636,090	0.0870	0.0600	2,750	0.0730	0.0600	26,707,808	0.0940	0.0600	24,615,356	0.0990	0.0600
Seminary Branch RDP Sewer	General Revenue	211,438,090	0.0670	0.0600	0	0.0000	0.0000	42,535,365	0.0770	0.0600	46,944,528	0.0760	0.0600
Shrewsbury Branch RDP Sewer	General Revenue	19,005,240	0.0650	0.0600	0	0.0000	0.0000	2,685,244	0.0910	0.0600	4,275,112	0.0780	0.0600
Sugar Creek Sewer	General Revenue	234,867,400	0.0600	0.0600	130	0.0000	0.0000	35,111,619	0.0950	0.0700	49,839,411	0.0690	0.0690
University City Branch RDP Sewer	General Revenue	452,561,890	0.0830	0.0700	3,370	0.0000	0.0000	246,904,222	0.0950	0.0700	168,294,663	0.0940	0.0700
Upper Paddock Creek Sewer	General Revenue	23,942,270	0.0830	0.0600	1,410	0.0710	0.0600	5,374,570	0.0840	0.0600	5,617,635	0.0910	0.0600
Watkins Creek Sewer	General Revenue	101,501,280	0.0930	0.0600	9,800	0.1000	0.0600	30,455,558	0.0940	0.0600	29,223,930	0.0990	0.0600
Wedgewood Creek Sewer	General Revenue	21,659,300	0.1000	0.0600	0	0.0000	0.0000	13,956,176	0.1000	0.0600	9,147,251	0.1000	0.0600
Wellston Sewer	General Revenue	13,321,410	0.0980	0.0800	0	0.0000	0.0000	11,048,967	0.0970	0.0800	12,574,566	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	39,234,320	0.1710	0.1700	0	0.0000	0.0000	9,419,370	0.1960	0.1700	12,972,770	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	5,188,750	0.1990	0.1200	0	0.0000	0.0000	1,039,420	0.1790	0.1560	1,195,080	0.2000	0.1300
Castle Point Street Light District	General Revenue	6,695,950	0.1600	0.1600	0	0.0000	0.0000	201,080	0.1700	0.1700	1,402,750	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	21,179,260	0.1400	0.1400	0	0.0000	0.0000	254,790	0.1300	0.1300	3,733,430	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,738,890	0.3800	0.0000	0	0.0000	0.0000	103,390	0.3840	0.0000	461,720	0.4000	0.0000
Clayton Special Business District	General Revenue	14,198,070	0.0950	0.0470	0	0.0000	0.0000	257,720,800	0.1320	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	304,300	0.3740	0.3740	0	0.0000	0.0000	11,759,950	0.4430	0.4430	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	690,700	0.6920	0.6920	0	0.0000	0.0000	4,083,980	0.7850	0.7850	0	0.0000	0.0000
Webster Groves-Old Webster Bus Dist	General Revenue	246,520	0.4070	0.2900	0	0.0000	0.0000	8,828,800	0.3870	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dist	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,884,360	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	28,981,820	0.4200	0.4150	0	0.0000	0.0000
Jennings Special Business District	General Revenue	34,790	0.5320	0.1700	0	0.0000	0.0000	2,120,320	0.5160	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	11,993,180,660	0.0820	0.0820	8,062,920	0.0850	0.0850	4,796,535,268	0.0870	0.0850	3,656,157,068	0.0900	0.0850

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,928,150	0.8500	0.8500	0	0.0000	0.0000	1,969,300	0.8030	0.8030	0	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	2,594,870	0.8080	0.4000	0	0.0000	0.0000
Robinwood West Community Imp Dis	General Revenue	13,974,620	0.7700	0.7500	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	899,803,240	5.0597	4.4097	C	739,680	5.5500	4.9000	C	452,310,410	5.3009	4.6939	C
	Debt Service	899,803,240	1.5670	0.8200		739,680	1.5670	0.8200		452,310,410	1.5670	0.8200	
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	420,462,440	4.5477	4.5477		36,300	3.9328	3.9328		268,375,230	4.7400	4.7400	
	Debt Service	420,462,440	0.3000	0.3000		36,300	0.3000	0.3000		268,375,230	0.3000	0.3000	
Pattonville R-III School District	Operating Funds-Schools	388,477,370	3.4794	3.3454	C	715,410	1.1931	1.0591	C	627,451,150	3.7021	3.7251	C
	Debt Service	388,477,370	0.4910	0.4900		715,410	0.4910	0.4900		625,641,430	0.4910	0.4900	
Kirkwood R-VII School District	Operating Funds-Schools	717,524,280	3.6158	3.3484	C	179,770	5.3885	5.0214	C	182,347,380	4.2884	4.1318	C
	Debt Service	717,524,280	0.3710	0.3660		179,770	0.3710	0.3660		182,347,380	0.3710	0.3660	
Lindbergh R-VIII School District	Operating Funds-Schools	685,958,670	2.7500	2.7940	C	709,630	3.2308	3.0878	C	279,625,490	2.7500	2.8510	C
	Debt Service	685,958,670	0.3800	0.3800		709,630	0.3800	0.3800		279,625,490	0.3800	0.3800	
Mehlville R-IX School District	Operating Funds-Schools	1,065,565,070	3.2463	3.2493	C	453,410	3.7500	3.7530	C	236,426,090	3.2682	3.2712	C
	Debt Service	1,065,565,070	0.4390	0.3400		453,410	0.4390	0.3400		236,426,090	0.4390	0.3400	
Parkway C-2 School District	Operating Funds-Schools	2,348,568,360	3.0784	3.1134	C	1,837,020	3.4554	3.5044	C	924,491,050	3.2356	3.4396	C
	Debt Service	2,348,568,360	0.3400	0.3400		1,837,020	0.3400	0.3400		924,491,050	0.3400	0.3400	
Affton 101 School District	Operating Funds-Schools	252,819,970	5.3680	4.9480	B	0	1.3600	0.0000	B	60,067,340	5.6189	5.6189	B
Bayless School District	Operating Funds-Schools	112,156,010	2.9653	3.0133	C	0	0.0000	0.0000		11,922,180	3.1320	3.2050	C
	Debt Service	112,156,010	0.4840	0.4840		0	0.4840	0.4840		11,922,180	0.4840	0.4840	
Brentwood School District	Operating Funds-Schools	128,361,230	3.0682	3.0463	E	0	0.0000	0.0000		76,732,050	3.4902	3.3868	C
	Debt Service	128,361,230	0.2990	0.1940		0	0.2990	0.1940		76,732,050	0.2990	0.1940	
Clayton School District	Operating Funds-Schools	399,065,690	3.3857	3.5466	E	0	0.0000	0.0000		397,051,830	3.4720	3.4898	E
	Debt Service	399,065,690	0.3780	0.3780		0	0.3780	0.3780		397,051,830	0.3780	0.3780	
Hancock Place School District	Operating Funds-Schools	38,481,800	3.6955	3.6955		0	0.0000	0.0000		9,572,450	4.1754	4.1754	
	Debt Service	38,481,800	0.5140	0.5140		0	0.5140	0.5140		9,572,450	0.5140	0.5140	
Jennings School District	Operating Funds-Schools	66,887,770	4.0057	4.0057		0	0.0000	0.0000		14,580,460	4.5679	4.5679	
	Debt Service	66,887,770	0.5680	0.5680		0	0.5680	0.5680		14,580,460	0.5680	0.5680	
Ladue School District	Operating Funds-Schools	933,931,120	2.7500	2.7500		5,720	2.7500	2.7500		193,517,880	2.7500	2.7500	
	Debt Service	933,931,120	0.2300	0.2300		5,720	0.2300	0.2300		193,517,880	0.2300	0.2300	
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	142,882,650	3.5971	3.9589	C	0	0.0000	0.0000		45,917,670	4.3215	4.6823	C
	Debt Service	142,882,650	1.0300	1.0300		0	1.0300	1.0300		45,917,670	1.0300	1.0300	
Normandy School District	Operating Funds-Schools	156,087,640	4.2045	4.1472		15,420	3.9858	3.9285		32,096,270	4.3678	4.3105	
	Debt Service	156,087,640	1.7970	1.4314		15,420	1.7970	1.4314		32,096,270	1.7970	1.4314	
Ritenour School District	Operating Funds-Schools	243,859,470	3.8447	3.5939	C	0	0.1800	0.0000	B	167,052,970	4.0473	3.8991	C
	Debt Service	243,859,470	0.7100	0.7100		0	0.7100	0.7100		167,052,970	0.7100	0.7100	
Riverview Gardens School District	Operating Funds-Schools	186,541,510	3.8585	3.8585		4,500	4.3500	4.3500		22,969,260	3.7044	3.7044	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate			
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	
Riverview Gardens School District	Debt Service	186,541,510	1.5900	1.5900	4,500	1.5900	1.5900	22,969,260	1.5900	1.5900	44,167,280	1.5900	1.5900	
University City School District	Operating Funds-Schools	429,154,430	4.2013	3.6828	0	0.0000	0.0000	42,616,960	5.2154	4.8620	68,738,950	5.1824	4.5371	
	Debt Service	429,154,430	1.0130	0.7380	0	1.0130	0.7380	42,616,960	1.0130	0.7380	68,738,950	1.0130	0.7380	
Valley Park School District	Operating Funds-Schools	76,751,920	4.1702	4.2292	C 7,950	4.6500	4.6650	C 28,098,000	4.0337	4.0487	C 32,892,560	4.6500	4.6650	C
	Debt Service	76,751,920	0.5240	0.5240	7,950	0.5240	0.5240	28,098,000	0.5240	0.5240	32,892,560	0.5240	0.5240	
Webster Groves School District	Operating Funds-Schools	489,714,860	4.6645	4.6701	C 0	0.6800	0.6800	B 65,311,340	4.9858	4.9915	C 80,022,210	4.8889	4.8889	B
	Debt Service	489,714,860	0.5660	0.5660	0	0.5660	0.5660	65,311,340	0.5660	0.5660	80,022,210	0.5660	0.5660	
Wellston School District	Operating Funds-Schools	4,054,070	5.6700	5.6700	0	0.0000	0.0000	5,612,470	5.5165	5.6700	D 8,627,020	5.6700	5.6700	
St. Louis County	General Revenue	11,993,180,660	0.2530	0.1900	8,040,550	0.3270	0.1900	4,796,535,268	0.2780	0.1900	3,656,157,068	0.2810	0.1900	
	Parks & Recreation	11,993,180,660	0.0640	0.0350	8,040,550	0.0660	0.0350	4,796,535,268	0.0680	0.0350	3,656,157,068	0.0700	0.0350	
	Road & Bridge	11,993,180,660	0.1630	0.1050	8,040,550	0.1700	0.1050	4,796,535,268	0.1750	0.1050	3,656,157,068	0.1800	0.1050	
	Health	11,993,180,660	0.2170	0.1650	8,040,550	0.2800	0.1650	4,796,535,268	0.2380	0.1650	3,656,157,068	0.2410	0.1650	
	Debt Service	11,993,180,660	0.0860	0.0630	8,040,550	0.0860	0.0630	4,796,535,268	0.0860	0.0630	3,656,157,068	0.0860	0.0630	

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix X.
- B A voter approved increase to an existing levy, see Appendix XI.
- C Levy includes a recoupment rate authorized by state law.
- D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.2.
- E Levy calculation included a recoupment rate authorized by state law, but ultimately levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.2.

NOTE:

This Appendix only contains levy information for political subdivisions wholly in St. Louis County. Political subdivisions partially in St. Louis County and partially in another county(ies) were required by Senate Bill 267 passed in 2005 to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions of Senate Bill 960.

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	5,352,680	0.2940	0.0000	0	0.0000	0.0000	290,200	0.4610	0.0000	1,180,104	0.3030	0.0000
City of Bellefontaine Neighbors	General Revenue	53,049,620	0.2480	0.1500	5,310	0.2500	0.1500	6,525,860	0.2500	0.1500	15,329,826	0.2360	0.1500
Village of Bellerive Acres	General Revenue	3,126,550	0.6190	0.6190	0	0.0000	0.0000	126,110	0.8000	0.8000	625,239	0.7670	0.7670
Village of Bel Nor	General Revenue	13,912,440	0.2850	0.2850	0	0.0000	0.0000	224,680	0.3810	0.3810	2,687,035	0.2930	0.2930
	Debt Service	13,912,440	0.5270	0.5270	0	0.5270	0.5270	224,680	0.5270	0.5270	2,687,035	0.5270	0.5270
Village of Bel Ridge	General Revenue	8,247,150	0.3500	0.3330	0	0.0000	0.0000	4,822,470	0.3500	0.3500	0	0.0000	0.0000
City of Berkeley	General Revenue	34,544,320	0.7790	0.7790	11,660	1.0000	1.0000	94,809,426	0.7870	0.7870	50,785,597	0.9080	0.9080
	Pension	34,544,320	0.1100	0.1100	11,660	0.1100	0.1100	94,809,426	0.1100	0.1100	50,785,597	0.1100	0.1100
	Debt Service	34,544,320	0.1390	0.1390	11,660	0.1390	0.1390	94,809,426	0.1390	0.1390	50,785,597	0.1390	0.1390
City of Beverly Hills	General Revenue	2,076,900	0.2200	0.2200	0	0.0000	0.0000	1,091,357	0.2290	0.2290	970,171	0.2320	0.2320
City of Black Jack	Debt Service	50,883,510	1.2250	0.5540	7,250	1.2250	0.5540	2,767,442	1.2250	0.5540	12,234,807	1.2250	0.5540
City of Breckenridge Hills	General Revenue	16,860,960	0.3500	0.2000	0	0.0000	0.0000	8,325,543	0.3000	0.2000	5,667,819	0.0000	0.0000
City of Brentwood	General Revenue	102,560,360	0.2090	0.0000	0	0.0000	0.0000	68,122,580	0.2300	0.2300	36,706,532	0.2070	0.2070
	Library	102,560,360	0.1810	0.1810	0	0.0000	0.0000	68,122,580	0.1980	0.1980	36,706,532	0.1790	0.1790
	Pension	102,560,360	0.2380	0.2380	0	0.0000	0.0000	68,122,580	0.2610	0.2610	36,706,532	0.2350	0.2350
	Debt Service	102,560,360	0.2350	0.0000	0	0.2350	0.0000	68,122,580	0.2350	0.0000	36,706,532	0.2350	0.0000
City of Bridgeton	General Revenue	95,256,440	0.2500	0.1600	124,690	0.2500	0.1600	229,759,286	0.2500	0.2500	0	0.0000	0.0000
Village of Calverton Park	General Revenue	7,591,310	0.2940	0.2150	0	0.0000	0.0000	364,393	0.3360	0.2150	1,820,091	0.2980	0.2150
City of Charlack	General Revenue	5,378,370	0.2530	0.2490	0	0.0000	0.0000	1,657,485	0.2650	0.2540	2,085,896	0.2570	0.2570
City of Clarkson Valley	General Revenue	74,112,130	0.1340	0.1340	5,650	0.1420	0.1420	4,504,800	0.1560	0.1560	10,938,156	0.1530	0.1530
City of Clayton	General Revenue	325,477,980	0.6580	0.5820	0	0.0000	0.0000	300,858,250	0.6990	0.5820	84,060,952	0.7000	0.5820
	Debt Service	325,477,980	0.1670	0.0700	0	0.1670	0.0700	300,858,250	0.1670	0.0700	84,060,952	0.1670	0.0700
City of Cool Valley	General Revenue	5,262,530	0.1610	0.1610	0	0.0000	0.0000	4,643,440	0.1650	0.1650	3,580,322	0.1650	0.1650
City of Country Club Hills	General Revenue	4,152,300	0.7140	0.7140	0	0.0000	0.0000	691,720	0.7610	0.7610	1,246,850	0.7390	0.7390
	Parks & Recreation	4,152,300	0.3260	0.3260	0	0.0000	0.0000	691,720	0.3480	0.3480	1,246,850	0.3380	0.3380
	Health	4,152,300	0.1830	0.1830	0	0.0000	0.0000	691,720	0.1970	0.1970	1,246,850	0.1900	0.1900
Village of Country Life Acres	General Revenue	5,840,960	0.3580	0.3580	0	0.0000	0.0000	53,950	0.5320	0.5320	490,416	0.4280	0.4280
City of Crestwood	General Revenue	134,616,360	0.2610	0.2500	150	0.0000	0.0000	76,173,120	0.2800	0.2500	33,705,606	0.2790	0.2500
City of Creve Coeur	General Revenue	353,380,350	0.0920	0.0700	8,410	0.0950	0.0700	272,264,589	0.0930	0.0700	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	10,896,480	0.7870	0.7740	0	0.0000	0.0000	48,440	0.7890	0.7740	1,344,255	0.8080	0.7740
City of Dellwood	General Revenue	22,536,070	0.2210	0.2210	0	0.0000	0.0000	6,041,270	0.2550	0.2550	8,000,279	0.2350	0.0000
City of Des Peres	General Revenue	160,033,220	0.2420	0.0000	159,810	0.3690	0.0000	76,354,160	0.2410	0.0000	0	0.0000	0.0000
	Debt Service	160,033,220	1.1750	0.0000	159,810	1.1750	0.0000	76,354,160	1.1750	0.0000	0	1.1750	0.0000
City of Edmundson	General Revenue	3,077,500	0.3890	0.3890	0	0.0000	0.0000	19,415,620	0.3890	0.3890	0	0.0000	0.0000
City of Ellisville	General Revenue	107,715,850	0.4030	0.1500	44,690	0.6490	0.1500	69,006,601	0.4290	0.1500	32,326,810	0.4170	0.0000
City of Eureka	General Revenue	104,515,060	0.4650	0.3730	215,240	0.6500	0.3730	31,341,208	0.5110	0.3900	33,093,472	0.4910	0.3900

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	General Revenue	96,667,480	0.4480	0.4470	7,220	0.4500	0.4500	39,306,370	0.4500	0.4500	39,158,219	0.4500	0.4500
	Parks & Recreation	96,667,480	0.1870	0.1870	7,220	0.1940	0.1940	39,306,370	0.1920	0.1920	39,158,219	0.1980	0.1980
City of Flordell Hills	General Revenue	2,732,340	0.5150	0.5150	0	0.0000	0.0000	625,351	0.7190	0.7190	0	0.0000	0.0000
City of Florissant	General Revenue	288,728,010	0.1200	0.0000	33,550	0.1300	0.0000	95,457,964	0.1280	0.0000	92,307,589	0.1200	0.0000
City of Frontenac	General Revenue	131,735,790	0.5330	0.5330	0	0.0000	0.0000	29,447,487	0.5750	0.5750	19,197,880	0.5530	0.5530
Village of Glen Echo Park	General Revenue	947,063	0.5000	0.5000	A 0	0.5000	0.5000	A 0	0.5000	0.5000	A 237,377	0.5000	0.5000
City of Glendale	General Revenue	98,247,720	0.5040	0.5040	0	0.0000	0.0000	4,044,598	0.5270	0.5270	14,997,190	0.5190	0.5190
	Pension	98,247,720	0.0970	0.0970	0	0.0000	0.0000	4,044,598	0.1030	0.1030	14,997,190	0.1000	0.1000
Town of Grantwood Village	General Revenue	16,720,620	0.2460	0.2460	92,080	0.2470	0.2470	1,213,457	0.1660	0.1660	2,949,235	0.2610	0.2610
City of Greendale	General Revenue	4,279,100	0.5940	0.5940	0	0.0000	0.0000	173,210	0.5950	0.5950	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	7,361,290	0.3970	0.3880	0	0.0000	0.0000	207,730	0.4750	0.4700	2,282,396	0.4500	0.4500
City of Hazelwood	General Revenue	153,841,170	0.7780	0.7890	C 214,100	0.7040	0.7160	C 168,156,809	0.7760	0.7870	C 113,731,001	0.7550	0.7660
Village of Hillsdale	General Revenue	1,575,870	0.5000	0.5000	0	0.0000	0.0000	2,169,050	0.5000	0.5000	3,718,306	0.5000	0.5000
City of Huntleigh	General Revenue	25,521,390	0.3250	0.2050	9,640	0.1860	0.1860	293,947	0.4420	0.2900	2,227,904	0.3280	0.2050
City of Jennings	General Revenue	53,067,740	1.0000	0.9700	0	0.0000	0.0000	13,123,908	1.0000	1.0000	15,817,457	1.0000	1.0000
	Pension	53,067,740	0.1850	0.1800	0	0.0000	0.0000	13,123,908	0.1850	0.1800	15,817,457	0.1850	0.1800
City of Kinloch	General Revenue	833,070	1.0000	1.0000	0	0.0000	0.0000	1,114,827	1.0000	1.0000	624,455	1.0000	1.0000
City of Kirkwood	Parks & Recreation	371,951,950	0.1990	0.1360	0	0.0000	0.0000	63,467,770	0.1700	0.1360	72,158,960	0.2000	0.1360
	Library	369,592,390	0.2190	0.2190	0	0.0000	0.0000	61,914,460	0.2340	0.2340	68,747,810	0.2350	0.2350
	Pension	371,951,950	0.1700	0.1600	0	0.0000	0.0000	63,467,770	0.1870	0.1390	72,158,960	0.1820	0.1700
	Debt Service	371,951,950	0.2790	0.2790	0	0.2790	0.2790	63,467,770	0.2790	0.2790	72,158,960	0.2790	0.2790
City of Ladue	General Revenue	442,474,710	0.7490	0.7490	B 1,990	1.0000	1.0000	B 36,038,288	0.7530	0.7530	B 43,388,337	0.7560	0.7560
City of Lakeshire	General Revenue	11,251,850	0.0910	0.0900	0	0.0000	0.0000	143,543	0.1000	0.0900	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,203,290	0.1720	0.1720	0	0.0000	0.0000	31,431	0.2670	0.1950	271,856	0.1850	0.1850
City of Manchester	General Revenue	190,118,820	0.3730	0.0500	400	0.5000	0.0500	36,723,624	0.3500	0.0500	42,555,562	0.3850	0.0500
	Debt Service	190,118,820	0.2620	0.2000	400	0.2620	0.2000	36,723,624	0.2620	0.2000	42,555,562	0.2620	0.2000
City of Maplewood	General Revenue	49,215,300	0.4980	0.4980	0	0.0000	0.0000	27,405,283	0.5610	0.5610	18,683,104	0.5670	0.5670
	Pension	49,215,300	0.2160	0.2160	0	0.0000	0.0000	27,405,283	0.2430	0.2430	18,683,104	0.2450	0.2450
	Solid Waste	49,215,300	0.2180	0.2180	A 0	0.2180	0.2180	A 27,405,283	0.2180	0.2180	A 18,683,104	0.2180	0.2180
Village of Marlborough	General Revenue	10,502,080	0.1060	0.1000	0	0.0000	0.0000	5,982,150	0.1230	0.1000	4,413,633	0.1110	0.1000
City of Normandy	General Revenue	15,891,200	0.4000	0.4000	0	0.0000	0.0000	2,995,080	0.4000	0.4000	4,882,890	0.4000	0.4000
City of Northwoods	General Revenue	18,602,881	0.3730	0.3600	0	0.0000	0.0000	2,595,450	0.3770	0.3600	5,562,168	0.4150	0.3600
Village of Norwood Court	General Revenue	2,963,820	0.3150	0.0000	0	0.0000	0.0000	142,080	0.3500	0.0000	941,440	0.3450	0.0000
City of Oakland	General Revenue	16,860,900	0.2250	0.2250	0	0.0000	0.0000	1,715,840	0.2300	0.2300	2,981,276	0.2370	0.2370
City of Olivette	General Revenue	105,968,540	0.7440	0.7440	0	0.0000	0.0000	47,583,518	0.7530	0.7530	29,734,862	0.7680	0.7680
	Pension	105,968,540	0.1540	0.1540	0	0.0000	0.0000	47,583,518	0.1570	0.1570	29,734,862	0.1590	0.1590
City of Overland	General Revenue	82,388,040	0.0950	0.0750	0	0.0000	0.0000	70,210,048	0.1000	0.1000	40,216,818	0.0970	0.0750

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Overland	Pension	82,388,040	0.1430	0.1430	0	0.0000	0.0000	70,210,048	0.1500	0.1500	40,216,818	0.1460	0.1460
City of Pagedale	General Revenue	8,365,110	0.3010	0.3010	0	0.0000	0.0000	8,716,020	0.3290	0.3290	6,208,992	0.3500	0.3500
City of Pasadena Hills	General Revenue	9,221,890	0.3030	0.3030	0	0.0000	0.0000	0	0.0000	0.0000	1,686,339	0.3100	0.3100
	Debt Service	9,221,890	1.2320	1.2320	0	1.2320	1.2320	0	1.2320	1.2320	1,686,339	1.2320	1.2320
Village of Pasadena Park	General Revenue	3,484,467	0.3010	0.2930	0	0.0000	0.0000	17,830	0.3090	0.3090	706,490	0.3090	0.3090
City of Pine Lawn	General Revenue	9,567,270	0.2670	0.2670	0	0.0000	0.0000	2,525,110	0.2670	0.2670	3,233,990	0.2580	0.2580
City of Richmond Heights	General Revenue	135,552,610	0.5610	0.2900	0	0.0000	0.0000	99,692,128	0.6140	0.2900	33,135,043	0.6030	0.2900
	Library	135,552,610	0.1930	0.1930	0	0.0000	0.0000	99,692,128	0.2110	0.2110	33,135,043	0.2070	0.2070
	Pension	135,552,610	0.3250	0.3200	0	0.0000	0.0000	99,692,128	0.3550	0.3200	33,135,043	0.3480	0.3200
Village of Riverview	General Revenue	11,032,650	0.3000	0.2930	0	0.0000	0.0000	1,724,972	0.3120	0.2930	2,765,597	0.3120	0.2930
City of Rock Hill	General Revenue	42,478,080	0.3150	0.3150	0	0.0000	0.0000	14,319,079	0.3320	0.3320	11,377,880	0.3540	0.3540
	Library	42,476,930	0.3210	0.3210	0	0.0000	0.0000	14,189,989	0.3420	0.3420	11,399,550	0.3600	0.3600
	Debt Service	42,478,080	0.3990	0.3990	0	0.3990	0.3990	14,319,079	0.3990	0.3990	11,377,880	0.3990	0.3990
City of St Ann	General Revenue	66,693,350	0.1680	0.1600	0	0.0000	0.0000	46,487,206	0.1730	0.1600	25,184,564	0.1930	0.0000
City of St George	General Revenue	9,640,616	0.1380	0.1380	0	0.0000	0.0000	99,110	0.0000	0.0000	1,940,276	0.1390	0.1390
City of St John	General Revenue	31,470,910	0.3620	0.3620	0	0.0000	0.0000	6,927,218	0.5000	0.5000	12,315,238	0.4490	0.4490
City of Shrewsbury	General Revenue	61,564,700	0.4120	0.4120	0	0.0000	0.0000	24,340,051	0.4060	0.4060	18,189,368	0.4370	0.4120
	Debt Service	61,564,700	0.5880	0.5880	0	0.5880	0.5880	24,340,051	0.5880	0.5880	18,189,368	0.5880	0.5880
City of Sunset Hills	General Revenue	161,421,430	0.0830	0.0600	240,230	0.1000	0.0600	80,845,210	0.0890	0.0600	43,307,852	0.0900	0.0600
Village of Sycamore Hills	General Revenue	3,752,510	0.2520	0.2500	0	0.0000	0.0000	379,008	0.2700	0.2500	1,017,488	0.2530	0.2500
	Health	3,752,510	0.1170	0.1000	0	0.0000	0.0000	379,008	0.1250	0.1000	1,017,488	0.1180	0.1000
City of Town and Country	General Revenue	360,533,860	0.5390	0.0000	57,710	0.9000	0.0000	190,246,396	0.5480	0.0000	85,021,961	0.5790	0.0000
	Dispatch	360,533,860	0.0290	0.0000	57,710	0.0300	0.0000	190,246,396	0.0290	0.0000	85,021,961	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,404,180	0.3900	0.0000	0	0.0000	0.0000	3,302,902	0.4210	0.2100	0	0.0000	0.0000
City of University City	General Revenue	350,601,580	0.6670	0.6670	0	0.0000	0.0000	35,358,560	0.7170	0.7170	61,109,710	0.6980	0.6980
	Library	350,601,580	0.2910	0.2910	0	0.0000	0.0000	35,358,560	0.3120	0.3120	61,109,710	0.3040	0.3040
	Pension	350,601,580	0.1880	0.0000	0	0.0000	0.0000	35,358,560	0.2020	0.0000	61,109,710	0.1970	0.0000
Village of Uplands Park	General Revenue	1,677,230	0.3970	0.3400	0	0.0000	0.0000	51,621	0.5000	0.0000	555,539	0.3910	0.3400
City of Valley Park	General Revenue	47,689,640	0.6520	0.5700	7,100	0.0000	0.0000	9,604,140	0.7770	0.5700	16,123,900	0.6850	0.5700
City of Velda City	General Revenue	4,680,906	0.3690	0.3600	0	0.0000	0.0000	158,460	0.4600	0.4600	1,378,820	0.3820	0.3800
	Debt Service	4,680,906	0.7120	0.6900	0	0.7120	0.6900	158,460	0.7120	0.6900	1,378,820	0.7120	0.6900
Village of Velda Village Hills	General Revenue	3,745,830	0.3600	0.3560	0	0.0000	0.0000	161,030	0.5000	0.3920	1,222,319	0.3780	0.3780
City of Vinita Park	General Revenue	6,002,350	0.2380	0.2380	0	0.0000	0.0000	23,657,470	0.2420	0.2420	9,122,800	0.2290	0.2290
Village of Vinita Terrace	General Revenue	1,352,550	0.0430	0.0430	0	0.0000	0.0000	681,229	0.0500	0.0500	0	0.0000	0.0000
	Health	1,352,550	0.1270	0.1270	0	0.0000	0.0000	681,229	0.1830	0.1830	0	0.0000	0.0000
City of Warson Woods	General Revenue	39,831,660	0.4270	0.4270	0	0.0000	0.0000	6,295,726	0.4600	0.4600	6,329,264	0.4470	0.0000
	Debt Service	39,831,660	1.3720	0.0000	0	1.3720	0.0000	6,295,726	1.3720	0.0000	6,329,264	1.3720	0.0000

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Webster Groves	General Revenue	301,979,410	0.2740	0.2740	0	0.0000	0.0000	33,955,277	0.2860	0.2860	52,753,305	0.2800	0.2800
	Library	301,979,410	0.1760	0.1760	0	0.0000	0.0000	33,955,277	0.1830	0.1830	53,721,255	0.1790	0.1790
	Streets	301,979,410	0.1770	0.1770	0	0.0000	0.0000	33,955,277	0.1850	0.1850	52,753,305	0.1810	0.1810
	Pension	301,979,410	0.1420	0.1420	0	0.0000	0.0000	33,955,277	0.1480	0.1480	52,753,305	0.1450	0.1450
	Debt Service	301,979,410	0.5060	0.5060	0	0.5060	0.5060	33,955,277	0.5060	0.5060	52,753,305	0.5060	0.5060
City of Wellston	General Revenue	3,299,360	0.6000	0.6000	0	0.0000	0.0000	5,756,062	0.6000	0.6000	4,754,712	0.6000	0.6000
Village of Westwood	General Revenue	13,440,050	0.0610	0.0610	0	0.0000	0.0000	1,447,242	0.0730	0.0730	0	0.0000	0.0000
City of Winchester	General Revenue	12,247,320	0.2010	0.2010	0	0.0000	0.0000	1,875,200	0.2420	0.2420	2,733,878	0.2610	0.2610
City of Woodson Terrace	General Revenue	17,965,150	0.2250	0.2200	0	0.0000	0.0000	18,568,602	0.2200	0.2200	26,396,518	0.2510	0.2200
City of Chesterfield	Debt Service	830,444,800	0.0920	0.0600	1,655,570	0.0920	0.0600	215,153,950	0.0920	0.0600	230,120,840	0.0920	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	96,630,720	0.2190	0.2190	7,220	0.0000	0.0000	39,565,755	0.2200	0.2200	39,389,889	0.2200	0.2200
Maplewood Public Library	General Revenue	49,215,300	0.2380	0.2380	0	0.0000	0.0000	27,405,283	0.2500	0.2500	22,562,184	0.2420	0.2420
St Louis County Library	General Revenue	8,983,259,580	0.1780	0.1500	7,324,700	0.2000	0.1500	3,937,048,141	0.1830	0.1500	3,241,339,850	0.1850	0.1500
Valley Park Community Library	General Revenue	20,379,220	0.1700	0.1700	1,510	0.1700	0.1700	6,453,260	0.1700	0.1700	1,316,847	0.1700	0.1700
Affton Fire Protection District	General Revenue	293,102,440	0.7740	0.7740	720	0.7940	0.7940	50,651,470	0.7940	0.7940	78,678,604	0.7940	0.7940
	Ambulance	293,102,440	0.1760	0.1760	720	0.1390	0.1390	50,651,470	0.1910	0.1910	78,678,604	0.1820	0.1820
	Pension	293,102,440	0.0620	0.0620	720	0.0700	0.0700	50,651,470	0.0670	0.0670	78,678,604	0.0640	0.0640
	Dispatch	293,102,440	0.0270	0.0270	720	0.0000	0.0000	50,651,470	0.0290	0.0290	78,678,604	0.0270	0.0270
	Debt Service	995,802,400	0.5410	0.5410	1,142,240	0.6500	0.6500	149,728,404	0.5960	0.5960	208,678,789	0.5610	0.5610
Metro West Fire Protection District	Ambulance	995,802,400	0.2800	0.2800	1,142,240	0.3000	0.3000	149,728,404	0.3000	0.3000	208,678,789	0.2890	0.2890
	Pension	995,802,400	0.1030	0.1030	1,142,240	0.1100	0.1100	149,728,404	0.1100	0.1100	208,678,789	0.1060	0.1060
	Dispatch	995,802,400	0.0480	0.0480	1,142,240	0.0480	0.0480	149,728,404	0.0480	0.0480	208,678,789	0.0480	0.0480
	Debt Service	995,802,400	0.0940	0.0940	1,142,240	0.0940	0.0940	149,728,404	0.0940	0.0940	208,678,789	0.0940	0.0940
	General Revenue	344,330,380	0.9910	0.9910	209,750	1.0000	1.0000	42,641,360	1.0000	1.0000	91,550,355	1.0000	1.0000
Black Jack Fire Protection District	Pension	344,330,380	0.1000	0.1000	209,750	0.1000	0.1000	42,641,360	0.1000	0.1000	91,550,355	0.1000	0.1000
	NCCFA System	344,330,380	0.0500	0.0400	209,750	0.0500	0.0400	42,641,360	0.0500	0.0400	91,550,355	0.0500	0.0400
	Debt Service	344,330,380	0.1050	0.1050	209,750	0.1050	0.1050	42,641,360	0.1050	0.1050	91,550,355	0.1050	0.1050
	General Revenue	1,067,546,300	0.5040	0.5040	2,266,610	0.7000	0.7000	247,108,316	0.5790	0.5790	282,139,939	0.5470	0.5470
Monarch Fire Protection District	Ambulance	1,067,546,300	0.3150	0.3150	2,266,610	0.3300	0.3300	247,108,316	0.3300	0.3300	282,139,939	0.3300	0.3300
	Pension	1,067,546,300	0.0950	0.0950	2,266,610	0.1000	0.1000	247,108,316	0.1000	0.1000	282,139,939	0.1000	0.1000
	Dispatch	1,067,546,300	0.0490	0.0490	2,266,610	0.0500	0.0500	247,108,316	0.0500	0.0500	282,139,939	0.0500	0.0500
	Debt Service	1,067,546,300	0.0400	0.0400	2,266,610	0.0400	0.0400	247,108,316	0.0400	0.0400	282,139,939	0.0400	0.0400
	General Revenue	212,420,790	1.0000	1.0000	0	0.0000	0.0000	133,926,220	1.0000	1.0000	130,047,233	1.0000	1.0000
Community Fire Protection District	Ambulance	212,420,790	0.2500	0.2500	0	0.0000	0.0000	133,926,220	0.2500	0.2500	130,047,233	0.2500	0.2500
	Pension	212,420,790	0.1000	0.1000	0	0.0000	0.0000	133,926,220	0.1000	0.1000	130,047,233	0.1000	0.1000
	Dispatch	212,420,790	0.0300	0.0300	0	0.0000	0.0000	133,926,220	0.0300	0.0300	130,047,233	0.0300	0.0300
	Debt Service	212,420,790	0.1310	0.1310	0	0.1310	0.1310	133,926,220	0.1310	0.1310	130,047,233	0.1310	0.1310
	General Revenue	212,420,790	0.1310	0.1310	0	0.1310	0.1310	133,926,220	0.1310	0.1310	130,047,233	0.1310	0.1310

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Creve Coeur Fire Protection Dist	General Revenue	528,898,150	0.5800	0.5800	4,180	0.6460	0.6460	369,638,648	0.6040	0.6040	205,969,063	0.6300	0.6300
	Ambulance	528,898,150	0.2060	0.2060	4,180	0.2390	0.2390	369,638,648	0.2140	0.2140	205,969,063	0.2240	0.2240
	Pension	528,898,150	0.1410	0.1410	4,180	0.1440	0.1440	369,638,648	0.1460	0.1460	205,969,063	0.1500	0.1500
	Dispatch	528,898,150	0.0470	0.0470	4,180	0.0480	0.0480	369,638,648	0.0490	0.0490	205,969,063	0.0500	0.0500
Fenton Fire Protection District	General Revenue	305,310,180	0.4470	0.4050	281,680	0.5960	0.5960	233,120,868	0.5040	0.5040	271,892,116	0.5120	0.5120
	Ambulance	305,310,180	0.3000	0.2300	281,680	0.2790	0.2790	233,120,868	0.3000	0.3000	271,892,116	0.3000	0.3000
	Pension	305,310,180	0.1000	0.1000	281,680	0.0930	0.0930	233,120,868	0.1000	0.1000	271,892,116	0.1000	0.1000
	Dispatch	305,310,180	0.0500	0.0350	281,680	0.0470	0.0350	233,120,868	0.0500	0.0350	271,892,116	0.0500	0.0350
Florissant Valley Fire Prot Dist	General Revenue	435,106,180	0.6950	0.6950	185,030	0.7500	0.7500	124,992,011	0.7410	0.7410	126,725,749	0.7170	0.7170
	Ambulance	435,106,180	0.4370	0.4370 B	185,030	0.4400	0.4400 B	124,992,011	0.4390	0.4390 B	126,725,749	0.4400	0.4400 B
	Pension	435,106,180	0.1000	0.1000	185,030	0.1000	0.1000	124,992,011	0.1000	0.1000	126,725,749	0.1000	0.1000
	Dispatch	435,106,180	0.0500	0.0500	185,030	0.0500	0.0500	124,992,011	0.0500	0.0500	126,725,749	0.0500	0.0500
	Debt Service	435,106,180	0.0450	0.0450	185,030	0.0450	0.0450	124,992,011	0.0450	0.0450	126,725,749	0.0450	0.0450
Kinloch Fire Protection District	General Revenue	833,070	0.9000	0.8600	0	0.0000	0.0000	1,108,010	0.9000	0.8600	791,432	0.9000	0.8600
	Dispatch	833,070	0.0300	0.0400 D	0	0.0000	0.0000	1,108,010	0.0300	0.0400 D	791,432	0.0300	0.0400 D
Lemay Fire Protection District	General Revenue	97,467,372	0.9690	0.9690	180	0.9900	0.9900	19,484,370	0.9900	0.9900	31,389,503	0.9900	0.9900
	Ambulance	94,767,372	0.2210	0.2170	180	0.3000	0.3000	19,484,370	0.2380	0.2380	31,389,503	0.2490	0.2490
	Pension	97,467,372	0.0980	0.0980	180	0.0000	0.0000	19,484,370	0.1000	0.1000	31,389,503	0.1000	0.1000
	Central Alarm Fund	97,467,372	0.0490	0.0490	180	0.0000	0.0000	19,484,370	0.0500	0.0500	31,389,503	0.0500	0.0500
	Debt Service	97,467,372	0.0860	0.0860	180	0.0860	0.0860	19,484,370	0.0860	0.0860	31,389,503	0.0860	0.0860
West County EMS & Fire Prot Dist	General Revenue	396,375,940	0.4580	0.4580	259,090	0.4690	0.4690	79,954,940	0.4820	0.4820	106,324,297	0.4570	0.4570
	Ambulance	396,375,940	0.1960	0.1960	259,090	0.1990	0.1990	79,954,940	0.2000	0.2000	106,324,297	0.1940	0.1940
	Pension	396,375,940	0.0980	0.0800	259,090	0.0990	0.0800	79,954,940	0.1000	0.0800	106,324,297	0.0970	0.0800
	Dispatch	396,375,940	0.0500	0.0500	259,090	0.0500	0.0500	79,954,940	0.0500	0.0500	106,324,297	0.0490	0.0490
	Debt Service	396,375,940	0.1730	0.1700	259,090	0.1730	0.1700	79,954,940	0.1730	0.1700	106,324,297	0.1730	0.1700
Maryland Heights Fire Prot Dist	General Revenue	183,677,320	0.7990	0.7990	5,730	0.8000	0.8000	234,809,210	0.7990	0.7990	142,206,560	0.8000	0.8000
	Ambulance	183,677,320	0.1130	0.1130	5,730	0.1500	0.1500	234,809,210	0.1120	0.1120	142,206,560	0.1180	0.1180
	Pension	183,677,320	0.1300	0.1300	5,730	0.1220	0.1220	234,809,210	0.1300	0.1300	142,206,560	0.1300	0.1300
	Dispatch	183,677,320	0.0500	0.0480	5,730	0.0500	0.0500	234,809,210	0.0500	0.0470	142,206,560	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,227,632,500	0.5460	0.5460	836,750	0.7500	0.7500	311,708,823	0.5820	0.5820	316,796,606	0.5670	0.5670
	Ambulance	1,227,632,500	0.2130	0.2130	836,750	0.3000	0.3000	311,708,823	0.2270	0.2270	316,796,606	0.2210	0.2210
	Pension	1,227,632,500	0.0920	0.0920	836,750	0.1000	0.1000	311,708,823	0.0990	0.0990	316,796,606	0.0960	0.0960
	Alarm Fund	1,227,632,500	0.0460	0.0370	836,750	0.0500	0.0410	311,708,823	0.0490	0.0400	316,796,606	0.0480	0.0390
Metro-North Fire Protection Dist	General Revenue	74,363,050	1.4513	1.4513 B	2,140	0.2500	0.2500 B	14,351,980	1.4398	1.4398 B	21,735,126	1.4910	1.4910 B
	Pension	74,363,050	0.2440	0.2440 B	2,140	0.1000	0.1000 B	14,351,980	0.2430	0.2430 B	21,735,126	0.2490	0.2490 B
	Dispatch	74,363,050	0.0290	0.0290	2,140	0.0000	0.0000	14,351,890	0.0300	0.0300	21,735,126	0.0300	0.0300
	Debt Service	74,363,050	0.0540	0.0540	2,140	0.0540	0.0540	11,383,290	0.0540	0.0540	21,735,126	0.0540	0.0540

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Normandy Fire Protection District	General Revenue	108,544,740	1.5078	1.5070	12,590	1.5078	1.5070	22,001,511	1.5078	1.5070	36,268,411	1.5078	1.5070
	Ambulance	108,544,740	0.3000	0.3000	12,590	0.3000	0.3000	22,001,511	0.3000	0.3000	36,268,411	0.3000	0.3000
	Pension	108,544,740	0.1000	0.1000	12,590	0.1000	0.1000	22,001,511	0.1000	0.1000	36,268,411	0.1000	0.1000
	Dispatch	108,544,740	0.0500	0.0500	12,590	0.0500	0.0500	22,001,511	0.0500	0.0500	36,268,411	0.0500	0.0500
	Debt Service	108,544,740	0.0080	0.0080	12,590	0.0080	0.0080	22,001,511	0.0080	0.0080	36,268,411	0.0080	0.0080
Pattonville-Bridgeton Terr Fire Dis	General Revenue	106,211,740	0.9830	0.9830	350,650	0.9830	0.9830	378,511,590	0.9830	0.9830	173,984,758	0.9830	0.9830
	Ambulance	106,211,740	0.2500	0.2500	350,650	0.2500	0.2500	378,511,590	0.2500	0.2500	173,984,758	0.2500	0.2500
	Pension	106,211,740	0.1500	0.1500	350,650	0.1500	0.1500	378,511,590	0.1500	0.1500	168,422,738	0.1500	0.1500
	Dispatch	106,211,740	0.0500	0.0400	350,650	0.0500	0.0400	378,511,590	0.0500	0.0400	168,422,738	0.0500	0.0400
	Debt Service	106,211,740	0.0090	0.0090	350,650	0.0090	0.0090	378,511,590	0.0090	0.0090	168,422,738	0.0090	0.0090
Riverview Fire Protection District	General Revenue	85,372,420	1.4612	1.4612	10,040	1.4612	1.4612	14,496,661	1.4612	1.4612	25,808,560	1.4612	1.4612
	Pension	85,372,420	0.2500	0.2500	10,040	0.2490	0.2490	14,496,661	0.2500	0.2500	25,808,560	0.2500	0.2500
	Dispatch	85,372,420	0.0500	0.0400	10,040	0.0500	0.0400	14,496,661	0.0500	0.0400	25,808,560	0.0500	0.0400
	Debt Service	85,372,420	0.1350	0.1350	10,040	0.1350	0.1350	14,496,661	0.1350	0.1350	25,808,560	0.1350	0.1350
Robertson Fire Protection District	General Revenue	35,707,270	0.8900	0.8900	231,640	0.8900	0.8900	148,756,040	0.8900	0.8900	98,875,843	0.8900	0.8900
	Ambulance	35,707,270	0.5500	0.4850	231,640	0.5500	0.4850	148,756,040	0.5500	0.4850	98,875,843	0.5500	0.4850
	Pension	35,707,270	0.2000	0.2000	231,640	0.2000	0.2000	148,756,040	0.2000	0.2000	98,875,843	0.2000	0.2000
	Dispatch	35,707,270	0.0500	0.0400	231,640	0.0500	0.0400	148,756,040	0.0500	0.0400	98,875,843	0.0500	0.0400
	Debt Service	35,707,270	0.1580	0.1580	231,640	0.1580	0.1580	148,756,040	0.1580	0.1580	98,875,843	0.1580	0.1580
Spanish Lake Fire Protection Dist	General Revenue	106,073,260	1.2480	1.2480	102,740	1.2449	1.2449	21,727,623	1.1118	1.1118	30,506,370	1.2500	1.2500
	Pension	106,073,260	0.1500	0.1500	102,740	0.1500	0.1500	21,727,623	0.1330	0.1330	30,506,370	0.1500	0.1500
	Dispatch	106,073,260	0.0500	0.0500	102,740	0.0500	0.0500	21,727,623	0.0440	0.0440	30,506,370	0.0500	0.0500
	Debt Service	106,073,260	0.3610	0.1910	102,740	0.3610	0.1910	21,727,623	0.3610	0.1910	30,506,370	0.3610	0.1910
Valley Park Fire Protection Dist	General Revenue	102,962,500	0.8750	0.7700 B	110,120	0.8800	0.8800 B	33,249,070	0.8800	0.8800 B	46,576,107	0.8800	0.8800 B
	Ambulance	102,962,500	0.3000	0.3000	110,120	0.3000	0.3000	33,249,070	0.3000	0.3000	46,576,107	0.3000	0.3000
	Pension	102,962,500	0.1000	0.1000	110,120	0.1000	0.1000	33,249,070	0.1000	0.1000	46,576,107	0.1000	0.1000
	Dispatch	102,962,500	0.0300	0.0300	110,120	0.0300	0.0300	33,249,070	0.0300	0.0300	46,576,107	0.0300	0.0300
	Debt Service	102,962,500	0.0430	0.0400	110,120	0.0430	0.0400	33,249,070	0.0430	0.0400	46,576,107	0.0430	0.0400
Mid-County Fire Protection District	General Revenue	33,173,810	1.3500	1.3500	0	0.0000	0.0000	39,833,370	1.3500	1.3500	41,954,622	1.3500	1.3500
	Ambulance	33,173,810	0.1500	0.1500	0	0.0000	0.0000	39,833,370	0.1500	0.1500	41,954,622	0.1500	0.1500
	Pension	33,173,810	0.1000	0.1000	0	0.0000	0.0000	39,833,370	0.1000	0.1000	41,954,622	0.1000	0.1000
	Dispatch	33,173,810	0.0300	0.0300	0	0.0000	0.0000	39,833,370	0.0300	0.0300	41,954,622	0.0300	0.0000
	Debt Service	33,173,810	0.4880	0.4880	0	0.4880	0.4880	39,833,370	0.4880	0.4880	41,954,622	0.4880	0.4880
West Overland Fire Protection Dist	General Revenue	42,934,100	0.7100	0.7100	0	0.0000	0.0000	86,585,840	0.7100	0.7100	33,107,417	0.7100	0.7100
	Ambulance	42,934,100	0.2500	0.2500	0	0.0000	0.0000	86,585,840	0.2500	0.2500	33,107,417	0.2500	0.2500
	Pension	42,934,100	0.1500	0.1500	0	0.0000	0.0000	86,585,840	0.1500	0.1500	33,107,417	0.1500	0.1500
	Dispatch	42,934,100	0.0500	0.0500	0	0.0000	0.0000	86,585,840	0.0500	0.0500	33,107,417	0.0500	0.0500

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Debt Service	42,934,100	0.3000	0.3000	0	0.3000	0.3000	86,585,840	0.3000	0.3000	33,107,417	0.3000	0.3000
Black Creek Sewer	General Revenue	569,588,970	0.0940	0.0600	0	0.0000	0.0000	464,004,590	0.0970	0.0600	157,923,429	0.0950	0.0600
Black Jack-Dellwood Sewer	General Revenue	121,195,000	0.1000	0.0600	6,450	0.0660	0.0600	50,666,089	0.1000	0.0600	40,221,588	0.0980	0.0600
Clayton Central Sewer	General Revenue	18,895,370	0.0680	0.0600	0	0.0000	0.0000	255,715,719	0.0920	0.0600	43,826,889	0.0900	0.0600
Coldwater Creek Sewer	General Revenue	806,823,930	0.1000	0.0700	48,990	0.1000	0.0700	459,011,097	0.1000	0.0700	530,953,283	0.1000	0.0700
Creve Coeur-Frontenac Sewer	General Revenue	252,843,600	0.0750	0.0500	0	0.0000	0.0000	157,759,946	0.0750	0.0500	70,515,404	0.0760	0.0500
Deer Creek Sewer	General Revenue	1,922,306,380	0.0930	0.0600	161,310	0.1000	0.0600	780,450,110	0.0940	0.0600	424,789,795	0.0930	0.0600
Fountain Creek Sewer	General Revenue	74,178,810	0.1440	0.1000	0	0.0000	0.0000	17,441,300	0.1500	0.1000	21,685,597	0.1400	0.1000
Gravois Creek Sewer	General Revenue	787,956,900	0.0850	0.0600	341,470	0.0860	0.0600	340,523,987	0.0860	0.0600	224,910,762	0.0860	0.0600
Loretta-Joplin Sewer	General Revenue	15,196,180	0.0920	0.0600	0	0.0000	0.0000	1,406,038	0.1000	0.0600	4,403,800	0.0900	0.0600
Maline Creek Sewer	General Revenue	313,163,680	0.1000	0.0700	36,890	0.1000	0.0700	117,801,029	0.1000	0.0700	129,740,259	0.1000	0.0700
Marlborough Sewer	General Revenue	33,345,720	0.0580	0.0400	0	0.0000	0.0000	11,489,962	0.0600	0.0400	8,828,112	0.0580	0.0400
Meramec River Basin Sewer	General Revenue	1,552,290,670	0.1000	0.0700	1,042,340	0.1000	0.0700	522,726,719	0.1000	0.0700	583,866,456	0.1000	0.0700
Missouri River-Bonfils Sewer	General Revenue	117,185,480	0.1000	0.0700	144,300	0.1000	0.0700	398,343,600	0.1000	0.0700	202,754,387	0.1000	0.0700
North Affton Sewer	General Revenue	49,698,470	0.0840	0.0600	0	0.0000	0.0000	3,780,851	0.0870	0.0600	9,939,125	0.0850	0.0600
Paddock Creek Sewer	General Revenue	84,513,550	0.1000	0.0600	2,360	0.0850	0.0600	23,975,765	0.1000	0.0600	23,934,252	0.0990	0.0600
Seminary Branch RDP Sewer	General Revenue	181,080,540	0.0730	0.0600	0	0.0000	0.0000	39,482,440	0.0800	0.0600	50,294,704	0.0760	0.0600
Shrewsbury Branch RDP Sewer	General Revenue	15,401,090	0.0750	0.0600	0	0.0000	0.0000	2,944,920	0.0820	0.0600	4,468,733	0.0780	0.0600
Sugar Creek Sewer	General Revenue	204,794,060	0.0630	0.0630	130	0.0000	0.0000	32,243,757	0.1000	0.0660	57,790,148	0.0690	0.0660
University City Branch RDP Sewer	General Revenue	373,399,450	0.0950	0.0700	0	0.0000	0.0000	223,780,878	0.0990	0.0700	167,996,856	0.0940	0.0700
Upper Paddock Creek Sewer	General Revenue	20,062,270	0.0950	0.0600	1,170	0.0950	0.0600	4,625,659	0.0940	0.0600	5,310,169	0.0910	0.0600
Watkins Creek Sewer	General Revenue	89,270,030	0.1000	0.0600	11,370	0.1000	0.0600	27,619,392	0.1000	0.0600	29,805,781	0.0990	0.0600
Wedgewood Creek Sewer	General Revenue	18,711,700	0.1000	0.0600	0	0.0000	0.0000	13,067,218	0.1000	0.0600	7,408,658	0.1000	0.0600
Wellston Sewer	General Revenue	11,902,040	0.1000	0.0800	0	0.0000	0.0000	9,924,898	0.1000	0.0800	13,125,987	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	32,063,700	0.1980	0.1700	0	0.0000	0.0000	8,655,380	0.2000	0.1700	12,853,130	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,980,450	0.2000	0.1140	0	0.0000	0.0000	784,880	0.2000	0.1110	1,267,080	0.2000	0.1250
Castle Point Street Light District	General Revenue	6,202,770	0.1630	0.1630	0	0.0000	0.0000	164,690	0.2000	0.2000	1,493,760	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	17,461,700	0.1600	0.1600	0	0.0000	0.0000	366,780	0.0880	0.0880	3,804,350	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,575,730	0.4000	0.0000	0	0.0000	0.0000	95,930	0.4000	0.0000	436,330	0.4000	0.0000
Clayton Special Business District	General Revenue	10,354,970	0.0760	0.0470	0	0.0000	0.0000	251,568,560	0.1290	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	226,290	0.4790	0.4790	0	0.0000	0.0000	9,823,500	0.5020	0.5020	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	624,980	0.6780	0.6780	0	0.0000	0.0000	3,596,520	0.8500	0.8500	1,769,030	0.0000	0.0000
Webster Groves-Old Webster Bus Dist	General Revenue	231,780	0.4180	0.2900	0	0.0000	0.0000	7,578,980	0.4350	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dist	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,883,090	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	17,189,440	0.5710	0.5710	0	0.0000	0.0000
Jennings Special Business District	General Revenue	35,480	0.5220	0.1700	0	0.0000	0.0000	1,369,800	0.7710	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	10,457,378,130	0.0880	0.0850	7,245,880	0.0900	0.0850	4,312,335,645	0.0900	0.0850	3,636,562,996	0.0900	0.0850

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate					
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,294,050	0.8500	0.8500	0	0.0000	0.0000	1,655,150	0.8500	0.8500	2,398,580	0.0000	0.0000			
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	2,334,750	0.8500	0.4000	0	0.0000	0.0000			
Robinwood West Community Imp Dis	General Revenue	11,676,940	0.8880	0.8880	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000			
Hazelwood R-I School District	Operating Funds-Schools	771,699,410	5.2804	4.4904	B	728,570	5.5500	4.7600	B	403,497,890	5.4277	4.6377	B	406,053,400	5.4050	4.6150
	Debt Service	771,699,410	0.6300	0.3900		728,570	0.6300	0.3900		403,497,890	0.6300	0.3900		406,053,400	0.6300	0.3900
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	364,389,090	4.7400	4.7400		26,770	4.7400	4.7400		255,010,570	4.7400	4.7400		265,446,920	4.7400	4.7400
	Debt Service	364,389,090	0.3010	0.3000		26,770	0.3010	0.3000		255,010,570	0.3010	0.3000		265,446,920	0.3010	0.3000
Pattonville R-III School District	Operating Funds-Schools	338,282,160	3.8117	3.5441		200,530	4.0969	3.9193		561,288,090	3.8532	3.6756		299,056,590	3.8998	3.7222
	Debt Service	338,282,160	0.4900	0.4900		200,530	0.4900	0.4900		561,288,090	0.4900	0.4900		299,056,590	0.4900	0.4900
Kirkwood R-VII School District	Operating Funds-Schools	611,333,690	3.3773	3.3773		159,450	5.1500	5.1500		153,237,550	4.0499	4.0499		149,953,320	3.4960	3.4960
	Debt Service	611,333,690	0.3630	0.3630		159,450	0.3630	0.3630		153,237,550	0.3630	0.3630		149,953,320	0.3630	0.3630
Lindbergh R-VIII School District	Operating Funds-Schools	609,747,080	2.8658	2.6996		542,570	4.0945	3.9283		234,106,020	3.0503	2.8841		162,824,360	3.0269	2.8607
	Debt Service	609,747,080	0.3800	0.3800		542,570	0.3800	0.3800		234,106,020	0.3800	0.3800		162,824,360	0.3800	0.3800
Mehlville R-IX School District	Operating Funds-Schools	929,187,800	3.5209	3.5209		488,080	3.7500	3.7500		195,354,630	3.7500	3.7500		243,884,890	3.6237	3.6237
	Debt Service	929,187,800	0.6290	0.3800		488,080	0.6290	0.3800		195,354,630	0.6290	0.3800		243,884,890	0.6290	0.3800
Parkway C-2 School District	Operating Funds-Schools	2,084,359,860	3.2702	3.2702		1,769,050	3.4467	3.4467		862,582,580	3.3293	3.3293		570,167,890	3.3517	3.3517
	Debt Service	2,084,359,860	0.3400	0.3400		1,769,050	0.3400	0.3400		862,582,580	0.3400	0.3400		570,167,890	0.3400	0.3400
Aftton 101 School District	Operating Funds-Schools	218,391,590	4.0080	4.0080		0	0.0000	0.0000		54,713,950	4.2589	4.2589		64,865,330	4.1531	4.1531
Bayless School District	Operating Funds-Schools	94,060,140	3.4074	3.4074		0	0.0000	0.0000		9,674,680	3.6503	3.6503		22,213,630	3.6975	3.6975
	Debt Service	94,060,140	0.6410	0.6300		0	0.6410	0.6300		9,674,680	0.6410	0.6300		22,213,630	0.6410	0.6300
Brentwood School District	Operating Funds-Schools	107,172,420	3.4538	3.2345		0	0.0000	0.0000		70,388,950	3.7314	3.5121		44,721,370	3.3969	3.1776
	Debt Service	107,172,420	0.1940	0.1940		0	0.1940	0.1940		70,388,950	0.1940	0.1940		44,721,370	0.1940	0.1940
Clayton School District	Operating Funds-Schools	357,107,880	3.4554	3.3694		0	0.0000	0.0000		377,002,300	3.5316	3.4456		101,244,900	3.4555	3.3695
	Debt Service	357,107,880	0.4310	0.4000		0	0.4310	0.4000		377,002,300	0.4310	0.4000		101,244,900	0.4310	0.4000
Hancock Place School District	Operating Funds-Schools	31,359,980	4.3000	4.3000		0	0.0000	0.0000		8,632,880	4.3000	4.3000		12,710,100	4.3000	4.3000
	Debt Service	31,359,980	0.7740	0.7740		0	0.7740	0.7740		8,632,880	0.7740	0.7740		12,710,100	0.7740	0.7740
Jennings School District	Operating Funds-Schools	59,515,000	4.1702	4.1702		0	0.0000	0.0000		11,466,230	5.3093	5.3093		22,845,030	4.8034	4.8034
	Debt Service	59,515,000	0.9960	0.9960		0	0.9960	0.9960		11,466,230	0.9960	0.9960		22,845,030	0.9960	0.9960
Ladue School District	Operating Funds-Schools	842,453,870	2.7500	2.7500		1,990	2.7500	2.7500		175,429,660	2.7500	2.7500		140,088,570	2.7500	2.7500
	Debt Service	842,453,870	0.4500	0.4500		1,990	0.4500	0.4500		175,429,660	0.4500	0.4500		140,088,570	0.4500	0.4500
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	117,817,330	4.1573	4.3690	C	0	0.0000	0.0000		31,724,450	4.3500	4.5617	C	33,628,150	4.2408	4.4525
	Debt Service	117,817,330	1.2870	1.0300		0	1.2870	1.0300		31,724,450	1.2870	1.0300		33,628,150	1.2870	1.0300
Normandy School District	Operating Funds-Schools	132,976,580	4.6600	4.3147		12,590	4.6600	4.3147		27,779,480	4.6600	4.3147		52,832,050	4.6600	4.3147
	Debt Service	132,976,580	1.8380	1.2140		12,590	1.8380	1.2140		27,779,480	1.8380	1.2140		52,832,050	1.8380	1.2140
Ritenour School District	Operating Funds-Schools	205,385,470	3.6647	3.6647		0	0.0000	0.0000		150,042,180	3.8673	3.8673		135,127,080	3.8692	3.8692
	Debt Service	205,385,470	0.9800	0.8900		0	0.9800	0.8900		150,042,180	0.9800	0.8900		135,127,080	0.9800	0.8900
Riverview Gardens School District	Operating Funds-Schools	158,741,450	4.3500	4.3500		10,790	3.2835	3.2835		18,424,450	4.3500	4.3500		43,784,370	4.1177	4.1177

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Riverview Gardens School District	Debt Service	158,741,450	2.1880	1.5537	10,790	2.1880	1.5537	18,424,450	2.1880	1.5537	43,784,370	2.1880	1.5537
University City School District	Operating Funds-Schools	351,913,060	4.8596	4.2565	0	0.0000	0.0000	37,520,130	5.2086	4.5627	68,028,580	5.1824	4.5371
	Debt Service	351,913,060	1.1180	0.7380	0	1.1180	0.7380	37,520,130	1.1180	0.7380	68,028,580	1.1180	0.7380
Valley Park School District	Operating Funds-Schools	65,104,040	4.6500	4.6500	7,740	4.6500	4.6500	23,270,570	4.6500	4.6500	32,389,060	4.6500	4.6500
	Debt Service	65,104,040	0.3040	0.3040	7,740	0.3040	0.3040	23,270,570	0.3040	0.3040	32,389,060	0.3040	0.3040
Webster Groves School District	Operating Funds-Schools	411,088,370	3.9845	3.9845	0	0.0000	0.0000	52,730,410	4.3058	4.3058	79,044,420	4.2089	4.2089
	Debt Service	411,088,370	0.5670	0.5670	0	0.5670	0.5670	52,730,410	0.5670	0.5670	79,044,420	0.5670	0.5670
Wellston School District	Operating Funds-Schools	3,748,270	5.6700	5.6700	0	0.0000	0.0000	5,142,080	5.6700	5.6700	8,720,700	5.6700	5.6700
St. Louis County	General Revenue	10,457,378,130	0.2740	0.2550	7,245,880	0.3500	0.2550	4,312,335,645	0.2870	0.2550	3,636,562,996	0.2810	0.2550
	Parks & Recreation	10,457,378,130	0.0690	0.0450	7,245,880	0.0700	0.0450	4,312,335,645	0.0700	0.0450	3,636,562,996	0.0700	0.0450
	Road & Bridge	10,457,378,130	0.1760	0.1050	7,245,880	0.1800	0.1050	4,312,335,645	0.1800	0.1050	3,636,562,996	0.1800	0.1050
	Health	10,457,378,130	0.2350	0.1750	7,245,880	0.3000	0.1750	4,312,335,645	0.2450	0.1750	3,636,562,996	0.2410	0.1750
	Debt Service	10,457,378,130	0.0420	0.0000	7,245,880	0.0420	0.0000	4,312,335,645	0.0420	0.0000	3,636,562,996	0.0420	0.0000

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Report No. 2004-102.
 B A voter approved increase to an existing levy, see Report No. 2004-102.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Report No. 2004-102.

NOTE:

This Appendix only contains levy information for political subdivisions wholly in St. Louis County. In 2003, all political subdivisions in St. Louis County were required to levy a separate tax rate for each subclass of property per section 137.073 RSMo as required by House Bill 1150 in 2002. This statute and the tax rate calculation was revised again by Senate Bill 960 (SB 960) passed in 2004. Due to SB 960's effective date of October 1, 2004 for all political subdivisions not within St. Louis County, all political subdivisions partially in St. Louis County and partially in another county levied a single rate applied to all property in 2004.

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	5,352,680	0.2960	0.0000	0	0.0000	0.0000	464,463	0.3040	0.0000	1,189,466	0.3080	0.0000
City of Bellefontaine Neighbors	General Revenue	53,085,750	0.2290	0.1500	5,310	0.2450	0.1500	9,639,594	0.2480	0.1500	16,213,317	0.2360	0.1500
Village of Bellerive Acres	General Revenue	3,130,650	0.6180	0.6180	0	0.0000	0.0000	150,180	0.7090	0.7090	592,709	0.7670	0.7670
Village of Bel Nor	General Revenue	13,900,718	0.2810	0.2810	0	0.0000	0.0000	291,930	0.2930	0.2930	2,854,950	0.2930	0.2930
	Debt Service	13,900,718	0.5270	0.5270	0	0.5270	0.5270	291,930	0.5270	0.5270	2,854,950	0.5270	0.5270
Village of Bel Ridge	General Revenue	8,312,520	0.3300	0.3300	0	0.0000	0.0000	6,777,514	0.3300	0.3300	0	0.0000	0.0000
City of Berkeley	General Revenue	34,591,600	0.7780	0.7780	11,660	1.0000	1.0000	94,918,911	0.7700	0.7700	50,639,843	0.9080	0.9080
	Pension	34,591,600	0.1100	0.1100	11,660	0.1100	0.1100	94,918,911	0.1100	0.1100	50,639,843	0.1100	0.1100
	Debt Service	34,591,600	0.1490	0.1490	11,660	0.1490	0.1490	94,918,911	0.1490	0.1490	50,639,843	0.1490	0.1490
City of Beverly Hills	General Revenue	2,095,370	0.2200	0.2160	0	0.0000	0.0000	1,069,834	0.2290	0.2250	955,180	0.2320	0.2280
City of Breckenridge Hills	General Revenue	16,900,200	0.2830	0.2000	0	0.0000	0.0000	8,582,015	0.2840	0.2000	0	0.0000	0.0000
City of Brentwood	General Revenue	102,368,890	0.2030	0.0000	0	0.0000	0.0000	69,967,760	0.2130	0.2130	40,458,316	0.2070	0.2070
	Library	102,368,890	0.1750	0.1750	0	0.0000	0.0000	69,967,760	0.1840	0.1840	40,458,316	0.1790	0.1790
	Pension	102,368,890	0.2310	0.2310	0	0.0000	0.0000	69,967,760	0.2420	0.2420	40,458,316	0.2350	0.2350
	Debt Service	102,368,890	0.0000	0.0000	0	0.0000	0.0000	69,967,760	0.0000	0.0000	40,458,316	0.0000	0.0000
City of Bridgeton	General Revenue	98,327,050	0.2470	0.1600	124,630	0.2500	0.1600	241,047,785	0.2410	0.2330	0	0.0000	0.0000
Village of Calverton Park	General Revenue	7,526,030	0.2860	0.2000	0	0.0000	0.0000	417,253	0.2930	0.2000	2,012,311	0.2980	0.2000
City of Charlack	General Revenue	5,384,370	0.2490	0.2490	0	0.0000	0.0000	1,708,123	0.2570	0.2540	2,163,858	0.2570	0.2570
City of Clarkson Valley	General Revenue	74,197,980	0.1340	0.1340	5,640	0.1420	0.1420	5,069,160	0.1390	0.1390	11,040,094	0.1530	0.1530
City of Clayton	General Revenue	316,609,430	0.6620	0.5810	0	0.0000	0.0000	303,760,131	0.6870	0.5810	83,255,192	0.7000	0.5810
	Debt Service	316,609,430	0.1650	0.0710	0	0.1650	0.0710	303,760,131	0.1650	0.0710	83,255,192	0.1650	0.0710
City of Cool Valley	General Revenue	5,286,560	0.1610	0.1610	0	0.0000	0.0000	4,341,029	0.1650	0.1650	3,467,380	0.1650	0.1650
City of Country Club Hills	General Revenue	4,155,530	0.7050	0.6830	0	0.0000	0.0000	782,260	0.6730	0.6730	1,294,198	0.7390	0.6830
	Parks & Recreation	4,155,530	0.3220	0.3120	0	0.0000	0.0000	782,260	0.3080	0.3080	1,294,198	0.3380	0.3120
	Health	4,155,530	0.1810	0.1750	0	0.0000	0.0000	782,260	0.1740	0.1740	1,294,198	0.1900	0.1750
Village of Country Life Acres	General Revenue	5,835,620	0.3590	0.3590	0	0.0000	0.0000	64,743	0.4430	0.4430	427,358	0.4280	0.4280
City of Crestwood	General Revenue	133,883,830	0.2610	0.2500	150	0.0000	0.0000	78,259,695	0.2700	0.2500	34,587,938	0.2790	0.2500
City of Creve Coeur	General Revenue	352,307,330	0.0900	0.0700	8,410	0.0950	0.0700	268,356,680	0.0930	0.0700	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	10,905,170	0.7790	0.7700	0	0.0000	0.0000	48,440	0.7820	0.7700	1,442,395	0.8080	0.7700
City of Dellwood	General Revenue	22,539,370	0.2210	0.2200	0	0.0000	0.0000	6,190,700	0.2490	0.2400	8,025,581	0.2350	0.0000
City of Des Peres	General Revenue	158,538,480	0.2390	0.0000	157,180	0.3690	0.0000	70,040,080	0.2500	0.0000	0	0.0000	0.0000
	Debt Service	158,538,480	1.2210	0.0000	157,180	1.2210	0.0000	70,040,080	1.2210	0.0000	0	1.2210	0.0000
City of Edmundson	General Revenue	3,079,570	0.3880	0.3400	0	0.0000	0.0000	19,456,500	0.3880	0.3400	0	0.0000	0.0000
City of Ellisville	General Revenue	103,666,730	0.4030	0.1500	44,690	0.6500	0.1500	69,805,565	0.4170	0.1500	33,904,382	0.4170	0.0000
City of Eureka	General Revenue	98,621,470	0.4690	0.3730	213,880	0.6500	0.3730	32,318,279	0.4910	0.3900	33,372,348	0.4910	0.3900
City of Ferguson	General Revenue	96,765,640	0.4370	0.4370	7,220	0.4500	0.4410	39,681,524	0.4460	0.4460	41,681,723	0.4500	0.4500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	Parks & Recreation	96,765,640	0.1830	0.1830	7,220	0.2000	0.1870	39,681,524	0.1900	0.1890	41,681,723	0.1980	0.1970
City of Flordell Hills	General Revenue	2,737,600	0.5140	0.5140	0	0.0000	0.0000	832,981	0.5400	0.5400	0	0.0000	0.0000
City of Florissant	General Revenue	289,049,560	0.1140	0.0000	29,150	0.1300	0.0000	98,238,957	0.1190	0.0000	96,596,250	0.1200	0.0000
City of Frontenac	General Revenue	129,508,400	0.5340	0.5340	0	0.0000	0.0000	29,454,974	0.5700	0.5700	19,123,320	0.5530	0.5530
City of Glendale	General Revenue	97,623,620	0.5030	0.5030	0	0.0000	0.0000	4,636,478	0.4600	0.4600	15,283,036	0.5190	0.5190
	Pension	97,623,620	0.0970	0.0970	0	0.0000	0.0000	4,636,478	0.0900	0.0900	15,283,036	0.1000	0.1000
Town of Grantwood Village	General Revenue	16,690,010	0.2410	0.2390	92,080	0.2460	0.2450	847,391	0.2260	0.2220	2,770,966	0.2610	0.2590
City of Greendale	General Revenue	4,277,350	0.5940	0.5940	0	0.0000	0.0000	186,170	0.5530	0.5530	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	7,362,890	0.3880	0.3880	0	0.0000	0.0000	591,061	0.1670	0.1670	2,441,768	0.4500	0.4500
City of Hazelwood	General Revenue	153,226,230	0.7670	0.7500 B	188,360	0.7780	0.7500 B	179,840,148	0.7700	0.7500 B	120,137,917	0.7780	0.7500 B
Village of Hillsdale	General Revenue	1,451,370	0.5000	0.5000	0	0.0000	0.0000	2,336,291	0.5000	0.5000	3,713,573	0.5000	0.5000
City of Huntleigh	General Revenue	25,362,640	0.3250	0.2000	9,640	0.1900	0.1900	385,041	0.3370	0.2000	1,980,670	0.3280	0.2000
City of Jennings	General Revenue	52,216,080	0.9700	0.9700	0	0.0000	0.0000	14,464,782	1.0000	1.0000	16,532,658	1.0000	1.0000
	Pension	52,216,080	0.1800	0.1800	0	0.0000	0.0000	14,464,782	0.1850	0.1800	16,532,658	0.1850	0.1800
City of Kinloch	General Revenue	936,400	1.0000	0.7500	0	0.0000	0.0000	1,177,151	1.0000	0.7500	686,589	1.0000	0.7500
City of Kirkwood	Parks & Recreation	370,160,990	0.1860	0.1330	130	0.0000	0.0000	68,302,073	0.1890	0.1330	75,532,170	0.2000	0.1330
	Library	367,831,920	0.2150	0.2150	130	0.0000	0.0000	66,795,123	0.2120	0.2120	73,166,900	0.2350	0.2350
	Pension	370,160,990	0.1670	0.1610	130	0.0000	0.0000	68,302,073	0.1680	0.1580	75,532,170	0.1820	0.1790
	Debt Service	370,160,990	0.2800	0.2800	130	0.2800	0.2800	68,302,073	0.2800	0.2800	75,532,170	0.2800	0.2800
City of Ladue	General Revenue	437,922,270	0.4490	0.4490	1,990	1.0000	1.0000	36,034,477	0.4530	0.4530	52,185,885	0.4560	0.4560
City of Lakeshire	General Revenue	11,250,830	0.0900	0.0900	0	0.0000	0.0000	171,231	0.0980	0.0900	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,203,290	0.1720	0.1720	0	0.0000	0.0000	43,189	0.1950	0.1950	268,334	0.1850	0.1850
City of Manchester	General Revenue	189,939,350	0.3720	0.0500	400	0.6100	0.0500	37,213,918	0.3140	0.0500	43,267,790	0.4100	0.0500
	Debt Service	189,939,350	0.2830	0.2000	400	0.2830	0.2000	37,213,918	0.2830	0.2000	43,267,790	0.2830	0.2000
City of Maplewood	General Revenue	50,607,520	0.4830	0.4830	0	0.0000	0.0000	28,607,360	0.5310	0.5310	18,874,773	0.5670	0.5670
	Pension	50,607,520	0.2090	0.2090	0	0.0000	0.0000	28,607,360	0.2300	0.2300	18,874,773	0.2450	0.2450
	Capital Projects-Temp	50,607,520	0.2280	0.2280	0	0.0000	0.0000	28,607,360	0.2510	0.2510	18,874,773	0.2680	0.2680
Village of Marlborough	General Revenue	10,819,110	0.1030	0.1000	0	0.0000	0.0000	6,683,010	0.1100	0.1000	4,450,594	0.1110	0.1000
City of Normandy	General Revenue	16,067,560	0.4000	0.4000	0	0.0000	0.0000	3,259,000	0.4000	0.4000	5,535,725	0.4000	0.4000
City of Northwoods	General Revenue	17,898,750	0.3700	0.3600	0	0.0000	0.0000	2,442,893	0.3830	0.3600	6,155,649	0.4150	0.3600
Village of Norwood Court	General Revenue	2,963,820	0.3040	0.0000	0	0.0000	0.0000	211,080	0.3500	0.0000	967,565	0.3450	0.0000
City of Oakland	General Revenue	17,019,060	0.2230	0.2230	0	0.0000	0.0000	1,612,960	0.2390	0.2390	3,031,337	0.2370	0.2370
City of Olivette	General Revenue	105,111,970	0.7190	0.7190	0	0.0000	0.0000	47,888,013	0.7340	0.7340	32,713,683	0.7790	0.7790
	Pension	105,111,970	0.1490	0.1490	0	0.0000	0.0000	47,888,013	0.1520	0.1520	32,713,683	0.1620	0.1620
City of Overland	General Revenue	82,384,090	0.0930	0.0750	0	0.0000	0.0000	71,747,652	0.0970	0.0970	41,226,608	0.0970	0.0750
	Pension	82,384,090	0.1400	0.1400	0	0.0000	0.0000	71,747,652	0.1450	0.1450	41,226,608	0.1460	0.1460
City of Pagedale	General Revenue	8,290,180	0.2890	0.2890	0	0.0000	0.0000	10,395,619	0.2760	0.2760	6,404,875	0.3500	0.3500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Pasadena Hills	General Revenue	9,220,800	0.2950	0.2950	0	0.0000	0.0000	45,040	0.3800	0.3800	1,875,740	0.3100	0.3100
Village of Pasadena Park	General Revenue	3,460,650	0.2930	0.2930	0	0.0000	0.0000	17,830	0.3090	0.3090	802,748	0.3090	0.3090
City of Pine Lawn	General Revenue	9,610,870	0.2580	0.2580	0	0.0000	0.0000	2,616,640	0.2580	0.2580	3,523,926	0.2580	0.2580
City of Richmond Heights	General Revenue	135,341,680	0.5520	0.2900	0	0.0000	0.0000	103,689,220	0.5900	0.2900	34,123,513	0.6030	0.2900
	Library	135,341,680	0.1900	0.1900	0	0.0000	0.0000	103,689,220	0.2030	0.2030	34,123,513	0.2070	0.2070
	Pension	135,341,680	0.3190	0.3190	0	0.0000	0.0000	103,689,220	0.3410	0.3200	34,123,513	0.3480	0.3200
Village of Riverview	General Revenue	11,051,790	0.2930	0.2930	0	0.0000	0.0000	1,801,241	0.2990	0.2930	3,000,471	0.3120	0.2930
City of Rock Hill	General Revenue	42,435,510	0.3100	0.3100	0	0.0000	0.0000	15,440,171	0.3060	0.3060	11,797,140	0.3540	0.3540
	Library	42,435,510	0.3170	0.3170	0	0.0000	0.0000	15,440,171	0.3130	0.3130	11,797,140	0.3600	0.3600
	Debt Service	42,435,510	0.5110	0.5110	0	0.5110	0.5110	15,440,171	0.5110	0.5110	11,797,140	0.5110	0.5110
City of St Ann	General Revenue	67,591,310	0.1660	0.1600	0	0.0000	0.0000	46,226,630	0.1730	0.1600	24,251,721	0.1930	0.0000
City of St George	General Revenue	9,627,185	0.1350	0.1350	0	0.0000	0.0000	147,500	0.0000	0.0000	2,121,714	0.1390	0.1390
City of St John	General Revenue	31,154,140	0.3660	0.3660	0	0.0000	0.0000	7,908,280	0.3580	0.3580	11,729,827	0.4490	0.4490
City of Shrewsbury	General Revenue	61,396,810	0.4100	0.3900	0	0.0000	0.0000	25,053,767	0.3930	0.3900	18,576,107	0.4370	0.3900
	Debt Service	61,396,810	0.6140	0.6100	0	0.6140	0.6100	25,053,767	0.6140	0.6100	18,576,107	0.6140	0.6100
City of Sunset Hills	General Revenue	155,150,510	0.0840	0.0600	234,620	0.1000	0.0600	84,274,020	0.0850	0.0600	43,130,612	0.0900	0.0600
Village of Sycamore Hills	General Revenue	3,749,510	0.2490	0.2490	0	0.0000	0.0000	393,994	0.2170	0.2170	1,036,014	0.2560	0.2560
	Health	3,749,510	0.1160	0.1160	0	0.0000	0.0000	393,994	0.1010	0.1010	1,036,014	0.1190	0.1190
City of Town and Country	General Revenue	344,305,470	0.5370	0.0000	60,270	0.9000	0.0000	185,830,255	0.5480	0.0000	97,975,516	0.5790	0.0000
	Dispatch	344,305,470	0.0290	0.0000	60,270	0.0300	0.0000	185,830,255	0.0290	0.0000	97,975,516	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,309,160	0.3990	0.0000	0	0.0000	0.0000	3,414,082	0.4000	0.2000	0	0.0000	0.0000
City of University City	General Revenue	348,636,070	0.6590	0.6480	0	0.0000	0.0000	37,574,270	0.6710	0.6590	63,785,416	0.6980	0.6860
	Library	348,636,070	0.2870	0.2810	0	0.0000	0.0000	37,574,270	0.2920	0.2850	63,785,416	0.3040	0.2990
	Pension	348,636,070	0.1860	0.0000	0	0.0000	0.0000	37,574,270	0.1890	0.0000	63,785,416	0.1970	0.0000
Village of Uplands Park	General Revenue	1,677,970	0.3820	0.3200	0	0.0000	0.0000	60,034	0.5000	0.3200	609,271	0.3910	0.3200
City of Valley Park	General Revenue	47,970,440	0.6310	0.5700	7,100	0.0000	0.0000	10,267,660	0.6890	0.5700	16,997,580	0.6850	0.5700
City of Velda City	General Revenue	4,530,470	0.3700	0.3400	0	0.0000	0.0000	180,520	0.4040	0.3400	1,459,393	0.3820	0.3400
	Debt Service	4,530,470	0.9380	0.6900	0	0.9380	0.6900	180,520	0.9380	0.6900	1,459,393	0.9380	0.6900
Village of Velda Village Hills	General Revenue	3,745,590	0.3520	0.3560	0	0.0000	0.0000	209,061	0.3870	0.3920	1,296,847	0.3780	0.3830
City of Vinita Park	General Revenue	6,275,920	0.2190	0.2190	0	0.0000	0.0000	23,513,470	0.2320	0.2320	10,221,686	0.2290	0.2290
Village of Vinita Terrace	General Revenue	1,352,640	0.0400	0.0400	0	0.0000	0.0000	829,565	0.0470	0.0470	0	0.0000	0.0000
	Health	1,352,640	0.1270	0.1270	0	0.0000	0.0000	829,565	0.1500	0.1320	0	0.0000	0.0000
City of Warson Woods	General Revenue	39,738,460	0.4270	0.4270	0	0.0000	0.0000	6,476,629	0.4470	0.4470	6,253,822	0.4470	0.4470
	Debt Service	39,738,460	1.4060	0.0000	0	1.4060	0.0000	6,476,629	1.4060	0.0000	6,253,822	1.4060	0.0000
City of Webster Groves	General Revenue	302,800,100	0.2700	0.2700	0	0.0000	0.0000	34,286,314	0.2790	0.2790	54,319,778	0.2800	0.2800
	Library	302,800,100	0.1740	0.1740	0	0.0000	0.0000	34,286,314	0.1790	0.1790	55,374,878	0.1790	0.1790
	Streets	302,800,100	0.1740	0.1740	0	0.0000	0.0000	34,286,314	0.1800	0.1800	54,319,778	0.1810	0.1810

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Webster Groves	Pension	302,800,100	0.1400	0.1400	0	0.0000	0.0000	34,286,314	0.1440	0.1440	54,319,778	0.1450	0.1450
	Debt Service	302,800,100	0.6570	0.6570	0	0.6570	0.6570	34,286,314	0.6570	0.6570	54,319,778	0.6570	0.6570
City of Wellston	General Revenue	3,753,620	0.6000	0.6000	0	0.0000	0.0000	6,921,225	0.5850	0.6000	5,135,611	0.6000	0.6000
Village of Westwood	General Revenue	13,377,400	0.0600	0.0600	0	0.0000	0.0000	1,478,526	0.0710	0.0710	0	0.0000	0.0000
City of Winchester	General Revenue	12,244,980	0.2010	0.2010	0	0.0000	0.0000	2,037,020	0.2230	0.2230	2,741,913	0.2610	0.2610
City of Woodson Terrace	General Revenue	18,554,839	0.2190	0.2200	0	0.0000	0.0000	17,423,600	0.2300	0.2200	21,159,950	0.2510	0.2200
City of Chesterfield	Debt Service	815,992,990	0.1150	0.0600	1,755,330	0.1150	0.0600	222,262,370	0.1150	0.0600	234,858,190	0.1150	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	96,765,640	0.2160	0.2160	7,220	0.0000	0.0000	39,681,524	0.2190	0.2190	41,919,953	0.2200	0.2200
Maplewood Public Library	General Revenue	50,647,520	0.2190	0.2190	0	0.0000	0.0000	28,607,360	0.2260	0.2260	26,571,253	0.2420	0.2420
St Louis County Library	General Revenue	8,872,086,270	0.1730	0.1400	7,399,710	0.2000	0.1400	3,953,437,344	0.1780	0.1400	3,506,835,008	0.1850	0.1400
Valley Park Community Library	General Revenue	20,318,800	0.1700	0.1700	1,510	0.1700	0.1700	6,853,620	0.1700	0.1700	12,667,426	0.1700	0.1700
Affton Fire Protection District	General Revenue	292,759,220	0.7590	0.7590	720	0.7940	0.7940	51,326,749	0.7890	0.7890	81,648,991	0.7940	0.7940
	Ambulance	292,759,220	0.1740	0.1740	720	0.2000	0.2000	51,326,749	0.1810	0.1810	81,648,991	0.1820	0.1820
	Pension	292,759,220	0.0610	0.0610	720	0.0700	0.0700	51,326,749	0.0630	0.0630	81,648,991	0.0640	0.0640
	Dispatch	292,759,220	0.0260	0.0260	720	0.0000	0.0000	51,326,749	0.0270	0.0270	81,648,991	0.0270	0.0270
	Debt Service	292,759,220	0.0260	0.0260	720	0.0000	0.0000	51,326,749	0.0270	0.0270	81,648,991	0.0270	0.0270
Metro West Fire Protection District	General Revenue	981,783,520	0.5390	0.5390	1,228,890	0.6500	0.6500	153,237,993	0.5740	0.5740	218,002,781	0.5610	0.5610
	Ambulance	981,783,520	0.2780	0.2780	1,228,890	0.3000	0.3000	153,237,993	0.2960	0.2960	218,002,781	0.2890	0.2890
	Pension	981,783,520	0.1020	0.1020	1,228,890	0.1100	0.1100	153,237,993	0.1090	0.1090	218,002,781	0.1060	0.1060
	Dispatch	981,783,520	0.0470	0.0470	1,228,890	0.0480	0.0480	153,237,993	0.0480	0.0480	218,002,781	0.0480	0.0480
	Debt Service	981,783,520	0.1010	0.1010	1,228,890	0.1010	0.1010	153,237,993	0.1010	0.1010	218,002,781	0.1010	0.1010
Black Jack Fire Protection District	General Revenue	337,906,670	0.7410	0.7410	220,370	0.7500	0.7500	45,243,250	0.7500	0.7500	95,734,157	0.7500	0.7500
	Pension	337,906,670	0.0990	0.0990	220,370	0.1000	0.1000	45,243,250	0.1000	0.1000	95,734,157	0.1000	0.1000
	NCCFA System	337,906,670	0.0490	0.0400	220,370	0.0500	0.0400	45,243,250	0.0500	0.0400	95,734,157	0.0500	0.0400
	Debt Service	337,906,670	0.2400	0.2250	220,370	0.2400	0.2250	45,243,250	0.2400	0.2250	95,734,157	0.2400	0.2250
Monarch Fire Protection District	General Revenue	1,044,698,480	0.5030	0.5030	2,222,710	0.7000	0.7000	257,032,000	0.5390	0.5390	288,197,590	0.5470	0.5470
	Ambulance	1,044,698,480	0.3090	0.3090	2,222,710	0.3300	0.3300	257,032,000	0.3290	0.3290	288,197,590	0.3300	0.3300
	Pension	1,044,698,480	0.0940	0.0940	2,222,710	0.1000	0.1000	257,032,000	0.1000	0.1000	288,197,590	0.1000	0.1000
	Dispatch	1,044,698,480	0.0480	0.0480	2,222,710	0.0500	0.0500	257,032,000	0.0500	0.0500	288,197,590	0.0500	0.0500
	Debt Service	1,044,698,480	0.0970	0.0970	2,222,710	0.0970	0.0970	257,032,000	0.0970	0.0970	288,197,590	0.0970	0.0970
Community Fire Protection District	General Revenue	212,377,170	1.0000	1.0000	0	0.0000	0.0000	139,960,820	1.0000	1.0000	128,334,830	1.0000	1.0000
	Ambulance	212,377,170	0.2500	0.2500	0	0.0000	0.0000	139,960,820	0.2500	0.2500	128,334,830	0.2500	0.2500
	Pension	212,377,170	0.1000	0.1000	0	0.0000	0.0000	139,960,820	0.1000	0.1000	128,334,830	0.1000	0.1000
	Dispatch	212,377,170	0.0300	0.0300	0	0.0000	0.0000	139,960,820	0.0300	0.0300	128,334,830	0.0300	0.0300
	Debt Service	212,377,170	0.3340	0.2500	0	0.3340	0.2500	139,960,820	0.3340	0.2500	128,334,830	0.3340	0.2500
Creve Coeur Fire Protection Dist	General Revenue	527,033,400	0.5670	0.5670	4,180	0.6460	0.6460	362,632,893	0.6040	0.6040	221,947,743	0.6300	0.6300
	Ambulance	527,033,400	0.2010	0.2010	4,180	0.2390	0.2390	362,632,893	0.2140	0.2140	221,947,743	0.2240	0.2240
	Pension	527,033,400	0.1380	0.1380	4,180	0.1500	0.1500	362,632,893	0.1460	0.1460	221,947,743	0.1500	0.1500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Creve Coeur Fire Protection Dist	Dispatch	527,033,400	0.0460	0.0460	4,180	0.0480	0.0480	362,632,893	0.0490	0.0490	221,947,743	0.0500	0.0500
Eureka Fire Protection District	General Revenue	160,828,300	0.6860	0.6860	1,338,890	0.7500	0.7500	42,351,287	0.7170	0.7170	52,410,982	0.7170	0.7170
	Ambulance	160,828,300	0.2760	0.2760	1,338,890	0.3000	0.3000	42,351,287	0.2890	0.2890	52,410,982	0.2890	0.2890
	Pension	160,828,300	0.0920	0.0920	1,338,890	0.1000	0.1000	42,351,287	0.0960	0.0960	52,410,982	0.0960	0.0960
	Dispatch	160,828,300	0.0280	0.0280	1,338,890	0.0300	0.0300	42,351,287	0.0290	0.0290	52,410,982	0.0290	0.0290
	Debt Service	160,828,300	0.1500	0.1500	1,338,890	0.1500	0.1500	42,351,287	0.1500	0.1500	52,410,982	0.1500	0.1500
Fenton Fire Protection District	General Revenue	293,743,340	0.4050	0.4050	252,650	0.6500	0.4050	236,339,140	0.4430	0.4430	327,054,645	0.5120	0.5120
	Ambulance	293,743,340	0.3000	0.2300	252,650	0.3000	0.2300	236,339,140	0.3000	0.2800	327,054,645	0.3000	0.3000
	Pension	293,743,340	0.1000	0.1000	252,650	0.1000	0.1000	236,339,140	0.1000	0.1000	327,054,645	0.1000	0.1000
	Dispatch	293,743,340	0.0500	0.0350	252,650	0.0500	0.0350	236,339,140	0.0500	0.0350	327,054,645	0.0500	0.0350
Florissant Valley Fire Prot Dist	General Revenue	433,923,150	0.6770	0.6770	182,900	0.7500	0.7500	128,779,944	0.6940	0.6940	139,257,520	0.7170	0.7170
	Ambulance	433,923,150	0.1470	0.1470	182,900	0.1500	0.1500	128,779,944	0.1490	0.1490	139,257,520	0.1500	0.1500
	Pension	433,923,150	0.0980	0.0980	182,900	0.1000	0.1000	128,779,944	0.0990	0.0990	139,257,520	0.1000	0.1000
	Dispatch	433,923,150	0.0490	0.0490	182,900	0.0500	0.0500	128,779,944	0.0500	0.0500	139,257,520	0.0500	0.0500
	Debt Service	433,923,150	0.0770	0.0770	182,900	0.0770	0.0770	128,779,944	0.0770	0.0770	139,257,520	0.0770	0.0770
Kinloch Fire Protection District	General Revenue	936,400	0.9000	0.8600	0	0.0000	0.0000	1,170,735	0.9000	0.8600	778,751	0.9000	0.8600
	Dispatch	936,400	0.0300	0.0400	0	0.0000	0.0000	1,170,735	0.0300	0.0400	778,751	0.0300	0.0400
Lemay Fire Protection District	General Revenue	94,703,760	0.9680	0.9680	180	0.9900	0.9900	20,544,140	0.9900	0.9900	31,857,351	0.9900	0.9900
	Ambulance	94,703,760	0.2200	0.2200	180	0.3000	0.3000	20,544,140	0.2240	0.2240	31,857,351	0.2490	0.2490
	Pension	94,703,760	0.0980	0.0980	180	0.1000	0.1000	20,544,140	0.1000	0.1000	31,857,351	0.1000	0.1000
	Central Alarm Fund	94,703,760	0.0490	0.0490	180	0.0500	0.0500	20,544,140	0.0500	0.0500	31,857,351	0.0500	0.0500
	Debt Service	94,703,760	0.1120	0.1120	180	0.1120	0.1120	20,544,140	0.1120	0.1120	31,857,351	0.1120	0.1120
West County EMS & Fire Prot Dist	General Revenue	403,282,290	0.4420	0.4420	259,500	0.4680	0.4680	82,363,060	0.4560	0.4560	112,452,527	0.4570	0.4570
	Ambulance	403,282,290	0.1880	0.1880	259,500	0.1990	0.1990	82,363,060	0.1940	0.1940	112,452,527	0.1940	0.1940
	Pension	403,282,290	0.0940	0.0800	259,500	0.0990	0.0800	82,363,060	0.0970	0.0800	112,452,527	0.0970	0.0800
	Dispatch	403,282,290	0.0480	0.0480	259,500	0.0500	0.0500	82,363,060	0.0490	0.0490	112,452,527	0.0490	0.0490
	Debt Service	403,282,290	0.1850	0.1700	259,500	0.1850	0.1700	82,363,060	0.1850	0.1700	112,452,527	0.1850	0.1700
Maryland Heights Fire Prot Dist	General Revenue	182,836,940	0.7840	0.7840	5,730	0.8000	0.8000	236,777,421	0.7770	0.7770	151,131,557	0.8000	0.8000
	Ambulance	182,836,940	0.1110	0.1090	5,730	0.1500	0.1500	236,777,421	0.1090	0.1070	151,131,557	0.1180	0.1160
	Pension	182,836,940	0.1270	0.1270	5,730	0.1300	0.1300	236,777,421	0.1260	0.1260	151,131,557	0.1300	0.1300
	Dispatch	182,836,940	0.0490	0.0490	5,730	0.0500	0.0500	236,777,421	0.0490	0.0490	151,131,557	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,201,223,310	0.5440	0.5440	873,740	0.7500	0.7500	314,202,526	0.5650	0.5650	325,632,952	0.5670	0.5670
	Ambulance	1,201,223,310	0.2120	0.2120	873,740	0.3000	0.3000	314,202,526	0.2200	0.2200	325,632,952	0.2210	0.2210
	Pension	1,201,223,310	0.0920	0.0920	873,740	0.1000	0.1000	314,202,526	0.0960	0.0960	325,632,952	0.0960	0.0960
	Alarm Fund	1,201,223,310	0.0460	0.0460	873,740	0.0500	0.0500	314,202,526	0.0480	0.0480	325,632,952	0.0480	0.0480
Metro-North Fire Protection Dist	General Revenue	74,418,160	1.2013	1.2012	0	0.0000	0.0000	14,817,789	1.1898	1.1883	22,949,235	1.2410	1.2410
	Pension	74,418,160	0.1440	0.1440	0	0.0000	0.0000	14,817,789	0.1430	0.1430	22,949,235	0.1490	0.1490

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro-North Fire Protection Dist	Dispatch	74,418,160	0.0290	0.0290	0	0.0000	0.0000	14,817,789	0.0290	0.0290	22,949,235	0.0300	0.0300
	Debt Service	74,418,160	0.0570	0.0500	0	0.0570	0.0500	14,817,789	0.0570	0.0500	22,949,235	0.0570	0.0500
Normandy Fire Protection District	General Revenue	107,979,800	1.5078	1.5000	12,590	1.5078	1.5000	22,523,691	1.5078	1.5000	37,974,427	1.5078	1.5000
	Ambulance	107,979,800	0.3000	0.3000	12,590	0.3000	0.3000	22,523,691	0.3000	0.3000	37,974,427	0.3000	0.3000
	Pension	107,979,800	0.1000	0.1000	12,590	0.1000	0.1000	22,523,691	0.1000	0.1000	37,974,427	0.1000	0.1000
	Dispatch	107,979,800	0.0500	0.0400	12,590	0.0500	0.0400	22,523,691	0.0500	0.0400	37,974,427	0.0500	0.0400
	Debt Service	107,979,800	0.0470	0.0400	12,590	0.0470	0.0400	22,523,691	0.0470	0.0400	37,974,427	0.0470	0.0400
Pattonville-Bridgeton Terr Fire Dis	General Revenue	104,706,200	0.9830	0.9830	345,140	0.9830	0.9830	379,198,610	0.9830	0.9830	183,838,441	0.9830	0.9830
	Ambulance	104,706,200	0.2390	0.2390	345,140	0.2500	0.2500	379,198,610	0.2490	0.2490	183,838,441	0.2500	0.2500
	Pension	104,706,200	0.1500	0.1500	345,140	0.1500	0.1500	379,198,610	0.1500	0.1500	183,838,441	0.1500	0.1500
	Dispatch	104,706,200	0.0500	0.0400	345,140	0.0500	0.0400	379,198,610	0.0500	0.0400	183,838,441	0.0500	0.0400
	Debt Service	104,706,200	0.0000	0.0000	345,140	0.0000	0.0000	379,198,610	0.0000	0.0000	183,838,441	0.0000	0.0000
Riverview Fire Protection District	General Revenue	85,425,140	1.4612	1.4612	10,040	1.4612	1.4612	14,850,654	1.4612	1.4612	27,907,159	1.4612	1.4612
	Pension	85,425,140	0.2500	0.2500	10,040	0.2500	0.2500	14,850,654	0.2500	0.2500	27,907,159	0.2500	0.2500
	Dispatch	85,425,140	0.0490	0.0400	10,040	0.0500	0.0400	14,850,654	0.0500	0.0400	27,907,159	0.0500	0.0400
	Debt Service	85,425,140	0.1520	0.1520	10,040	0.1520	0.1520	14,850,654	0.1520	0.1520	27,907,159	0.1520	0.1520
Robertson Fire Protection District	General Revenue	39,417,750	0.8900	0.8900	205,840	0.8900	0.8900	146,624,050	0.8900	0.8900	99,590,989	0.8900	0.8900
	Ambulance	39,417,750	0.5500	0.4250	205,840	0.5500	0.4250	146,624,050	0.5500	0.4250	99,590,989	0.5500	0.4250
	Pension	39,417,750	0.2000	0.2000	205,840	0.2000	0.2000	146,624,050	0.2000	0.2000	99,590,989	0.2000	0.2000
	Dispatch	39,417,750	0.0500	0.0400	205,840	0.0500	0.0400	146,624,050	0.0500	0.0400	99,590,989	0.0500	0.0400
	Debt Service	39,417,750	0.1510	0.1000	205,840	0.1510	0.1000	146,624,050	0.1510	0.1000	99,590,989	0.1510	0.1000
Spanish Lake Fire Protection Dist	General Revenue	108,456,650	1.2206	1.2206	103,790	1.2323	1.2323	16,320,920	1.2500	1.2500	32,021,858	1.2500	1.2500
	Pension	108,456,650	0.1470	0.1470	103,790	0.1500	0.1500	16,320,920	0.1500	0.1500	32,021,858	0.1500	0.1500
	Dispatch	108,456,650	0.0490	0.0490	103,790	0.0500	0.0500	16,320,920	0.0500	0.0500	32,021,858	0.0500	0.0500
	Debt Service	108,456,650	0.3460	0.3460	103,790	0.3460	0.3460	16,320,920	0.3460	0.3460	32,021,858	0.3460	0.3460
Valley Park Fire Protection Dist	General Revenue	108,802,280	0.6550	0.6550	110,120	0.6600	0.6550	30,819,800	0.6600	0.6550	47,813,296	0.6600	0.6550
	Ambulance	108,802,280	0.2980	0.2977	110,120	0.3000	0.2977	30,819,800	0.3000	0.2977	47,813,296	0.3000	0.2977
	Pension	108,802,280	0.0990	0.0990	110,120	0.1000	0.0990	30,819,800	0.1000	0.0990	47,813,296	0.1000	0.0990
	Dispatch	108,802,280	0.0300	0.0300	110,120	0.0300	0.0300	30,819,800	0.0300	0.0300	47,813,296	0.0300	0.0300
	Debt Service	108,802,280	0.0390	0.0390	110,120	0.0390	0.0390	30,819,800	0.0390	0.0390	47,813,296	0.0390	0.0390
Mid-County Fire Protection District	General Revenue	33,655,050	1.3500	1.3500	0	0.0000	0.0000	40,112,370	1.3500	1.3500	44,353,484	1.3500	1.3500
	Ambulance	33,655,050	0.1500	0.1500	0	0.0000	0.0000	40,112,370	0.1500	0.1500	44,353,484	0.1500	0.1500
	Pension	33,655,050	0.1000	0.1000	0	0.0000	0.0000	40,112,370	0.1000	0.1000	44,353,484	0.1000	0.1000
	Dispatch	33,655,050	0.0300	0.0300	0	0.0000	0.0000	40,112,370	0.0300	0.0300	44,353,484	0.0300	0.0300
	Debt Service	33,655,050	0.3730	0.3730	0	0.3730	0.3730	40,112,370	0.3730	0.3730	44,353,484	0.3730	0.3730
West Overland Fire Protection Dist	General Revenue	42,936,290	0.7100	0.7100	0	0.0000	0.0000	87,014,348	0.7100	0.7100	37,030,459	0.7100	0.7100
	Ambulance	42,936,290	0.2500	0.2500	0	0.0000	0.0000	87,014,348	0.2500	0.2500	37,030,459	0.2500	0.2500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Pension	42,936,290	0.1500	0.1500	0	0.0000	0.0000	87,014,348	0.1500	0.1500	37,030,459	0.1500	0.1500
	Dispatch	42,936,290	0.0500	0.0500	0	0.0000	0.0000	87,014,348	0.0500	0.0500	37,030,459	0.0500	0.0500
	Debt Service	42,936,290	0.2730	0.2700	0	0.2730	0.2700	87,014,348	0.2730	0.2700	37,030,459	0.2730	0.2700
Metropolitan Sewer Dist St Louis Co	General Revenue -Gen.	11,250,065,080	0.0190	0.0190	5,113,690	0.0200	0.0190	5,391,110,670	0.0190	0.0190	5,130,217,034	0.0190	0.0190
	General Revenue -Storm	6,416,687,280	0.0650	0.0500	617,410	0.0700	0.0500	3,315,843,744	0.0680	0.0500	3,154,690,470	0.0680	0.0500
Black Creek Sewer	General Revenue	562,659,760	0.0920	0.0600	0	0.0000	0.0000	470,380,421	0.0950	0.0600	170,708,475	0.0950	0.0600
Black Jack-Dellwood Sewer	General Revenue	122,802,190	0.0970	0.0600	4,310	0.1000	0.0600	50,814,258	0.1000	0.0600	47,008,294	0.0980	0.0600
Clayton Central Sewer	General Revenue	15,373,850	0.0730	0.0600	0	0.0000	0.0000	257,998,672	0.0910	0.0600	42,514,416	0.0900	0.0600
Coldwater Creek Sewer	General Revenue	800,711,560	0.1000	0.0700	58,350	0.1000	0.0700	474,841,667	0.1000	0.0700	603,204,179	0.1000	0.0700
Creve Coeur-Frontenac Sewer	General Revenue	249,341,750	0.0740	0.0500	0	0.0000	0.0000	148,943,809	0.0760	0.0500	75,297,976	0.0760	0.0500
Deer Creek Sewer	General Revenue	1,903,824,860	0.0900	0.0600	158,680	0.1000	0.0600	781,565,671	0.0930	0.0600	465,374,149	0.0930	0.0600
Fountain Creek Sewer	General Revenue	74,112,820	0.1380	0.1000	0	0.0000	0.0000	17,660,410	0.1420	0.1000	25,543,598	0.1400	0.1000
Gravois Creek Sewer	General Revenue	784,126,150	0.0830	0.0600	341,470	0.0840	0.0600	338,422,102	0.0860	0.0600	249,810,602	0.0860	0.0600
Loretta-Joplin Sewer	General Revenue	15,192,340	0.0870	0.0600	0	0.0000	0.0000	1,716,139	0.0880	0.0600	5,072,178	0.0900	0.0600
Maline Creek Sewer	General Revenue	314,289,060	0.1000	0.0700	34,750	0.1000	0.0700	120,950,588	0.1000	0.0700	140,412,713	0.1000	0.0700
Marlborough Sewer	General Revenue	33,314,050	0.0560	0.0400	0	0.0000	0.0000	11,554,355	0.0600	0.0400	9,806,194	0.0580	0.0400
Meramec River Basin Sewer	General Revenue	1,529,770,450	0.0950	0.0700	1,026,070	0.1000	0.0700	531,894,008	0.0970	0.0700	652,923,325	0.1000	0.0700
Missouri River-Bonfils Sewer	General Revenue	118,505,980	0.1000	0.0700	126,360	0.1000	0.0700	400,113,197	0.1000	0.0700	213,710,888	0.1000	0.0700
North Affton Sewer	General Revenue	49,576,670	0.0810	0.0600	0	0.0000	0.0000	3,964,600	0.0830	0.0600	11,296,893	0.0850	0.0600
Paddock Creek Sewer	General Revenue	84,445,410	0.0990	0.0600	2,360	0.1000	0.0600	23,729,149	0.1000	0.0600	26,630,746	0.0990	0.0600
Seminary Branch RDP Sewer	General Revenue	182,904,360	0.0730	0.0600	0	0.0000	0.0000	39,730,614	0.0760	0.0600	50,571,398	0.0760	0.0600
Shrewsbury Branch RDP Sewer	General Revenue	15,262,090	0.0750	0.0600	0	0.0000	0.0000	3,162,910	0.0760	0.0600	4,238,406	0.0780	0.0600
Sugar Creek Sewer	General Revenue	203,182,540	0.0630	0.0630	130	0.0000	0.0000	32,176,175	0.1000	0.0660	53,170,556	0.0690	0.0660
University City Branch RDP Sewer	General Revenue	370,219,150	0.0920	0.0700	0	0.0000	0.0000	227,265,483	0.0930	0.0700	186,401,507	0.0940	0.0700
Upper Paddock Creek Sewer	General Revenue	20,057,620	0.0890	0.0600	1,170	0.1000	0.0600	4,793,507	0.0910	0.0600	6,571,687	0.0910	0.0600
Watkins Creek Sewer	General Revenue	91,846,260	0.0970	0.0600	11,610	0.1000	0.0600	27,848,287	0.1000	0.0600	36,670,239	0.0990	0.0600
Wedgewood Creek Sewer	General Revenue	18,707,370	0.0970	0.0600	0	0.0000	0.0000	13,028,654	0.1000	0.0600	7,779,464	0.1000	0.0600
Wellston Sewer	General Revenue	11,969,920	0.1000	0.0800	0	0.0000	0.0000	10,396,611	0.1000	0.0800	15,131,367	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	32,018,870	0.1940	0.1700	0	0.0000	0.0000	8,903,600	0.1960	0.1700	13,357,180	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,993,570	0.1990	0.1140	0	0.0000	0.0000	1,013,330	0.2000	0.1110	1,316,219	0.2000	0.1250
Castle Point Street Light District	General Revenue	6,252,620	0.1610	0.1610	0	0.0000	0.0000	185,870	0.1780	0.1780	1,509,459	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	17,458,350	0.1580	0.1580	0	0.0000	0.0000	495,820	0.0620	0.0620	4,224,605	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,574,970	0.4000	0.0000	0	0.0000	0.0000	95,930	0.3990	0.0000	414,400	0.4000	0.0000
Metro Zoological Park & Museum Dis	Art Museum	11,498,762,690	0.0760	0.0620	7,426,490	0.0800	0.0620	5,476,728,837	0.0780	0.0620	5,030,320,338	0.0790	0.0620
	Botanical Garden	11,498,762,690	0.0380	0.0320	7,426,490	0.0400	0.0320	5,476,728,837	0.0390	0.0320	5,030,320,338	0.0400	0.0320
	Museum of Mo. History	11,498,762,690	0.0380	0.0380	7,426,490	0.0400	0.0380	5,476,728,837	0.0390	0.0380	5,030,320,338	0.0400	0.0380
	Museum of Nat. History	11,498,762,690	0.0380	0.0320	7,426,490	0.0400	0.0320	5,476,728,837	0.0390	0.0320	5,030,320,338	0.0400	0.0320

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro Zoological Park & Museum Dis	Zoological Park	11,498,762,690	0.0760	0.0620	7,426,490	0.0800	0.0620	5,476,728,837	0.0780	0.0620	5,030,320,338	0.0790	0.0620
Clayton Special Business District	General Revenue	6,824,290	0.0780	0.0470	0	0.0000	0.0000	253,834,640	0.1280	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	228,200	0.4930	0.4930	0	0.0000	0.0000	9,734,990	0.4890	0.4890	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	624,980	0.6780	0.6780	0	0.0000	0.0000	3,596,990	0.5960	0.5960	0	0.0000	0.0000
Webster Groves-Old Webster Bus Dist	General Revenue	231,780	0.4060	0.2900	0	0.0000	0.0000	7,389,890	0.4350	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dist	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,861,760	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	20,428,980	0.4800	0.4800	0	0.0000	0.0000
Jennings Special Business District	General Revenue	35,480	0.5270	0.1700	0	0.0000	0.0000	2,000,230	0.5190	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	10,331,097,270	0.0860	0.0850	7,426,490	0.0900	0.0850	4,364,871,875	0.0880	0.0850	3,876,637,234	0.0900	0.0850
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,620,210	0.8010	0.7860	0	0.0000	0.0000	1,528,640	0.8500	0.8500	0	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.8500	0.0000	A 0	0.8500	0.0000	A 2,352,610	0.8500	0.0000	A 0	0.8500	0.0000
Robinwood West Community Imp Dis	General Revenue	11,659,840	0.8880	0.8500	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	767,789,800	4.3004	4.3004	711,840	4.5700	4.5700	414,647,960	4.4477	4.4477	454,816,357	4.4250	4.4250
	Debt Service	767,789,800	0.6480	0.3900	711,840	0.6480	0.3900	414,647,960	0.6480	0.3900	454,816,357	0.6480	0.3900
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	364,581,310	4.7400	4.7400	26,770	4.7400	4.7400	259,724,530	4.7400	4.7400	272,799,371	4.7400	4.7400
	Debt Service	364,581,310	0.3020	0.3000	26,770	0.3020	0.3000	259,724,530	0.3020	0.3000	272,799,371	0.3020	0.3000
Pattonville R-III School District	Operating Funds-Schools	339,877,760	3.5720	3.4020	195,200	4.1100	0.3940	569,849,430	3.7288	3.5588	316,184,807	3.8998	3.7298
	Debt Service	339,877,760	0.5160	0.4900	195,200	0.5160	0.4900	569,849,430	0.5160	0.4900	316,184,807	0.5160	0.4900
Rockwood R-VI School District	Operating Funds-Schools	1,567,723,400	3.5211	3.5211	3,549,710	4.1400	3.6886	356,743,450	3.7908	3.7908	638,280,191	4.0404	4.0404
	Debt Service	1,567,723,400	0.7580	0.7500	3,549,710	0.7580	0.7500	356,743,450	0.7580	0.7500	638,280,191	0.7580	0.7500
Kirkwood R-VII School District	Operating Funds-Schools	605,084,030	3.3828	3.3820	156,820	5.1500	5.1500	153,800,120	3.9780	3.9780	146,192,481	3.5032	3.5030
	Debt Service	605,084,030	0.3680	0.3680	156,820	0.3680	0.3680	153,800,120	0.3680	0.3680	146,192,481	0.3680	0.3680
Lindbergh R-VIII School District	Operating Funds-Schools	595,573,270	2.8551	2.5249	517,930	4.1500	3.8831	236,845,370	2.9475	2.5842	167,470,011	3.0269	2.7062
	Debt Service	595,573,270	0.4170	0.3800	517,930	0.4170	0.3800	236,845,370	0.4170	0.3800	167,470,011	0.4170	0.3800
Mehlville R-IX School District	Operating Funds-Schools	910,444,100	3.4829	3.4829	525,070	3.7500	3.7500	198,909,400	3.6281	3.6281	250,064,092	3.6503	3.6503
	Debt Service	910,444,100	0.4630	0.3400	525,070	0.4630	0.3400	198,909,400	0.4630	0.3400	250,064,092	0.4630	0.3400
Parkway C-2 School District	Operating Funds-Schools	2,055,696,300	3.2108	3.2108	1,764,850	3.4376	3.4376	861,282,500	3.3115	3.3115	607,313,793	3.3517	3.3517
	Debt Service	2,055,696,300	0.2400	0.2400	1,764,850	0.2400	0.2400	861,282,500	0.2400	0.2400	607,313,793	0.2400	0.2400
Aftton 101 School District	Operating Funds-Schools	217,982,430	3.9552	3.9552	0	0.0000	0.0000	55,937,580	4.0147	4.0147	67,110,881	4.1531	4.1531
Bayless School District	Operating Funds-Schools	94,705,540	3.3294	3.3294	0	0.0000	0.0000	10,253,810	3.4221	3.4221	23,601,544	3.6975	3.6975
	Debt Service	94,705,540	0.6600	0.6300	0	0.6600	0.6300	10,253,810	0.6600	0.6300	23,601,544	0.6600	0.6300
Brentwood School District	Operating Funds-Schools	107,156,840	3.3456	3.3356	B 0	0.6000	0.0000	B 72,294,313	3.4730	3.4630	B 48,478,819	3.3969	3.3869
	Debt Service	107,156,840	0.2210	0.2020	0	0.2210	0.2020	72,294,313	0.2210	0.2020	48,478,819	0.2210	0.2020
Clayton School District	Operating Funds-Schools	346,522,430	3.3474	3.2615	B 0	0.6500	0.0000	B 381,578,690	3.4753	3.3894	B 101,105,071	3.4748	3.3889
	Debt Service	346,522,430	0.4150	0.3600	0	0.4150	0.3600	381,578,690	0.4150	0.3600	101,105,071	0.4150	0.3600
Hancock Place School District	Operating Funds-Schools	31,313,340	4.2139	4.1690	1,610	4.2857	4.2857	9,091,200	4.3000	4.2965	12,857,012	4.3000	4.3000
	Debt Service	31,313,340	0.9490	0.9490	1,610	0.9490	0.9490	9,091,200	0.9490	0.9490	12,857,012	0.9490	0.9490

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jennings School District	Operating Funds-Schools	58,145,550	4.1828	4.1828	0	0.0000	0.0000	13,715,520	4.3323	4.3323	23,535,464	4.8034	4.8034
	Debt Service	58,145,550	0.6280	0.6280	0	0.6280	0.6280	13,715,520	0.6280	0.6280	23,535,464	0.6280	0.6280
Ladue School District	Operating Funds-Schools	833,581,830	2.7500	2.7500	1,990	2.7500	2.7500	177,172,340	2.7500	2.7500	155,268,963	2.7500	2.7500
	Debt Service	833,581,830	0.4540	0.4500	1,990	0.4540	0.4500	177,172,340	0.4540	0.4500	155,268,963	0.4540	0.4500
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	119,732,570	3.5543	3.5543	0	0.0000	0.0000	32,584,130	3.8715	3.8715	38,205,137	3.8636	3.8636
	Debt Service	119,732,570	0.8280	0.8280	0	0.8280	0.8280	32,584,130	0.8280	0.8280	38,205,137	0.8280	0.8280
Normandy School District	Operating Funds-Schools	133,412,910	4.6600	4.2854	12,590	4.6600	4.2854	30,115,010	4.6600	4.2854	54,084,941	4.6600	4.2854
	Debt Service	133,412,910	1.2280	0.8240	12,590	1.2280	0.8240	30,115,010	1.2280	0.8240	54,084,941	1.2280	0.8240
Ritenour School District	Operating Funds-Schools	205,086,790	3.6560	3.6560	0	0.0000	0.0000	152,957,090	3.6812	3.6812	134,701,971	3.8692	3.8692
	Debt Service	205,086,790	1.0210	0.8900	0	1.0210	0.8900	152,957,090	1.0210	0.8900	134,701,971	1.0210	0.8900
Riverview Gardens School District	Operating Funds-Schools	158,835,430	4.1562	4.1562	8,650	4.3500	4.3500	19,913,700	4.0885	4.0885	47,164,044	4.3500	4.3500
	Debt Service	158,835,430	2.0790	1.5493	8,650	2.0790	1.5493	19,913,700	2.0790	1.5493	47,164,044	2.0790	1.5493
University City School District	Operating Funds-Schools	350,198,260	4.1864	4.1864	0	0.0000	0.0000	39,772,340	4.2709	4.2709	71,286,170	4.5371	4.5371
	Debt Service	350,198,260	0.7380	0.7380	0	0.7380	0.7380	39,772,340	0.7380	0.7380	71,286,170	0.7380	0.7380
Valley Park School District	Operating Funds-Schools	64,597,740	4.5371	4.5371	7,740	4.6500	4.6500	24,315,920	4.6500	4.6500	32,997,901	4.6500	4.6500
	Debt Service	64,597,740	0.4270	0.4270	7,740	0.4270	0.4270	24,315,920	0.4270	0.4270	32,997,901	0.4270	0.4270
Webster Groves School District	Operating Funds-Schools	411,503,210	3.9403	3.9403	0	0.0000	0.0000	55,301,590	4.0593	4.0593	81,094,364	4.2089	4.2089
	Debt Service	411,503,210	0.5600	0.5600	0	0.5600	0.5600	55,301,590	0.5600	0.5600	81,094,364	0.5600	0.5600
Wellston School District	Operating Funds-Schools	3,908,220	5.6700	5.6700	0	0.0000	0.0000	4,854,190	5.6700	5.6700	9,530,206	5.6700	5.6700
Special Sch Dist of St. Louis Co	Operating Funds-Schools	10,348,038,070	0.8330	0.8330	7,600,590	0.8640	0.8640	4,366,415,602	0.8530	0.8530	3,881,465,336	0.8640	0.8640
St. Louis County	General Revenue	10,331,097,270	0.2670	0.1900	7,426,490	0.3500	0.1900	4,364,830,815	0.2760	0.1900	3,876,637,234	0.2840	0.1900
	Parks & Recreation	10,331,097,270	0.0670	0.0350	7,426,490	0.0700	0.0350	4,364,830,815	0.0690	0.0350	3,876,637,234	0.0700	0.0350
	Road & Bridge	10,331,097,270	0.1710	0.1050	7,426,490	0.1800	0.1050	4,364,830,815	0.1760	0.1050	3,876,637,234	0.1800	0.1050
	Health	10,331,097,270	0.2290	0.1650	7,426,490	0.3000	0.1650	4,364,830,815	0.2360	0.1650	3,876,637,234	0.2430	0.1650
	Debt Service	10,331,097,270	0.0850	0.0850	7,426,490	0.0850	0.0850	4,364,830,815	0.0850	0.0850	3,876,637,234	0.0850	0.0850

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Report No. 2003-124.
 B A voter approved increase to an existing levy, see Report No. 2003-124.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Report No. 2003-124.

NOTE:

This Appendix contains levy information for all political subdivisions in St. Louis County. In 2003, all political subdivisions in St. Louis County were required to levy a separate tax rate for each subclass of property per section 137.073 RSMo as revised by House Bill 1150 passed in 2002.

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Adair	Adair Co. R-I School District	11,632,685	0.3914	45,530
	Kirksville R-III School District	175,318,797	0.8100	1,420,082
	Adair Co. R-II School District	10,038,962	0.5631	56,529
Andrew	City of Fillmore	726,934	0.5028	3,655
	City of Savannah	38,539,722	0.1784	68,755
	Avenue City R-IX School District	12,875,724	0.9500	122,319
Atchison	City of Tarkio	11,179,351	0.6259	69,972
	City of Westboro	792,052	1.4241	11,280
	Fairfax R-III School District	13,274,382	0.3809	50,562
Audrain	Community R-VI School District	24,201,163	0.4500	108,905
	Mexico 59 School District	152,381,359	0.4799	731,278
Barry	Wheaton R-III School District	15,332,627	0.0000	0 A
	Southwest Barry Co R-V School Dis	27,238,536	0.8500	231,528
	Cassville R-IV School District	127,456,323	0.5176	659,714
	Purdy R-II School District	21,870,894	0.6768	148,022
	Shell Knob 78 School District	44,851,037	0.3600	161,464
	Monett R-I School District	132,996,659	0.5600	744,781
Barton	City of Mindenmines	1,076,513	1.2086	13,011
	Liberal R-II School District	25,302,134	0.2849	72,086
	Golden City R-III School District	15,448,980	0.2624	40,538
	Lamar R-I School District	100,441,250	0.3500	351,544
Bates	Ballard R-II School District	8,186,662	0.7500	61,400
	Adrian R-III School District	30,828,191	0.3599	110,951
	Rich Hill R-IV School District	19,063,820	0.7616	145,190
	Hume R-VIII School District	7,330,320	0.7345	53,841
Benton	Lincoln R-II School District	33,330,337	0.5000	166,652
	Warsaw R-IX School District	111,765,415	0.4500	502,944
	Cole Camp R-I School District	40,058,929	0.4592	183,951
Bollinger	Meadow Heights R-II School Distric	26,601,495	0.3500	93,105
Boone	City of Ashland	31,213,791	0.0524	16,356
	City of Centralia	36,862,401	0.0882	32,513
	City of Hallsville	10,852,338	0.2900	31,472
	City of Sturgeon	6,162,317	0.0000	0 B
	Columbia Public Library	650,475,406	0.2750	1,788,807
	Boone County Fire Prot Dist	459,104,545	0.1936	888,826
	Southern Boone Co Fire Prot Dist	95,989,181	0.1992	191,210
	Southern Boone Co. R-I School Dist	81,722,136	1.2800	1,046,043
	Boone Co. R-IV School District	56,213,041	0.7536	423,621
	Sturgeon R-V School District	26,760,151	1.2700	339,854
	Centralia R-VI School District	74,144,679	0.4900	363,309
	Harrisburg R-VIII School District	28,314,048	1.1500	325,612
	Columbia 93 School District	1,676,904,875	0.8019	13,447,100
	Mid-Buchanan Co R-V School Dist	48,788,234	0.8000	390,306
	Buchanan County R-IV School Dist	17,230,284	0.7869	135,585
	St. Joseph School District	862,867,617	0.3092	2,667,987
Butler	Poplar Bluff R-I School District	345,482,827	0.1800	621,869
	Twin Rivers R-X School District	49,322,369	0.1679	82,812
Caldwell	City of Hamilton	11,972,288	0.5100	61,059
	City of Kidder	1,808,975	0.7080	12,808
	City of Polo	3,899,673	0.2708	10,560
	Hamilton R-II School District	30,006,319	0.6500	195,041
	Polo R-VII School District	19,133,578	0.5644	107,990

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Caldwell	Mirabile C-1 School District	3,752,159	0.5259	19,733
	Braymer C-4 School District	15,216,402	0.6780	103,167
Callaway	City of New Bloomfield	4,025,052	0.6341	25,523
	North Callaway Co R-I School Dist	69,028,734	0.5055	348,940
	New Bloomfield R-III School Dist	34,271,666	1.0200	349,571
	Fulton 58 School District	136,155,052	0.5800	789,699
Camden	Osage Beach Fire Protection Dist	359,546,831	0.0888	319,278
	Sunrise Beach Fire Protection Dist	228,493,984	0.0609	139,153
	Mid County Fire Protection District	208,945,689	0.2442	510,245
	Camdenton R-III School District	811,380,213	0.2100	1,703,898
	Macks Creek R-V School District	23,431,035	0.8000	187,448
Cape Girardeau	Jackson R-II School District	306,585,584	0.1921	588,951
	Delta R-V School District	17,588,906	0.3800	66,838
	Oak Ridge R-VI School District	18,527,645	0.9000	166,749
	Cape Girardeau 63 School District	464,780,561	0.5600	2,602,771
Carroll	City of Hale	1,949,712	0.4501	8,776
	Hale R-I School District	6,616,887	0.2086	13,803
	Norborne R-VIII School District	12,138,925	0.1600	19,422
Carter	City of Grandin	795,194	0.0000	0 A
Cass	City of Belton	204,105,353	0.2832	578,026
	City of Drexel	8,510,817	0.3300	28,086
	City of East Lynne	2,116,023	0.4473	9,465
	City of Lake Winnebago	25,686,620	0.6528	167,682
	City of Peculiar	38,852,330	0.3500	135,983
	City of Pleasant Hill	74,398,320	0.1021	75,961
	City of Raymore	190,613,932	0.7170	1,366,702
	City of Lake Annette	797,990	2.0920	16,694
	Central Cass County Fire Prot Dist	95,173,632	0.2600	247,451
	South Metropolitan Fire Prot Dist	262,537,877	0.1525	400,370
	West Peculiar Fire Protection Dist	89,827,312	0.1092	98,091
	Cass Co R-V School District	26,366,845	0.5159	136,027
	Strasburg C-3 School District	10,214,222	0.8822	90,110
	Raymore-Peculiar R-II School Dist	358,689,653	1.3379	4,798,909
	Sherwood Cass R-VIII School Dist	45,574,008	1.0000	455,740
	East Lynne 40 School District	11,970,580	0.2898	34,691
	Pleasant Hill R-III School District	118,086,276	1.0481	1,237,662
	Harrisonville R-IX School District	174,041,386	0.8700	1,514,160
	Drexel R-IV School District	16,559,806	0.9000	149,038
	Midway R-I School District	36,357,154	0.3615	131,431
	Belton 124 School District	263,089,537	1.1800	3,104,457
Cedar	El Dorado Springs R-II School Dist	69,506,970	0.4900	340,584
Chariton	Northwestern R-I School District	11,621,932	0.9875	114,767
	Brunswick R-II School District	14,232,639	0.3900	55,507
Christian	City of Fremont Hills	14,767,101	0.3488	51,508
	Chadwick R-I School District	9,269,749	1.6265	150,772
	Nixa R-II School District	279,097,785	1.0666	2,976,857
	Sparta R-III School District	26,979,949	0.7500	202,350
	Billings R-IV School District	23,503,231	0.5565	130,795
	Clever R-V School District	38,927,798	0.6324	246,179
	Ozark R-VI School District	272,128,519	1.0994	2,991,781
	Spokane R-VII School District	37,803,858	0.8968	339,025
Clark	Clark Co. R-I School District	49,760,459	0.7500	373,203

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Clay	City of Avondale	4,256,555	0.6549	27,876
	City of Kearney	104,981,592	0.0500	52,491
	Kearney R-I School District	258,893,511	1.1500	2,977,275
	Smithville R-II School District	162,827,476	0.9600	1,563,144
	Excelsior Springs 40 School Dist	191,122,974	0.7200	1,376,085
	Liberty 53 School District	618,579,388	0.9064	5,606,804
	North Kansas City 74 School Dist	2,013,497,387	1.0200	20,537,673
Clinton	City of Lathrop	17,772,430	0.3592	63,839
	City of Trimble	5,578,815	0.5504	30,706
	Cameron R-I School District	94,527,593	0.4800	453,732
	Lathrop R-II School District	49,696,843	0.3000	149,091
	Clinton County R-III School Dist	62,078,747	0.7500	465,591
Cole	City of Lohman	1,997,752	0.3204	6,401
	Cole Co R-I School District	42,435,171	0.8800	373,430
	Cole Co R-II School District	71,757,801	0.6100	437,723
	Cole Co. R-V School District	50,548,322	0.7000	353,838
	Jefferson City School District	1,023,672,239	0.2470	2,528,470
Cooper	City of Blackwater	1,055,710	0.6964	7,352
	Cooper Co Fire Protection Dist	47,072,142	0.4009	188,712
	Cooper Co. R-IV School District	7,445,357	0.8901	66,271
	Prairie Home R-V School District	9,715,210	0.4483	43,553
	Otterville R-VI School District	11,078,717	0.7171	79,445
	Pilot Grove C-4 School District	14,433,853	0.6300	90,933
	Boonville R-I School District	109,040,435	0.4500	490,682
Crawford	Crawford Co R-I School District	51,092,749	0.9350	477,717
	Crawford Co R-II School District	92,333,093	0.5600	517,065
Dade	Good Shepherd Nursing Home Dist	21,574,596	0.4400	94,928
	Lockwood R-I School District	22,462,086	0.5500	123,541
	Everton R-III School District	7,452,226	0.7000	52,166
	Greenfield R-IV School District	27,803,558	0.5000	139,018
Daviess	Daviess County Special Rd Dist #1	16,417,163	0.2336	38,350
	Monroe Township of Daviess Co	2,647,078	0.4148	10,980
	Pattonsburg R-II School District	10,973,592	0.8013	87,931
	Winston R-VI School District	17,297,265	0.0503	8,701
De Kalb	City of Clarksdale	1,449,083	0.0000	0 A
	City of Union Star	2,015,397	0.4813	9,700
	Osborn R-O School District	7,758,142	0.4600	35,687
	Stewartsville C-2 School District	11,797,848	0.3976	46,908
Dent	Salem R-80 School District	58,470,080	0.6100	356,667
Dunklin	City of Cardwell	3,021,610	2.0649	62,393
	Campbell R-II School District	50,639,036	0.6200	313,962
	Holcomb R-III School District	19,657,405	0.4900	96,321
	Kennett 39 School District	83,950,508	0.4000	335,802
Franklin	City of St Clair	53,557,676	0.6389	342,180
	Boles Fire Protection District	232,536,140	0.1125	261,603
	Pacific Fire Protection District	198,161,890	0.1237	245,126
	East Central College	1,378,264,689	0.0841	1,159,121
	Franklin Co R-II School District	25,120,983	0.5513	138,492
	Meramec Valley R-III School Dist	266,154,956	0.6900	1,836,469
	Union R-XI School District	240,193,604	0.6800	1,633,317
	Lonedell R-XIV School District	30,676,266	0.1800	55,217
	Spring Bluff R-XV School District	19,790,262	0.7000	138,532

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Franklin	St. Clair R-XIII School District	124,954,581	0.6200	774,718
	Sullivan C-2 School District	134,708,227	1.0312	1,389,111
	Washington School District	612,699,049	0.3600	2,205,717
Gasconade	City of Bland	3,187,979	0.0000	0 A
	Gasconade Co R-II School District	127,969,945	0.6700	857,399
	Gasconade County R-I School Dist	90,263,499	0.7004	632,206
Gentry	Gentry County Library Dist	54,050,619	0.1000	54,051
	King City R-I School District	20,374,619	0.5100	103,911
	Stanberry R-II School District	18,775,695	0.1000	18,776
Greene	City of Battlefield	35,980,780	0.3156	113,555
	City of Fair Grove	11,812,777	0.4888	57,741
	Willard R-II School District	243,390,410	0.6900	1,679,394
	Republic R-III School District	210,543,376	0.5500	1,157,989
	Ash Grove R-IV School District	44,388,265	0.4968	220,521
	Strafford R-VI School District	124,332,905	0.7000	870,330
	Greene Co R-VIII School District	157,261,850	0.8662	1,362,202
	Springfield R-XII School District	2,687,705,870	0.3300	8,869,429
	Fair Grove R-X School District	50,432,170	0.4100	206,772
	City of Spickard	958,067	1.0438	10,000
Grundy	Grundy Co R-V School District	10,653,935	1.1307	120,464
	Spickard R-II School District	3,481,208	0.5315	18,503
	Trenton R-IX School District	66,298,870	0.9000	596,690
	City of Cainsville	1,471,003	0.3706	5,452
Harrison	City of Montrose	2,597,104	0.5914	15,359
Henry	Henry County R-I School District	37,524,098	0.5000	187,620
	Shawnee R-III School District	7,850,026	0.3000	23,550
Hickory	Hickory Co. R-I School District	31,081,165	0.6500	202,028
	Wheatland R-II School District	23,403,303	0.4342	101,617
	Weaubleau R-III School District	17,501,657	0.5900	103,260
	Hermitage R-IV School District	28,858,365	0.6500	187,579
Holt	City of Craig	1,179,726	1.5437	18,211
	City of Forest City	2,132,663	0.1624	3,463
	City of Oregon	6,074,477	0.8900	54,063
	South Holt Co R-I School District	24,325,290	0.5000	121,626
Howard	New Franklin R-I School District	20,644,258	0.5107	105,430
	Fayette R-III School District	39,125,615	0.7200	281,704
Howell	Glenwood R-VIII School District	17,795,640	0.0310	5,517
Iron	Arcadia Valley R-II School District	39,632,570	0.4800	190,236
Jackson	City of Blue Springs	675,307,330	0.1500	1,012,961
	City of Grain Valley	118,580,271	0.9335	1,106,947
	City of Grandview	271,351,961	0.3740	1,014,856
	City of Kansas City	6,454,462,787	0.1400	9,036,248
	City of Lake Tapawingo	15,318,635	0.9792	150,000
	City of Lone Jack	9,672,272	0.3249	31,425
	City of Oak Grove	77,481,265	0.2132	165,190
	City of Lee's Summit	1,414,260,161	0.4800	6,788,449
	Central Jackson Co Fire Prot Dist	852,180,492	0.0900	766,962
	Fort Osage Fire Protection District	146,902,329	0.2200	323,185
	Fort Osage R-I School District	248,369,329	0.8072	2,004,837
	Blue Springs R-IV School District	1,143,235,578	0.7229	8,264,450
	Grain Valley R-V School District	187,529,298	1.2662	2,374,496
	Oak Grove R-VI School District	111,533,834	1.0131	1,129,949

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Jackson	Lee's Summit R-VII School District	1,399,344,226	1.0700	14,972,983
	Hickman Mills C-1 School District	430,917,315	0.6800	2,930,238
	Raytown C-2 School District	654,820,571	0.9600	6,286,277
	Grandview C-4 School District	424,658,959	0.5000	2,123,295
	Lone Jack C-6 School District	37,878,692	1.3875	525,567
	Independence 30 School District	765,847,018	0.7600	5,820,437
	Center 58 School District	403,236,195	0.8600	3,467,831
Jasper	City of Carl Junction	58,249,950	0.2352	137,004
	Carl Junction R-I School District	181,390,060	0.6100	1,106,479
	Sarcoie R-II School District	29,648,820	0.5500	163,069
	Carthage R-IX School District	252,919,090	0.1600	404,671
	Webb City R-VII School District	160,367,570	0.1803	289,143
	Joplin R-VIII School District	759,825,040	0.2100	1,595,633
Jefferson	City of Olympian Village	3,675,663	1.5000	55,135
	Antonia Fire Protection District	149,146,906	0.2300	343,038
	Cedar Hill Fire Protection District	136,115,762	0.0811	110,390
	High Ridge Fire Protection District	339,588,379	0.0855	290,348
	Springdale Fire Protection District	117,667,559	0.2951	347,237
	Northwest R-I School District	458,685,911	0.4500	2,064,087
	Grandview R-II School District	41,027,544	1.5100	619,516
	Hillsboro R-III School District	191,094,631	0.7325	1,399,768
	Dunklin R-V School District	122,275,358	0.6700	819,245
	Festus R-VI School District	201,081,058	0.8000	1,608,648
	Jefferson Co R-VII School District	117,857,351	0.4217	497,004
	Sunrise R-IX School District	26,472,109	0.6500	172,069
	Windsor C-1 School District	182,344,105	1.0000	1,823,441
	Fox C-6 School District	692,755,816	0.1300	900,583
	Crystal City 47 School District	51,256,490	0.8000	410,052
	DeSoto 73 School District	154,742,768	0.4535	701,758
Johnson	City of Holden	15,973,788	0.1186	18,945
	Kingsville R-I School District	19,553,857	0.9433	184,452
	Holden R-III School District	74,526,384	0.3000	223,579
	Chilhowee R-IV School District	7,876,364	0.3100	24,417
	Johnson Co R-VII School District	29,645,521	0.8000	237,164
	Leeton R-X School District	13,085,352	0.5100	66,735
	Warrensburg R-VI School District	206,918,038	0.6500	1,344,967
Knox	City of Hurdland	763,684	0.4117	3,144
	Knox Co R-I School District	47,147,563	0.0000	0 A
Laclede	Lebanon R-III School District	238,505,019	0.4700	1,120,974
Lafayette	Sni Valley Fire Protection District	150,866,461	0.1177	177,570
	Concordia R-II School District	40,044,954	0.4629	185,368
	Lafayette Co C-1 School District	57,254,383	1.0000	572,544
	Odessa R-VII School District	110,726,363	0.6600	730,794
	Santa Fe R-X School District	24,022,028	0.6200	148,937
	Wellington-Napoleon R-IX Sch Dist	22,221,368	0.7500	166,660
	Lexington R-V School District	48,429,767	0.7300	353,537
Lawrence	City of Aurora	64,541,968	0.1531	98,814
	Pierce City R-VI School District	30,241,883	0.6300	190,524
	Marionville R-IX School District	30,097,683	0.4587	138,058
	Mt. Vernon R-V School District	85,895,790	0.5700	489,606
	Aurora R-VIII School District	91,693,440	0.8300	761,056
	Verona R-VII School District	18,034,337	0.7000	126,240

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Lewis	City of Lewistown	3,184,195	0.3894	12,399
	La Belle Fire Protection District	14,440,545	0.2539	36,665
	Canton R-V School District	26,662,820	0.5500	146,646
Lincoln	Silex R-I School District	23,499,020	0.6600	155,094
	Elsberry R-II School District	35,150,529	1.0100	355,020
	Troy R-III School District	323,719,582	0.7400	2,395,525
	Winfield R-IV School District	67,830,655	0.7700	522,296
	Lincoln County	515,014,560	0.1800	927,026
Linn	Jackson Township of Linn Co	2,828,937	0.6160	17,426
	Meadville R-IV School District	12,393,456	1.0200	126,413
	Marceline R-V School District	30,722,932	0.7525	231,190
	Brookfield R-III School District	52,585,451	0.3900	205,083
Livingston	Chillicothe R-II School District	116,843,815	0.2919	341,067
Macon	City of Callao	1,009,276	1.2714	12,832
	La Plata R-II School District	18,526,450	1.2300	227,875
Madison	Marquand-Zion R-VI School District	9,356,690	0.4600	43,041
Marion	Marion Co R-II School District	10,473,090	0.2900	30,372
	Palmyra R-I School District	103,413,300	0.5800	599,797
	Hannibal 60 School District	223,894,080	0.4600	1,029,913
Mc Donald	City of Southwest City	13,807,774	0.2406	33,222
	McDonald Co R-I School District	161,642,372	0.2500	404,106
Mercer	North Mercer Co R-III School Dist	12,540,199	0.5300	66,463
Miller	Miller County Nursing Home Distric	302,356,467	0.0600	181,414
	Lake Ozark Fire Protection District	323,587,321	0.0640	207,096
	Eldon R-I School District	147,315,015	0.5100	751,307
	Miller Co R-III School District	8,748,687	0.1800	15,748
	St. Elizabeth R-IV School District	11,220,826	0.1800	20,197
Mississippi	School of the Osage R-II Sch Dist	395,309,381	0.2200	869,681
	East Prairie R-II School District	45,469,885	0.3500	159,145
	Moniteau	21,463,813	0.5149	110,517
Moniteau	Moniteau Co R-I School District	69,801,688	0.8200	572,374
	Moniteau Co R-VI School District	38,629,182	0.8861	342,293
	Moniteau Co C-1 School District	11,948,751	0.8893	106,260
	Monroe County Library	80,819,872	0.1391	112,420
Monroe	Madison C-3 School District	10,756,739	0.9542	102,641
	Paris R-II School District	32,796,875	0.4900	160,705
	City of Jonesburg	8,435,816	0.3192	26,927
Montgomery	Wellsville-Middletown R-I Sch Dist	24,717,882	0.4600	113,702
	Morgan Co R-I School District	67,670,735	0.3800	257,149
New Madrid	City of Lilbourn	6,682,451	0.2179	14,561
	Portageville School District	40,424,890	0.2500	101,062
	New Madrid Co R-I School District	263,979,545	0.1800	475,163
Newton	Redings Mill Area Fire Prot Dist	135,422,912	0.1028	139,215
	East Newton Co R-VI School Distric	55,273,390	0.6250	345,459
	Diamond R-IV School District	49,144,831	0.9900	486,534
Nodaway	City of Maryville	112,446,483	0.1221	137,297
	Atchison Township of Nodaway Co	4,896,854	2.1185	103,740
	Green Township of Nodaway Co	4,352,296	0.3641	15,847
	Independence Township of Nodaway	3,987,965	1.0613	42,324
	Jackson Township of Nodaway Co	10,215,744	0.4482	45,787
	Monroe Township of Nodaway Co	4,183,338	0.5886	24,623
	Nodaway Township of Nodaway Co	7,307,455	0.5943	43,428

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Nodaway	Union Township of Nodaway Co	4,924,267	0.6788	33,426
	White Cloud Township of Nodaway	6,712,415	0.8414	56,478
	West Nodaway Co R-I School Distri	17,926,475	0.7000	125,485
	Northeast Nodaway Co R-V Sch Dis	11,985,157	0.6600	79,102
	North Nodaway Co R-VI School Dis	12,214,760	0.5900	72,067
	Maryville R-II School District	167,597,751	0.4643	778,156
	South Nodaway Co R-IV School Dis	9,600,600	0.7282	69,912
Oregon	Couch R-I School District	8,403,358	0.6100	51,260
	Thayer R-II School District	23,618,989	0.9200	217,295
	Oregon-Howell R-III School District	10,122,253	0.8184	82,841
Osage	City of Linn	14,651,159	0.9274	135,875
	Osage Co R-II School District	49,344,129	0.3900	192,442
	Osage Co R-III School District	67,958,005	0.4200	285,424
Ozark	Thornfield R-I School District	4,951,572	0.5397	26,724
	Bakersfield R-IV School District	9,532,548	0.3500	33,364
	Gainesville R-V School District	34,880,395	0.4939	172,274
	Dora R-III School District	11,381,723	0.2372	26,997
	Lutie R-VI School District	14,772,439	0.5213	77,009
Pemiscot	Caruthersville 18 School District	42,222,728	0.3600	152,002
	Pemiscot Co Special School District	162,659,235	0.0300	48,798
Perry	City of Altenburg	4,179,019	0.2824	11,802
	City of Frohna	4,641,889	0.1758	8,160
	City of Perryville	119,436,802	0.2500	298,592
Pettis	City of Green Ridge	2,239,186	0.0000	0 A
	Pettis Co R-V School District	19,035,532	0.4303	81,910
	La Monte R-IV School District	14,712,950	0.7500	110,347
	Smithton R-VI School District	29,479,823	0.3800	112,023
	Green Ridge R-VIII School District	17,564,170	0.3884	68,219
Phelps	City of Edgar Springs	905,728	0.2840	2,572
	St. James R-I School District	74,533,551	0.5284	393,835
	Newburg R-II School District	15,995,892	0.4228	67,631
	Rolla 31 School District	244,957,347	0.1800	440,923
	Phelps Co R-III School District	10,561,987	0.3537	37,358
Pike	City of Clarksville	3,308,162	0.2237	7,400
	Pike Co R-III School District	34,129,775	0.6900	235,495
	Louisiana R-II School District	42,259,107	0.5700	240,877
Platte	City of Platte City	59,877,301	0.5000	299,387
	City of Tracy	1,600,078	0.3990	6,384
	City of Weatherby Lake	39,694,815	0.5596	222,132
	City of Parkville	141,108,956	0.0702	99,058
	Central Platte Fire Protection Dist	137,121,161	0.1800	246,818
	Southern Platte Fire Prot Dist	317,516,476	0.0915	290,528
	West Platte Co R-II School District	62,342,283	0.8560	533,650
	Platte Co R-III School District	324,774,867	0.9600	3,117,839
	Park Hill R-V School District	1,085,590,416	0.6562	7,123,644
	Platte County	1,585,012,806	0.0000	0 B
Polk	Bolivar R-I School District	123,527,190	0.4000	494,109
	Fair Play R-II School District	14,180,310	0.5658	80,232
	Humansville R-IV School District	16,924,562	0.4200	71,083
	Marion C. Early R-V School District	25,676,270	0.4500	115,543
	Pleasant Hope R-VI School District	31,579,440	0.6000	189,477
Pulaski	City of Dixon	10,689,060	0.6100	65,203

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Pulaski	Laquey R-V School District	21,102,370	0.1615	34,080
	Dixon R-I School District	43,523,353	0.2700	117,513
	Crocker R-II School District	20,500,270	0.8900	182,452
Putnam	York Township of Putnam Co	3,334,313	0.3580	11,937
	Putnam Co R-I School District	57,238,710	0.3700	211,783
Ralls	Ralls Co R-II School District	57,557,227	0.7100	408,656
Randolph	City of Higbee	2,344,056	0.5171	12,121
	Northeast Randolph Co R-IV Sch Di	16,571,556	0.8585	142,267
	Higbee R-VIII School District	8,126,306	1.0000	81,263
	Moberly School District	135,044,587	0.5800	783,259
Ray	City of Orrick	6,093,072	0.2627	16,007
	City of Richmond	53,812,661	0.4253	228,865
	City of Wood Heights	7,336,065	0.6627	48,616
	City of Lawson	22,589,833	0.9700	219,121
	Lawson R-XIV School District	61,618,360	0.9500	585,374
	Orrick R-XI School District	19,368,981	0.1807	35,000
	Richmond R-XVI School District	95,689,588	0.3400	325,345
	Southern Reynolds Co R-II Sch Dist	26,398,088	0.7800	205,905
Ripley	Doniphan-Ripley County Library	75,019,955	0.0300	22,506
Saline	Blackburn Elmwood Sp Rd Saline C	5,385,859	0.5021	27,042
	City of Sweet Springs	9,286,776	0.2194	20,375
	Orearville R-IV School District	5,121,423	0.8500	43,532
	Malta Bend R-V School District	8,000,103	0.6322	50,577
	Hardeman R-X School District	5,981,343	0.9337	55,848
	Slater School District	16,100,703	0.5400	86,944
	Sweet Springs R-VII School District	21,554,235	0.6400	137,947
	Village of Glenwood	997,086	0.4500	4,487
Schuyler	Schuyler Co R-I School District	31,402,080	0.7700	241,796
Scott	City of Scott City	37,543,131	0.3711	139,323
	Scott City R-I School District	46,943,790	0.4900	230,025
	Chaffee R-II School District	21,719,830	1.1800	256,294
	Scott Co R-IV School District	45,710,060	0.4200	191,982
	Scott Co R-V School District	13,284,390	1.1000	146,128
	Sikeston R-VI School District	201,712,308	0.1900	383,253
	Oran R-III School District	17,299,590	0.1800	31,139
	Eminence R-I School District	16,294,930	0.6900	112,435
Shelby	North Shelby School District	24,627,683	0.1800	44,330
St. Charles	St Charles County Ambulance Dist	6,170,477,015	0.0200	1,234,095
	City of Lake St Louis	250,772,596	0.3994	1,001,586
	City of O'Fallon	1,284,361,194	0.3100	3,981,520
	City of Portage Des Sioux	4,083,583	0.4506	18,401
	City of St Charles	1,081,112,449	0.1560	1,686,535
	City of St Peters	969,454,773	0.2500	2,423,637
	Cottleville Com Fire Prot District	1,028,393,535	0.0404	415,471
	Central County Fire and Rescue	1,449,652,907	0.0427	619,002
	St. Charles Co. Community College	6,136,867,553	0.0600	3,682,121
	Fort Zumwalt R-II School District	1,851,339,048	0.6200	11,478,302
	Francis Howell R-III School Dist	2,001,363,568	0.6713	13,435,154
	Wentzville R-IV School District	1,103,154,949	0.6200	6,839,561
	St Charles R-VI School District	858,348,620	1.3099	11,243,509
	St Charles Co R-V School District	187,579,860	0.7120	1,335,569
	Roscoe C-I School District	5,815,818	0.6278	36,512
St. Clair				

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
St. Clair	Lakeland R-III School District	24,287,614	0.6200	150,583
St. Francois	City of Desloge	29,608,253	0.0076	2,250
	City of Farmington	147,779,713	0.0600	88,668
	City of Leadwood	4,140,605	0.8356	34,599
	City of Iron Mountain Lake	2,463,869	2.0200	49,770
	Mineral Area College	667,150,015	0.1300	867,295
	Bismarck R-V School District	20,117,985	0.6500	130,767
	Farmington R-VII School District	249,621,960	0.6200	1,547,656
	North St. Francois Co R-I Sch Dist	130,368,214	0.7500	977,762
	Central R-III School District	74,342,079	0.7100	527,829
	West St Francois Co R-IV Sch Dist	33,884,708	0.7500	254,135
St. Louis	Village of Bel Nor	20,594,025	0.0000	0 A
	City of Berkeley	179,142,975	0.1060	189,892
	City of Black Jack	73,732,749	0.5000	368,664
	City of Brentwood	267,122,892	0.0000	0 B
	City of Clayton	754,858,768	0.1500	1,132,288
	City of Hazelwood	466,004,670	0.1460	680,367
	City of Kirkwood	593,283,110	0.1990	1,180,633
	City of Manchester	307,448,613	0.2000	614,897
	City of Northwoods	28,743,769	0.7000	201,206
	City of Pasadena Hills	13,704,800	0.9710	133,074
	City of Shrewsbury	116,070,014	0.5630	653,474
	City of University City	533,299,095	0.0230	122,659
	City of Velda City	6,465,486	0.7100	45,905
	City of Warson Woods	61,028,261	0.0000	0 B
	City of Webster Groves	447,467,171	0.4150	1,856,989
	City of Chesterfield	1,441,396,890	0.0600	864,838
	Metro West Fire Protection District	1,546,382,629	0.0380	587,625
	Black Jack Fire Protection District	555,286,388	0.1670	927,328
	Monarch Fire Protection District	1,779,756,402	0.0400	711,903
	Community Fire Protection District	536,566,381	0.2500	1,341,416
	Eureka Fire Protection District	301,810,811	0.1500	452,716
	Florissant Valley Fire Prot Dist	790,689,854	0.1450	1,146,500
	Lemay Fire Protection District	172,835,453	0.0470	81,233
	West County EMS & Fire Prot Dist	660,598,158	0.1200	792,718
	Metro-North Fire Protection Dist	124,310,203	0.0490	60,912
	Pattonville-Bridgeton Terr Fire Dis	729,376,925	0.0090	65,644
	Riverview Fire Protection District	143,504,447	0.0690	99,018
	Robertson Fire Protection District	306,590,333	0.1470	450,688
	Spanish Lake Fire Protection Dist	173,514,400	0.1910	331,413
	Valley Park Fire Protection Dist	209,770,507	0.0360	75,517
	Mid-County Fire Protection District	128,652,504	0.1920	247,013
	West Overland Fire Protection Dist	177,246,903	0.0930	164,840
	Hazelwood R-I School District	1,763,833,960	0.8200	14,463,438
	Ferguson-Florissant R-II Sch Dist	948,964,170	0.3000	2,846,893
	Pattonville R-III School District	1,312,355,620	0.4900	6,430,543
	Rockwood R-VI School District	2,823,917,500	0.7500	21,179,381
	Kirkwood R-VII School District	1,041,969,430	0.3660	3,813,608
	Lindbergh R-VIII School District	1,130,932,720	0.3800	4,297,544
	Mehlville R-IX School District	1,549,102,680	0.3400	5,266,949
	Parkway C-2 School District	3,850,669,140	0.3400	13,092,275
	Bayless School District	147,127,010	0.4840	712,095

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
St. Louis	Brentwood School District	251,075,000	0.1940	487,086
	Clayton School District	899,362,640	0.3780	3,399,591
	Hancock Place School District	60,900,970	0.5140	313,031
	Jennings School District	105,566,400	0.5680	599,617
	Ladue School District	1,273,090,690	0.2300	2,928,109
	Maplewood-Richmond Heights Sch	225,176,740	1.0300	2,319,320
	Normandy School District	241,519,420	1.4314	3,457,109
	Ritenour School District	540,455,560	0.7100	3,837,234
	Riverview Gardens School District	253,682,550	1.5900	4,033,553
	University City School District	540,510,340	0.7380	3,988,966
	Valley Park School District	137,750,430	0.5240	721,812
	Webster Groves School District	635,048,410	0.5660	3,594,374
	St. Louis County	20,453,913,546	0.0630	12,885,966
St. Louis City	St. Louis City School District	3,790,385,195	0.6211	23,542,082
	City of St. Louis	3,575,176,629	0.1328	4,747,835
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	243,798,006	0.2600	633,875
Stoddard	City of Bloomfield	10,260,573	0.2529	25,949
	Richland R-I School District	20,196,143	0.3300	66,647
	Advance R-IV School District	26,019,000	0.4300	111,882
	Dexter R-XI School District	145,399,817	0.5700	828,779
	Bernie R-XIII School District	27,531,923	0.3000	82,596
Stone	Hurley R-I School District	8,340,414	0.5830	48,625
	Galena R-II School District	22,198,339	0.5322	118,140
	Reeds Spring R-IV School District	253,440,359	0.7100	1,799,427
	Blue Eye R-V School District	69,685,208	0.8000	557,482
Sullivan	Village of Newtown	667,946	0.4342	2,900
	Green City R-I School District	17,996,087	0.5800	104,377
Taney	City of Forsyth	19,883,949	0.3500	69,594
	City of Hollister	36,240,256	0.1285	46,569
	City of Rockaway Beach	5,111,575	0.5801	29,652
	Village of Merriam Woods	5,346,867	0.1942	10,384
	Taneyville R-II School District	8,256,912	0.8318	68,681
	Forsyth R-III School District	59,456,035	0.4200	249,715
	Branson R-IV School District	497,140,209	0.7000	3,479,981
	Hollister R-V School District	112,684,049	0.5796	653,117
Texas	Kirbyville R-VI School District	26,306,206	0.9000	236,756
	City of Houston	18,482,996	0.3117	57,611
	City of Licking	9,340,046	0.2677	25,003
	City of Summersville	2,697,853	0.8374	22,592
	Houston R-I School District	41,438,440	0.6800	281,781
	Raymondville R-VII School District	6,428,747	0.7200	46,287
Vernon	Nevada R-V School District	144,982,406	0.0100	14,498
	Sheldon R-VIII School District	9,482,992	0.4900	46,467
Warren	City of Truesdale	12,281,047	0.0686	8,425
	City of Wright City	31,990,265	0.0293	9,373
	Wright City R-II School District	137,646,646	0.6800	935,997
	Warren Co R-III School District	212,793,441	0.6189	1,316,979
Washington	Kingston K-14 School District	22,261,695	0.8700	193,677
	Potosi R-III School District	67,125,881	0.5000	335,629
Wayne	Greenville R-II School District	30,983,591	0.3600	111,541
	Clearwater R-I School District	52,303,636	0.3423	179,035
Webster	City of Marshfield	57,457,245	0.3501	201,158

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Webster	City of Rogersville	17,854,570	0.4605	82,220
	Fordland R-III School District	24,681,788	0.7900	194,986
	Marshfield R-I School District	136,064,031	0.4000	544,256
Wright	Hartville R-II School District	28,538,700	0.4800	136,986
	Mansfield R-IV School District	27,357,002	0.8000	218,856
Total Revenue Generated from Debt Service Levies				<u>\$497,817,880</u>

LEGEND:

- A The tax rate ceiling calculated equals zero because the bank balance reported by the taxing authority is sufficient to meet the bond's current needs.
 B The taxing authority voluntarily reduced the debt service levy to zero.

NOTE:

This Appendix contains levy information for all debt service levies reported by taxing authorities in 2005.

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Adair	City of Brashear	Fire	974,638	0.3000	2,924	2008
	Adair County	Developmentally Disabled	199,250,923	0.1500	298,876	
Andrew	Andrew County	Special Road and Bridge	171,318,465	0.2500	428,296	2008
Atchison	Langdon Spec Road Dist Atchison Co	Special Road and Bridge	12,242,772	0.3500	42,850	2008
	Watson Spec Road Dist Atchison Co	Special Road and Bridge	3,524,903	0.2000	7,050	
	Village of Watson	General Revenue-Temp	424,812	0.3000	1,274	
	Atchison County	Senior Services	80,251,767	0.0500	40,126	
Audrain	Audrain County	Common Road District	68,963,926	0.3500	241,374	2008
Barry	Exeter Spec Rd Dist Barry Co	Special Road and Bridge	14,207,558	0.1300	18,470	2008
	Sugar Creek Sp Rd Dist 3 Barry Co	Special Road and Bridge	9,886,911	0.1300	12,853	
	Cassville Fire Protection District	General Revenue	58,162,812	0.3000	174,488	
	Barry County	Senior Services	370,490,275	0.0500	185,245	
Barton	Central Township of Barton County	Special Road and Bridge	8,288,857	0.4700	38,958	2008
	Doylestown Township of Barton Co	special road and Bridge	3,989,545	0.2500	9,974	
	Nashville Township of Barton County	Special Road and Bridge	5,310,448	0.3700	19,649	
	North Fork Township of Barton Co	Special Road and Bridge	3,609,076	0.2000	7,218	
Bates	Charlotte Township of Bates County	Special Road and Bridge	4,408,128	0.2200	9,698	2008
	Elkhart Township of Bates County	Special Road and Bridge	3,897,790	0.2200	8,575	
	Grand River Township of Bates Co	Special Road and Bridge	2,909,031	0.2485	7,229	
	Hudson Township of Bates County	Special Road and Bridge	4,032,056	0.3500	14,112	
	Mingo Township of Bates County	Special Road and Bridge	3,159,405	0.2150	6,793	
Bollinger	North County Fire Protection Dist	General Revenue	21,345,125	0.2800	59,766	
Caldwell	Breckenridge Township, Caldwell Co	Special Road and Bridge	5,446,074	0.3059	16,660	2008
	Fairview Township of Caldwell Co	Special Road and Bridge	2,835,255	0.3200	9,073	
	Gomer Township of Caldwell County	Special Road and Bridge	4,904,699	0.3493	17,132	
	Mirabile Township of Caldwell Co	Special Road and Bridge	4,731,106	0.0000	0	
	Rockford Township of Caldwell Co	Special Road and Bridge	6,620,761	0.3500	23,173	
	Horseshoe Bend Sp Rd 1 Camden Co	General Revenue	230,220,150	0.3500	805,771	
Camden	Leslie Township of Carroll Co	Special Road and Bridge	4,317,322	0.3500	15,111	2008
Carroll	Rockford Township of Carroll Co	Special Road and Bridge	2,220,958	0.3500	7,773	2008
	Stokes Mound Township of Carroll Co	Special Road and Bridge	4,092,955	0.3500	14,325	
	Washington Township of Carroll Co	Special Road and Bridge	2,859,716	0.3500	10,009	
	Combs Township of Carroll Co	Special Road and Bridge	5,963,881	0.3500	20,874	
	Omer Special Road Dist Cedar Co	Special Road and Bridge	955,404	0.3500	3,344	
Cedar	Brunswick Township of Chariton Co	Special Road and Bridge	15,028,324	0.1576	23,685	2008
	Chariton Township of Chariton Co	Special Road and Bridge	6,240,439	0.2137	13,336	
	Cunningham Township of Chariton Co	Special Road and Bridge	5,255,295	0.2956	15,535	
	Mendon Township of Chariton Co	Special Road and Bridge	5,364,043	0.3500	18,774	
	Musselfork Township of Chariton Co	Special Road and Bridge	5,154,803	0.2300	11,856	
	Salt Creek Township of Chariton Co	Special Road and Bridge	3,728,081	0.3203	11,941	
	Triplett Township of Chariton Co	Special Road and Bridge	4,705,492	0.3423	16,107	
	Wayland Township of Chariton Co	Special Road and Bridge	3,610,153	0.2000	7,220	
	Clark County	Special Road and Bridge	65,434,141	0.3500	229,019	
Clinton	City of Plattsburg	Lights	24,210,842	0.0825	19,974	2008
	City of Plattsburg	Cemetery-temp	24,210,842	0.0200	4,842	
Dade	Smith Township of Dade Co	Special Road and Bridge	1,916,506	0.2500	4,791	2008
	South Township of Dade Co	Special Road and Bridge	2,686,978	0.3400	9,136	
Davies	Jamesport Spec Rd Dist Davies Co	Special Road and Bridge	7,168,697	0.2700	19,355	2008
	Lock Springs Special Road District	Special Road and Bridge	2,403,767	0.3500	8,413	
	Village of Jameson	General Revenue (temp)	414,161	0.2000	828	

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Daviess	Village of Winston	Streets	1,082,056	0.3000	3,246	2007
	Harrison Township of Daviess Co	Special Road and Bridge	1,958,330	0.3500	6,854	2008
	Salem Township of Daviess Co	Special Road and Bridge	5,098,264	0.3500	17,844	2008
	Sheridan Township of Daviess Co	Special Road and Bridge	3,970,055	0.3500	13,895	2008
	Washington Township of Daviess Co	Special Road and Bridge	2,751,073	0.3500	9,629	2008
Gentry	Athens Township of Gentry Co	Special Road District	20,769,945	0.2000	41,540	2008
	Miller Township of Gentry Co	Special Road District	8,018,869	0.2900	23,255	2008
	Wilson Township of Gentry Co	Special Road and Bridge	3,610,578	0.2900	10,471	2008
	Stanberry R-II School District	Operating Temp	18,775,695	0.4197	78,802	2005
Greene	Greene County	Senior Services	3,544,069,587	0.0500	1,772,035	
Grundy	Harrison Township of Grundy Co	Special Road and Bridge	1,818,631	0.3500	6,365	2008
	Liberty Township of Grundy Co	Special Road and Bridge	3,135,322	0.3500	10,974	2008
	Lincoln Township of Grundy Co	Special Road and Bridge	5,940,800	0.3500	20,793	2008
	Taylor Township of Grundy Co	Special Road and Bridge	1,774,731	0.3500	6,212	2008
Harrison	Sugar Creek Township of Harrison Co	Special Road and Bridge	3,380,670	0.3500	11,832	2007
Henry	City of Calhoun	Police	1,700,685	0.2500	4,252	2008
	City of Calhoun	Fire	1,700,685	0.2000	3,401	2008
	Bogard Township of Henry Co	Spec Rd and Bridge - temp	7,726,816	0.2500	19,317	2008
Holt	South Union Twsp Indpt Sp Rd Holt	Special Road and Bridge	2,055,755	0.3500	7,195	2008
	City of Maitland	General Revenue - Temp	1,813,426	0.2400	4,352	2008
	City of Mound City	Street Lights	10,009,996	0.3000	30,030	2008
	Holt County	Senior Services	80,153,679	0.0500	40,077	
Howard	Armstrong Spec Rd Dist Howard Co	General Revenue	6,856,538	0.3500	23,998	2008
	Glasgow Spec Rd Dist #60 Howard Co	General Revenue	16,923,598	0.2300	38,924	2008
Jackson	City of Kansas City	Health Temp	6,454,462,787	0.2200	14,199,818	2013
Jefferson	No Jefferson Co Ambulance District	Pension	282,482,819	0.0500	141,241	
Johnson	City of Knob Noster	Fire	16,311,235	0.3000	48,934	2008
Lafayette	Sni Valley Fire Protection District	Dispatch	150,866,461	0.0300	45,260	
	Sni Valley Fire Protection District	Fire and Ambulance	150,866,461	0.1500	226,300	
Lawrence	Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	85,896,507	0.1700	146,024	2008
	Greene Benefit Spec Rd Lawrence Co	Special Road and Bridge	7,307,968	0.2200	16,078	2008
	Pierce Benefit SRD Lawrence Co	Special Road and Bridge	19,884,667	0.1900	37,781	2008
	Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,505,038	0.2200	7,711	2008
Lewis	City of La Belle	Streets	3,436,055	0.1000	3,436	2008
	Lewis County	Common Road District	51,041,959	0.2100	107,188	2008
Livingston	Grand River Township, Livingston Co	Special Road and Bridge	3,330,245	0.3500	11,656	2008
	Monroe Township of Livingston Co	Special Road and Bridge	3,465,505	0.3500	12,129	2008
	Mooreville Township Livingston Co	Special Road and Bridge	2,795,655	0.3500	9,785	2008
	Wheeling Township of Livingston Co	Special Road and Bridge	3,355,970	0.3500	11,746	2008
	Fairview Township of Livingston Co	Special Road and Bridge	4,427,356	0.3500	15,496	2008
Macon	Hudson Spec Rd Dist Macon Co	Special Road and Bridge	64,752,240	0.2000	129,504	2008
Morgan	Gravois Spec Rd Dist #8 Morgan Co	Special Road and Bridge	153,217,781	0.1000	153,218	2007
Nodaway	City of Barnard	Streets	838,989	1.0000	8,390	2006
	City of Graham	Street Improvement	765,412	0.0000	0	2005
	Village of Guilford	Streets	354,109	0.5000	1,771	2009
	City of Parnell	Parks & Recreation	474,093	0.4000	1,896	2008
	City of Parnell	General Revenue-Temp	474,093	0.3000	1,422	2008
	Atchison Township of Nodaway Co	Special Road and Bridge	4,896,854	0.3500	17,139	2008
	Grant Township of Nodaway Co	Special Road and Bridge	5,904,631	0.3500	20,666	2008
	Green Township of Nodaway Co	Special Road and Bridge	4,352,296	0.3500	15,233	2008

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Nodaway	Hopkins Township of Nodaway Co	Special Road and Bridge	6,050,042	0.3500	21,175	2008
	Hughes Township of Nodaway Co	Special Road and Bridge	7,373,862	0.3500	25,809	2008
	Independence Township of Nodaway Co	Special Road and Bridge	3,987,965	0.3500	13,958	2008
	Jefferson Township of Nodaway Co	Special Road and Bridge	5,717,475	0.3500	20,011	2008
	Monroe Township of Nodaway Co	Special Road and Bridge	4,183,338	0.3500	14,642	2008
	Washington Township of Nodaway Co	Special Road and Bridge	3,928,182	0.3500	13,749	2008
Phelps	Duke Fire Protection District	General Revenue	3,163,464	0.3000	9,490	
Platte	Farley Special Road Dist, Platte Co	Special Road and Bridge	13,531,236	0.3500	47,359	2008
	North Platte Co R-I School District	Operating -Temp	42,475,942	0.2200	93,447	2006
Polk	Humansville Spec Rd Dist Polk Co	Special Road and Bridge	9,634,924	0.3500	33,722	2008
Putnam	Lake Thunderhead Spec Rd District	Special Road and Bridge	12,052,425	0.3500	42,183	2008
	Grant Township of Putnam Co	Special Road and Bridge	1,693,026	0.3500	5,926	2008
	Liberty Township of Putnam Co	Special Road and Bridge	2,566,694	0.3500	8,983	2008
	Lincoln Township of Putnam Co	Special Road and Bridge	4,844,267	0.3500	16,955	2008
	Medicine Township of Putnam Co	Special Road and Bridge	7,293,874	0.3500	25,529	2008
	Richland Township of Putnam Co	Special Road and Bridge	2,902,924	0.3500	10,160	2008
	Sherman Township of Putnam Co	Special Road and Bridge	1,760,983	0.3500	6,163	2008
	Wilson Township of Putnam Co	Special Road and Bridge	3,349,420	0.3500	11,723	2008
	York Township of Putnam Co	Special Road and Bridge	3,334,313	0.3500	11,670	2008
	City of Camden	Fire Temporary	1,233,559	0.1500	1,850	2008
	City of Henrietta	Fire	2,819,907	0.3000	8,460	2008
	Village of Rayville	General Revenue	738,147	1.0000	7,381	
Ray	Village of Rayville	Fire	738,147	0.6500	4,798	2008
	Hillsdale Spec Rd Dist St Clair Co	Special Road and Bridge	1,320,534	0.3500	4,622	2008
St. Clair	Village of Glen Echo Park	General Revenue	1,302,570	0.5000	6,513	
St. Louis	Gilliam Spec Rd Dist Saline Co	Special Road and Bridge	6,791,696	0.2900	19,696	2008
Saline	Sweet Springs Sp Rd Dist Saline Co	Special Road and Bridge	20,151,876	0.3000	60,456	2008
	Malta Bend Spec Rd Dist Saline Co	Special Road and Bridge	9,985,887	0.3000	29,958	2008
	Essex Spec Rd Dist Stoddard Co	Special Road and Bridge	13,257,780	0.3500	46,402	2008
Stoddard	New Lisbon Township of Stoddard Co	Special Road and Bridge	9,306,725	0.3500	32,574	2008
	Village of Osgood	General Revenue-temp	116,493	0.3000	349	2008
Sullivan	Bowman Township of Sullivan Co	Special Road and Bridge	5,589,173	0.3500	19,562	2008
	Buchanan Township of Sullivan Co	Special Road and Bridge	3,662,985	0.3500	12,820	2008
	Jackson Township of Sullivan Co	Special Road and Bridge	4,237,520	0.3500	14,831	2008
	Morris Township of Sullivan Co	Special Road and Bridge	2,503,664	0.3500	8,763	2008
	Cedar Creek Fire Protection Dist	General Revenue	3,866,414	0.3000	11,599	
Taney	Protem Fire Protection District	General Revenue	5,291,706	0.3000	15,875	
	Cabool R-IV School District	Operating Schools - Temp	35,294,781	0.5628	198,639	2009
Texas	Bacon Township of Vernon Co	Special Road and Bridge	4,528,488	0.1700	7,698	2006
	Badger Township of Vernon Co	Special Road and Bridge	4,574,064	0.3400	15,552	2008
	Blue Mound Township of Vernon Co	Special Road and Bridge	3,416,684	0.1860	6,355	2008
	Deerfield Township of Vernon Co	Special Road and Bridge	8,077,004	0.3500	28,270	2008
	Harrison Township of Vernon Co	Special Road and Bridge	3,964,943	0.3500	13,877	2008
	Henry Township of Vernon Co	Special Road and Bridge	3,409,134	0.3500	11,932	2008
	Lake Township of Vernon Co	Special Road and Bridge	2,593,427	0.3500	9,077	2008
	Montevallo Township of Vernon Co	Special Road and Bridge	4,247,200	0.2500	10,618	2006
	Moundville Township of Vernon Co	Special Road and Bridge	5,879,659	0.2400	14,111	2008
	Richland Township of Vernon Co	Special Road and Bridge	2,762,374	0.3500	9,668	2006
	Walker Township of Vernon Co	Special Road and Bridge	5,257,935	0.3500	18,403	2008
	Washington Township of Vernon Co	Special Road and Bridge	20,166,830	0.3000	60,500	2008

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Levied	Revenue	Expiration year
St. Louis City	Waterman/Lake Special Business Dist	General Revenue	3,271,860	0.8500	27,811	2014
	Westminister/Lake Special Bus Dist	General Revenue	7,666,910	0.8500	65,169	2014
	Washington Place Special Bus Dist	General Revenue	3,690,880	0.8500	31,372	2014
	City of St. Louis	Community Child Serv Tax	3,866,005,847	0.1900	7,345,411	
Total Revenue Generated from New Levies					<u>\$29,202,596</u>	

NOTE:

The tax rates listed above were approved by voters at an election held after 2004 tax rates were set and, thus, 2005 was the first year the additional voter approved increases were levied.

Assessed valuation column presents only the assessed valuation that the property is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Andrew	Avenue City R-IX School District	Operating Funds-Schools	12,875,724	0.5000	64,379
Barton	Lamar R-I School District	Operating Funds-Schools	100,441,250	0.1500	150,662
Benton	Cole Camp Ambulance District	General Revenue	42,960,837	0.1200	51,553
Buchanan	Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	48,788,234	0.5300	258,578
Caldwell	Polo R-VII School District	Operating Funds-Schools	19,133,578	0.5000	95,668
Cape Girardeau	Jackson R-II School District	Operating Funds-Schools	306,585,584	0.4900	1,502,269
Christian	City of Clever	General Revenue	10,521,669	0.0000	0
	Nixa R-II School District	Operating Funds-Schools	279,097,785	0.2181	608,712
Clay	City of Gladstone	General Revenue	362,135,588	0.3900	1,412,329
	North Kansas City 74 School Dist	Operating Funds-Schools	2,013,497,387	0.3900	7,852,640
Dade	Greenfield R-IV School District	Operating Funds-Schools	27,803,558	0.3915	108,851
Franklin	Beaufort Leslie Fire Prot District	General Revenue	47,678,397	0.1899	90,541
	Meramec Valley R-III School Dist	Operating Funds-Schools	266,154,956	0.5013	1,334,235
	Lonedell R-XIV School District	Operating Funds-Schools	30,676,266	0.4996	153,259
Gentry	City of Albany	Library	14,484,126	0.1500	21,726
Greene	Willard R-II School District	Operating Funds-Schools	243,390,410	0.1000	243,390
	Republic R-III School District	Operating Funds-Schools	210,543,376	1.3523	2,847,178
	Walnut Grove R-V School District	Operating Funds-Schools	15,739,810	0.2500	39,350
	Springfield R-XII School District	Operating Funds-Schools	2,687,705,870	0.1000	2,687,706
Howell	Fairview R-XI School District	Operating Funds-Schools	31,903,010	0.3000	95,709
Jackson	Grain Valley R-V School District	Operating Funds-Schools	187,529,298	0.5447	1,021,472
	Hickman Mills C-1 School District	Operating Funds-Schools	430,917,315	0.3600	1,551,302
Jasper	Carl Junction R-I School District	Operating Funds-Schools	181,390,060	0.1500	272,085
Jefferson	No Jefferson Co Ambulance District	General Revenue	282,482,819	0.1000	282,483
	Valle Ambulance District	General Revenue	303,410,965	0.0500	151,705
	Hillsboro Fire Protection District	General Revenue	98,313,061	0.0500	49,157
	Shady Valley Fire Prot Dist	General Revenue	67,757,183	0.1000	67,757
	De Soto Rural Fire Protection Dist	General Revenue	158,965,100	0.0500	79,483
	Jefferson College	General Revenue	2,408,117,039	0.0500	1,204,059
	Crystal City 47 School District	Operating Funds-Schools	51,256,490	0.5000	256,282
Lewis	Lewis Co C-1 School District	Operating Funds-Schools	55,258,990	0.3449	190,588
Lincoln	Silex R-I School District	Operating Funds-Schools	23,499,020	0.3000	70,497
Miller	Eldon R-I School District	Operating Funds-Schools	147,315,015	0.0950	139,949
Moniteau	Moniteau Co R-I School District	Operating Funds-Schools	69,801,688	0.2500	174,504
Morgan	Rocky Mount Fire Protection Dist	General Revenue	85,407,163	0.1453	124,097
Platte	City of Platte Woods	General Revenue	7,602,182	0.3278	24,920
	Weatherby Lake Fire Protection Dist	General Revenue	39,665,710	0.2200	87,265
Randolph	Randolph County Library	General Revenue	293,995,127	0.0800	235,196
Ray	Lawson Community Fire & Rescue Dist	Ambulance	75,126,104	0.4000	300,504
	Richmond R-XVI School District	Operating Funds-Schools	95,689,588	0.3600	344,483
Saline	Sweet Springs R-VII School District	Operating Funds-Schools	21,554,235	0.6000	129,325

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
St. Louis	City of Brentwood	Pension	267,122,892	0.1500	400,684
	City of Olivette	Pension	203,903,394	0.2500	509,758
	Maryland Heights Fire Prot Dist	Ambulance	607,811,070	0.2500	1,519,528
	Mehlville Fire Protection District	General Revenue	2,091,980,224	0.3300	6,903,535
	Mid-County Fire Protection District	Pension	128,652,504	0.2500	321,631
	Kirkwood R-VII School District	Operating Funds-Schools	1,041,969,430	0.2385	2,485,097
	Afton 101 School District	Operating Funds-Schools	375,105,230	1.3600	5,101,431
	Ritenour School District	Operating Funds-Schools	540,455,560	0.1800	972,820
	Webster Groves School District	Operating Funds-Schools	635,048,410	0.6800	4,318,329
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	Operating Funds-Schools	243,798,006	0.1000	243,798
Stone	Reeds Spring R-IV School District	Operating Funds-Schools	253,440,359	0.3123	791,494
Wright	Mansfield R-IV School District	Operating Funds-Schools	27,357,002	1.0766	294,525
Total Revenue Generated from Voter Approved Increases					<u>\$50,238,478</u>

NOTE:

The tax rates listed above were approved by voters at an election held after 2004 tax rates were set and, thus, 2005 was the first year the additional voter approved increases to an existing tax were levied.

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Adair	Adair Co. R-I School District	Full	04 / 1994	
	Kirksville R-III School District	Full	08 / 1993	
	Adair Co. R-II School District	Full	04 / 1994	
Andrew	North Andrew Co. R-VI School Dist	Full	10 / 1993	
	Avenue City R-IX School District	Full	04 / 1996	
	Savannah R-III School District	Full	02 / 2000	
Atchison	Tarkio R-I School District	Full	04 / 2004	
	Rock Port R-II School District	Full	06 / 1995	
	Fairfax R-III School District	Full	08 / 1994	
Audrain	Community R-VI School District	Full	04 / 1994	
	Van-Far R-I School District	Full	04 / 1997	
Barry	Wheaton R-III School District	Full	08 / 2005	
	Southwest Barry Co R-V School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Exeter R-VI School District	Full	08 / 2001	
	Cassville R-IV School District	Partial	02 / 1994	Waived to allow \$2.7500
	Purdy R-II School District	Full	08 / 1993	
	Monett R-I School District	Full	06 / 2004	
Barton	Liberal R-II School District	Full	04 / 1996	
	Golden City R-III School District	Full	02 / 1994	
	Lamar R-I School District	Full	04 / 2001	
Bates	Miami R-I School District	Full	04 / 1996	
	Ballard R-II School District	Full	04 / 1998	
	Adrian R-III School District	Full	02 / 1994	
	Hume R-VIII School District	Full	04 / 1995	
	Hudson R-IX School District	Full	08 / 1993	
	Butler R-V School District	Full	02 / 1994	
Benton	Lincoln R-II School District	Full	02 / 1994	
	Warsaw R-IX School District	Full	02 / 1994	
	Cole Camp R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Bollinger	Meadow Heights R-II School District	Full	10 / 1993	
	Leopold R-III School District	Full	04 / 2004	
	Zalma R-V School District	Partial	04 / 1994	Waived to allow \$2.7500
	Woodland R-IV School District	Full	10 / 1993	
Boone	Southern Boone Co. R-I School Dist	Full	04 / 1995	
	Boone Co. R-IV School District	Full	04 / 1995	
	Sturgeon R-V School District	Partial	04 / 2004	Waived \$0.6800 of rollback
	Centralia R-VI School District	Full	04 / 2002	
	Harrisburg R-VIII School District	Partial	04 / 1997	Waived \$0.6500 of rollback
Buchanan	East Buchanan Co. C-1 School Dist	Full	04 / 2001	
	Mid-Buchanan Co R-V School Dist	Full	04 / 1997	
	Buchanan County R-IV School Dist	Full	04 / 1997	
Butler	Neelyville R-IV School District	Full	10 / 1993	
	Poplar Bluff R-I School District	Full	02 / 1994	
	Twin Rivers R-X School District	Full	10 / 1993	
Caldwell	Hamilton R-II School District	Full	04 / 1995	
	Cowgill R-VI School District	Full	08 / 1994	
	Polo R-VII School District	Full	04 / 1997	
	Mirabile C-1 School District	Full	08 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Caldwell	Kingston 42 School District	Full	06 / 1995	
Callaway	North Callaway Co R-I School Dist	Full	04 / 2003	
	New Bloomfield R-III School Dist	Full	08 / 1993	
	Fulton 58 School District	Full	06 / 1996	
Camden	Camden Co. R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
	Camdenton R-III School District	Full	04 / 1999	
	Macks Creek R-V School District	Full	04 / 2002	
Cape Girardeau	Jackson R-II School District	Full	11 / 2003	
	Delta R-V School District	Full	04 / 2000	
	Oak Ridge R-VI School District	Full	08 / 2004	
	Cape Girardeau 63 School District	Full	04 / 1997	
Carroll	Tina-Avalon R-II School District	Full	08 / 1998	
	Bosworth R-V School District	Full	04 / 1997	
	Carrollton R-VII School District	Full	04 / 1998	
	Norborne R-VIII School District	Full	06 / 1995	
Carter	East Carter Co R-II School District	Full	10 / 1993	
	Van Buren R-I School District	Partial	10 / 1993	Waived to allow \$2.7500
Cass	Cass Co R-V School District	Full	04 / 1998	
	Strasburg C-3 School District	Full	04 / 1996	
	Raymore-Peculiar R-II School Dist	Full	04 / 1995	
	Sherwood Cass R-VIII School Dist	Full	08 / 2004	
	Pleasant Hill R-III School District	Full	06 / 1994	
	Harrisonville R-IX School District	Full	11 / 2001	
	Drexel R-IV School District	Full	04 / 1996	
	Belton 124 School District	Full	04 / 2000	
Cedar	Stockton R-I School District	Full	02 / 1994	
	El Dorado Springs R-II School Dist	Partial	04 / 1994	Waived to allow \$2.7500
Chariton	Northwestern R-I School District	Full	02 / 1997	
	Brunswick R-II School District	Full	04 / 2004	
	Keytesville R-III School District	Full	04 / 1994	
	Salisbury R-IV School District	Full	11 / 2003	
Christian	Chadwick R-I School District	Full	08 / 1993	
	Nixa R-II School District	Full	08 / 1998	
	Sparta R-III School District	Full	08 / 1993	
	Billings R-IV School District	Full	08 / 1999	
	Clever R-V School District	Full	04 / 1997	
	Ozark R-VI School District	Full	08 / 1993	
	Spokane R-VII School District	Full	02 / 1994	
Clark	Wyaconda C-1 School District	Full	04 / 1995	
	Revere C-3 School District	Full	04 / 1997	
	Luray 33 School District	Full	08 / 1999	
	Clark Co. R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Clay	Kearney R-I School District	Full	04 / 2004	
	Smithville R-II School District	Full	04 / 1997	
	Excelsior Springs 40 School Dist	Full	08 / 2002	
	Liberty 53 School District	Full	10 / 1994	
	North Kansas City 74 School Dist	Full	04 / 1994	
Clinton	Cameron R-I School District	Full	08 / 1997	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Clinton	Lathrop R-II School District	Full	08 / 2002	
	Clinton County R-III School Dist	Full	04 / 2004	
Cole	Cole Co R-I School District	Full	04 / 2004	
	Cole Co R-II School District	Full	04 / 1996	
Cooper	Cole Co. R-V School District	Partial	08 / 2000	Waived to allow \$2.9500
	Blackwater R-II School District	Full	04 / 1996	
	Cooper Co. R-IV School District	Full	04 / 1996	
	Prairie Home R-V School District	Full	04 / 1996	
	Otterville R-VI School District	Full	08 / 1995	
	Pilot Grove C-4 School District	Full	08 / 1995	
	Boonville R-I School District	Full	08 / 1996	
	Crawford Co R-I School District	Full	04 / 2003	
	Crawford Co R-II School District	Partial	02 / 1994	
	Steelville R-III School District	Full	06 / 1996	
Dade	Lockwood R-I School District	Full	11 / 1995	Waived to allow \$2.7500
	Everton R-III School District	Full	11 / 1994	
	Greenfield R-IV School District	Full	11 / 1993	
Dallas	Dallas Co R-I School District	Full	04 / 1994	
Daviess	Pattonsburg R-II School District	Full	03 / 1996	
	Winston R-VI School District	Full	04 / 1996	
	North Daviess R-III School District	Full	04 / 1998	
	Gallatin R-V School District	Full	04 / 1996	
	Tri-County R-VII School District	Full	08 / 1996	
De Kalb	Osborn R-O School District	Full	08 / 1997	
	Maysville R-I School District	Full	04 / 1994	
	Union Star R-II School District	Full	04 / 2003	
Dent	Salem R-80 School District	Full	02 / 1994	
	Oak Hill R-I School District	Full	08 / 1993	
	Green Forest R-II School District	Full	11 / 1993	
	Dent-Phelps R-III School District	Full	08 / 1993	
	North Wood R-IV School District	Full	08 / 1993	
Douglas	Skyline R-II School District	Partial	08 / 1993	Waived to allow \$2.7500
	Plainview R-VIII School District	Full	11 / 1993	
	Ava R-I School District	Full	11 / 1993	
Dunklin	Malden R-I School District	Full	04 / 1995	
	Campbell R-II School District	Full	08 / 1993	
	Holcomb R-III School District	Full	08 / 1993	
	Clarkton C-4 School District	Full	08 / 1993	
	Senath-Hornersville C-8 School Dist	Full	08 / 1993	
	Southland C-9 School District	Full	08 / 1993	
	Kennett 39 School District	Full	10 / 1993	
	Franklin Co R-II School District	Full	11 / 1999	
Franklin	Meramec Valley R-III School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Union R-XI School District	Partial	04 / 2003	Waived to allow \$2.7900
	Lonedell R-XIV School District	Full	02 / 1994	
	Spring Bluff R-XV School District	Full	11 / 1993	
	Franklin County R-XVI School Dist	Full	04 / 1994	
	St. Clair R-XIII School District	Full	02 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Franklin	Sullivan C-2 School District	Full	11 / 1993	
	New Haven School District	Full	04 / 1995	
	Washington School District	Full	11 / 1995	
Gasconade	Gasconade Co R-II School District	Partial	04 / 2005	Waived to allow \$3.1800
	Gasconade County R-I School Dist	Full	08 / 1995	
Gentry	Stanberry R-II School District	Full	06 / 1997	
	Albany R-III School District	Full	02 / 1994	
Greene	Willard R-II School District	Full	04 / 2004	
	Republic R-III School District	Full	04 / 2004	
	Ash Grove R-IV School District	Partial	02 / 1994	Waived to allow \$2.7500
	Walnut Grove R-V School District	Full	02 / 1994	
	Strafford R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Greene Co R-VIII School District	Full	08 / 1993	
	Springfield R-XII School District	Full	04 / 1996	
	Fair Grove R-X School District	Partial	02 / 1994	Waived to allow \$2.7500
	Grundy Co R-V School District	Full	08 / 2001	
Grundy	Spickard R-II School District	Full	04 / 1999	
	Pleasant View R-VI School District	Full	11 / 1997	
	Laredo R-VII School District	Full	06 / 2000	
	Trenton R-IX School District	Full	02 / 2004	
	Cainsville R-I School District	Full	08 / 2003	
Harrison	South Harrison Co R-II School Dist	Full	08 / 1998	
	North Harrison Co R-III School Dist	Full	02 / 1994	
	Gilman City R-IV School District	Full	08 / 1999	
Henry	Henry County R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
	Shawnee R-III School District	Full	04 / 1994	
	Calhoun R-VIII School District	Full	06 / 1995	
	Leesville R-IX School District	Full	08 / 1993	
	Davis R-XII School District	Full	04 / 1995	
	Montrose R-XIV School District	Full	08 / 2004	
	Clinton School District	Full	11 / 1993	
Hickory	Hickory Co. R-I School District	Full	02 / 1994	
	Wheatland R-II School District	Full	11 / 1993	
	Weaubleau R-III School District	Full	02 / 1994	
	Hermitage R-IV School District	Full	04 / 1994	
Holt	Craig R-III School District	Full	04 / 1996	
	Mound City R-2 School District	Full	04 / 1998	
	South Holt Co R-I School District	Full	04 / 2001	
Howard	New Franklin R-I School District	Full	06 / 1995	
	Fayette R-III School District	Full	08 / 1999	
	Howard Co R-II School District	Partial	08 / 2000	Waived \$0.2500 of rollback
Howell	Howell Valley R-I School District	Full	11 / 1995	
	Mountain View-Birch Tree R-III SD	Partial	04 / 1994	Waived to allow \$2.7500
	Willow Springs R-IV School District	Full	04 / 1994	
	Richards R-V School District	Partial	08 / 1993	Waived to allow \$2.7500
	West Plains R-VII School District	Full	04 / 2004	
	Glenwood R-VIII School District	Full	04 / 2004	
	Junction Hill C-12 School District	Full	02 / 2001	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Howell	Fairview R-XI School District	Full	04 / 2004	
Iron	South Iron Co R-I School District	Full	08 / 2004	
	Arcadia Valley R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Bellevue R-III School District	Full	10 / 1993	
	Iron Co C-4 School District	Full	04 / 1995	
Jackson	Fort Osage R-I School District	Full	02 / 2004	
	Grain Valley R-V School District	Full	04 / 1994	
	Oak Grove R-VI School District	Full	08 / 2004	
	Lee's Summit R-VII School District	Partial	04 / 1996	Waived \$0.2000 of rollback (Expires in 2009)
	Hickman Mills C-1 School District	Full	04 / 1995	
	Raytown C-2 School District	Full	06 / 1994	
	Grandview C-4 School District	Full	08 / 1999	
	Lone Jack C-6 School District	Full	04 / 1996	
	Independence 30 School District	Full	10 / 1994	
	Center 58 School District	Full	08 / 2000	
Jasper	Carl Junction R-I School District	Full	04 / 1997	
	Avilla R-XIII School District	Partial	04 / 1994	Waived to allow \$2.7500
	Jasper County R-V School District	Partial	04 / 1995	Waived to allow \$3.2100
	Sarcoie R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Carthage R-IX School District	Full	04 / 2004	Expires in 2007
	Webb City R-VII School District	Full	02 / 1994	
	Joplin R-VIII School District	Full	06 / 1998	
Jefferson	Northwest R-I School District	Full	04 / 1995	Expires in 2014
	Grandview R-II School District	Full	11 / 1993	
	Hillsboro R-III School District	Full	04 / 1998	Expires in 2017
	Dunklin R-V School District	Full	04 / 2003	
	Festus R-VI School District	Full	11 / 1998	
	Jefferson Co R-VII School District	Full	08 / 1998	
	Sunrise R-IX School District	Full	08 / 2003	
	Windsor C-1 School District	Full	04 / 1997	
	Fox C-6 School District	Full	02 / 1995	
	Crystal City 47 School District	Full	04 / 2001	
	DeSoto 73 School District	Full	11 / 2002	
Johnson	Kingsville R-I School District	Full	04 / 1994	
	Holden R-III School District	Full	02 / 1996	
	Chilhowee R-IV School District	Full	04 / 1996	
	Johnson Co R-VII School District	Full	04 / 1994	
	Knob Noster R-VIII School District	Full	02 / 1994	
	Leeton R-X School District	Full	04 / 1997	
	Warrensburg R-VI School District	Full	04 / 1999	
Knox	Knox Co R-I School District	Full	08 / 1995	
Laclede	Laclede Co. R-I School District	Partial	08 / 1993	Waived to allow \$2.7500
	Gasconade C-4 School District	Full	08 / 1993	
	Lebanon R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Laclede Co C-5 School District	Full	04 / 1994	
Lafayette	Concordia R-II School District	Full	06 / 1996	
	Lafayette Co C-1 School District	Full	02 / 1998	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Lafayette	Odessa R-VII School District	Full	11 / 1993	
	Santa Fe R-X School District	Full	04 / 2001	
	Wellington-Napoleon R-IX Sch Dist	Full	11 / 2002	
	Lexington R-V School District	Full	08 / 2003	
Lawrence	Miller R-II School District	Full	04 / 2004	
	Pierce City R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Marionville R-IX School District	Partial	02 / 1994	Waived to allow \$2.7500
	Mt. Vernon R-V School District	Full	02 / 1995	
	Aurora R-VIII School District	Partial	02 / 1994	Waived to allow \$2.7500
Lewis	Verona R-VII School District	Full	06 / 2004	
	Canton R-V School District	Full	04 / 1994	
	Lewis Co C-1 School District	Full	02 / 1994	
Lincoln	Silex R-I School District	Full	04 / 1994	
	Elsberry R-II School District	Full	04 / 1994	
	Winfield R-IV School District	Full	04 / 1998	
Linn	Bucklin R-II School District	Full	08 / 1993	
	Brookfield R-III School District	Partial	02 / 1990	Waived \$0.3500 of rollback
Livingston	Southwest Livingston Co R-I Sch Dis	Full	11 / 1999	
	Chillicothe R-II School District	Full	04 / 1998	
Mc Donald	McDonald Co R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Macon	La Plata R-II School District	Full	08 / 1996	
	Macon Co R-I School District	Full	04 / 2004	
Madison	Marquand-Zion R-VI School District	Full	06 / 2003	
	Fredericktown R-I School District	Full	10 / 1993	
Maries	Maries Co R-I School District	Full	06 / 1995	
	Maries Co R-II School District	Full	04 / 1999	
Marion	Marion Co R-II School District	Full	04 / 1995	
	Palmyra R-I School District	Full	04 / 2004	
Mercer	Princeton R-V School District	Partial	04 / 2001	Waived \$0.2500 of rollback
Miller	Eldon R-I School District	Full	08 / 2005	
	Miller Co R-III School District	Full	04 / 1995	
	St. Elizabeth R-IV School District	Full	08 / 1993	
	Iberia R-V School District	Full	02 / 2001	
Mississippi	East Prairie R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Charleston R-I School District	Full	10 / 1993	
Moniteau	Moniteau Co R-I School District	Full	02 / 1994	
	High Point R-III School District	Full	04 / 1994	
	Moniteau Co R-V School District	Full	06 / 2002	
	Moniteau Co R-VI School District	Full	04 / 1994	
	Moniteau Co C-1 School District	Full	04 / 1997	
	Clarksburg C-2 School District	Full	08 / 1996	
Monroe	Middle Grove C-1 School District	Full	08 / 2002	
	Monroe City R-I School District	Full	11 / 1994	
	Holliday C-2 School District	Full	08 / 1993	
	Madison C-3 School District	Full	08 / 1996	
	Paris R-II School District	Full	04 / 1998	
Montgomery	Wellsville-Middletown R-I Sch Dist	Full	04 / 1996	
	Montgomery Co R-II School District	Full	04 / 1999	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Morgan	Morgan Co R-I School District	Full	02 / 1994	
	Morgan Co R-II School District	Full	11 / 1993	
New Madrid	Risco R-II School District	Full	08 / 1996	
	Portageville School District	Full	08 / 2004	
	Gideon 37 School District	Full	04 / 1996	
	New Madrid Co R-I School District	Full	11 / 1996	
	East Newton Co R-VI School District	Full	02 / 1994	
Newton	Diamond R-IV School District	Full	02 / 1994	
	Westview C-6 School District	Partial	02 / 1994	Waived to allow \$2.7500
	Seneca R-VII School District	Partial	02 / 1994	Waived to allow \$2.7500
	Neosho R-V School District	Partial	02 / 1994	Waived to allow \$2.7500
	Nodaway-Holt R-VII School District	Full	04 / 1998	
Nodaway	West Nodaway Co R-I School District	Full	04 / 2004	
	Northeast Nodaway Co R-V Sch Dist	Full	10 / 1995	
	North Nodaway Co R-VI School Dist	Full	04 / 1998	
	South Nodaway Co R-IV School Dist	Full	08 / 2003	
	Couch R-I School District	Full	08 / 1993	
Oregon	Thayer R-II School District	Full	10 / 1993	
	Oregon-Howell R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Alton R-IV School District	Full	10 / 1993	
	Osage Co R-I School District	Full	04 / 2003	
Osage	Osage Co R-II School District	Full	02 / 1994	
	Osage Co R-III School District	Full	02 / 1994	
	Thornfield R-I School District	Full	02 / 1994	
Ozark	Bakersfield R-IV School District	Full	04 / 1998	
	Gainesville R-V School District	Full	04 / 1994	
	Dora R-III School District	Full	04 / 2004	
	Lutie R-VI School District	Full	04 / 1995	
	North Pemiscot Co R-I School Dist	Full	08 / 1996	
Pemiscot	Hayti R-II School District	Full	10 / 1993	
	Pemiscot Co R-III School District	Full	08 / 1996	
	Cooter R-IV School District	Full	08 / 1993	
	South Pemiscot Co R-V School Dist	Full	10 / 1993	
	Pemiscot Co C-7 School District	Full	08 / 1996	
	Caruthersville 18 School District	Full	08 / 1993	
	Perry Co 32 School District	Full	11 / 2001	
Perry	Altenburg 48 School District	Full	04 / 1996	
	Pettis Co R-V School District	Full	04 / 1996	
Pettis	La Monte R-IV School District	Full	04 / 1996	
	Smithton R-VI School District	Full	04 / 2000	
	Green Ridge R-VIII School District	Full	08 / 1996	
	Pettis Co R-XII School District	Full	04 / 1994	
	Sedalia 200 School District	Full	04 / 2003	
	St. James R-I School District	Full	04 / 2004	
Phelps	Newburg R-II School District	Full	08 / 1993	
	Phelps Co R-III School District	Full	08 / 1993	
	Bowling Green R-I School District	Full	06 / 1995	
Pike	Pike Co R-III School District	Full	04 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Pike	Louisiana R-II School District	Full	08 / 1995	
Platte	North Platte Co R-I School District	Full	06 / 1996	Expires in 2012
	West Platte Co R-II School District	Full	08 / 2000	
	Park Hill R-V School District	Full	06 / 1994	
Polk	Bolivar R-I School District	Full	04 / 2004	
	Fair Play R-II School District	Full	08 / 1994	
	Halfway R-III School District	Full	06 / 1999	
	Humansville R-IV School District	Full	08 / 1993	
	Marion C. Early R-V School District	Partial	08 / 1993	Waived to allow \$2.8100
	Pleasant Hope R-VI School District	Full	04 / 1994	
Pulaski	Swedeborg R-III School District	Full	10 / 1993	
	Pulaski Co R-IV School District	Full	08 / 1993	
	Laquey R-V School District	Full	08 / 1993	
	Waynesville R-VI School District	Full	06 / 1994	
	Dixon R-I School District	Full	11 / 1993	
	Crocker R-II School District	Full	08 / 1993	
Putnam	Putnam Co R-I School District	Full	02 / 1994	
Ralls	Ralls Co R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
Randolph	Northeast Randolph Co R-IV Sch Dist	Full	06 / 2000	
	Renick R-V School District	Full	04 / 2003	
	Higbee R-VIII School District	Full	04 / 1998	
	Moberly School District	Full	04 / 1999	
Ray	Stet R-XV School District	Full	04 / 2004	
	Lawson R-XIV School District	Full	04 / 1998	
	Orrick R-XI School District	Full	04 / 2004	
	Hardin-Central C-2 School District	Full	04 / 2003	
	Richmond R-XVI School District	Full	08 / 2001	
Reynolds	Centerville R-I School District	Full	11 / 2001	
	Lesterville R-IV School District	Full	08 / 1993	
Ripley	Naylor R-II School District	Full	10 / 1993	
	Doniphan R-I School District	Full	04 / 1994	
	Ripley Co R-IV School District	Partial	04 / 1994	Waived to allow \$2.7500
	Ripley Co R-III School District	Full	04 / 1994	
St. Charles	Fort Zumwalt R-II School District	Full	04 / 2001	
	Francis Howell R-III School Dist	Full	04 / 1995	
	Wentzville R-IV School District	Full	04 / 1997	
	St Charles R-VI School District	Full	08 / 1998	
St. Clair	Appleton City R-II School District	Full	10 / 1993	
	Roscoe C-1 School District	Full	02 / 1994	
	Lakeland R-III School District	Full	02 / 1994	
	Osceola School District	Full	02 / 1994	
St. Francois	Bismarck R-V School District	Full	04 / 2000	
	Farmington R-VII School District	Full	06 / 1995	
	North St. Francois Co R-I Sch Dist	Full	08 / 2000	
	Central R-III School District	Full	11 / 1995	
	West St Francois Co R-IV Sch Dist	Full	11 / 1998	
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	Full	04 / 1999	
St. Louis	Hazelwood R-I School District	Full	11 / 1997	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
St. Louis	Ferguson-Florissant R-II Sch Dist	Full	02 / 1997	
	Rockwood R-VI School District	Full	02 / 1994	
	Kirkwood R-VII School District	Full	06 / 1998	
	Mehlville R-IX School District	Full	04 / 1998	
	Parkway C-2 School District	Full	11 / 1995	
	Afton 101 School District	Full	04 / 1998	
	Bayless School District	Full	04 / 1994	
	Hancock Place School District	Full	06 / 2002	
	Jennings School District	Full	02 / 1998	
	Maplewood-Richmond Heights Sch Dist	Full	04 / 1998	
	Normandy School District	Partial	06 / 1991	Waived \$0.6000 of rollback
	Ritenour School District	Full	11 / 1998	
	Riverview Gardens School District	Full	04 / 1994	
	University City School District	Full	04 / 1996	
	Valley Park School District	Full	11 / 1994	
	Webster Groves School District	Full	06 / 1994	
	Wellston School District	Full	08 / 1997	
Saline	Miami R-I School District	Full	08 / 1995	
	Oreaville R-IV School District	Full	04 / 1997	
	Malta Bend R-V School District	Full	04 / 1997	
	Hardeman R-X School District	Full	04 / 1998	
	Gilliam C-4 School District	Full	04 / 1995	
	Marshall School District	Full	04 / 1996	
	Slater School District	Full	04 / 1995	
	Sweet Springs R-VII School District	Full	04 / 1996	
Schuyler	Schuyler Co R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Scotland	Scotland Co R-I School District	Full	04 / 2002	
Scott	Scott City R-I School District	Full	10 / 1993	
	Chaffee R-II School District	Full	10 / 1993	
	Scott Co R-IV School District	Full	10 / 1993	
	Scott Co R-V School District	Full	10 / 1993	
	Sikeston R-VI School District	Full	10 / 1993	
	Kelso C-7 School District	Full	10 / 1993	
	Oran R-III School District	Full	10 / 1993	
Shannon	Winona R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Eminence R-I School District	Full	04 / 1994	
Shelby	North Shelby School District	Full	04 / 1995	
	Shelby Co R-IV School District	Full	06 / 2001	
Stoddard	Bell City R-II School District	Full	08 / 2003	
	Advance R-IV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Puxico R-VIII School District	Full	10 / 1993	
	Bloomfield R-XIV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Dexter R-XI School District	Full	10 / 1993	
	Bernie R-XIII School District	Full	10 / 1993	
Stone	Hurley R-I School District	Full	02 / 1994	
	Galena R-II School District	Full	08 / 1993	
	Crane R-III School District	Full	02 / 1994	
	Reeds Spring R-IV School District	Full	04 / 2004	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Stone	Blue Eye R-V School District	Full	04 / 2001	
Sullivan	Milan C-2 School District	Full	04 / 2003	
Taney	Bradleyville R-I School District	Full	02 / 1994	
	Taneyville R-II School District	Full	02 / 1994	
	Forsyth R-III School District	Full	02 / 1994	
	Hollister R-V School District	Full	02 / 1998	
	Kirbyville R-VI School District	Full	02 / 1994	
	Mark Twain R-VIII School District	Full	02 / 1994	
	Success R-VI School District	Full	11 / 1993	
Texas	Houston R-I School District	Full	11 / 1993	
	Summersville R-II School District	Full	11 / 1993	
	Licking R-VIII School District	Full	11 / 1993	
	Cabool R-IV School District	Full	11 / 1993	
	Plato R-V School District	Full	10 / 1993	
	Raymondville R-VII School District	Full	11 / 1993	
	Nevada R-V School District	Full	06 / 1999	Expires in 2009
Vernon	Bronaugh R-VII School District	Full	04 / 1998	
	Sheldon R-VIII School District	Full	04 / 1997	
	Northeast Vernon County R-I	Full	03 / 1996	
Warren	Wright City R-II School District	Full	04 / 1998	Expires in 2005
	Warren Co R-III School District	Full	04 / 1995	
Washington	Kingston K-14 School District	Full	04 / 1998	
	Potosi R-III School District	Partial	10 / 1993	Waived to allow \$2.7500
	Richwoods R-VII School District	Partial	06 / 2002	Waived to allow \$3.2500
	Valley R-VI School District	Full	08 / 1997	
Wayne	Greenville R-II School District	Full	04 / 1994	
	Clearwater R-I School District	Full	10 / 1993	
Webster	Niangua R-V School District	Full	11 / 1993	
	Fordland R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Marshfield R-I School District	Full	08 / 1993	
	Seymour R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
Worth	Worth Co R-III School District	Full	04 / 1997	
Wright	Norwood R-I School District	Full	11 / 1993	
	Hartville R-II School District	Full	11 / 1993	
	Mountain Grove R-III School Dist	Full	11 / 1993	
	Mansfield R-IV School District	Full	11 / 1993	
	Manes R-V School District	Full	11 / 1993	
St. Louis City	St. Louis City School District	Full	06 / 1994	

NOTE:

All school districts listed above have a voter approval for either a full or partial. If a school district is not included on this list, then the school district does not have a voter approved proposition C waiver.

A partial waiver allows a school district to partially waive its required proposition C (sales tax) reduction to the extent necessary to collect \$2.7500 or waive the amount stated on the ballot. A full waiver allows a school district to reduce its required proposition C reduction to \$0.0000 and levy up to its calculated tax rate ceiling.



Claire McCaskill

Missouri State Auditor

December 2005

MENTAL HEALTH

Springfield Regional Center – Management of Donations



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following was discovered as a result of an audit conducted by our office of the Department of Mental Health, Springfield Regional Center – Management of Donations.

Our initial review of the Springfield Regional Center's (SRC) management and accountability over its donations program identified serious weaknesses. As a result, we are issuing a separate report on the management of donations.

Donations of property with an estimated value of at least \$222,313 were made to the SRC from July 1, 2003, to August 11, 2005, but were not accounted for properly. Donated property included a variety of items such as computers, swimming pools, hot tubs, trampolines, bicycles, swing sets, furniture, gift cards, toys, clothing, medical equipment, and personal care items. Monetary donations were also accepted by the community resource specialist, an employee of the SRC. Further, because of the lack of controls over the donations received, it is unclear whether some employees of the SRC, who have children that are clients of the regional center, may have received preferential treatment when donations were distributed.

Numerous internal control weaknesses, lack of accountability over distribution of donated property, and ineffective management oversight have been identified. We have made recommendations to improve the controls and accountability of the donations made to the regional center.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER MANAGEMENT OF DONATIONS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Kent Stalder, Acting Division Director
Mental Retardation and Developmental Disabilities
and
Diana Garber, Director
Springfield Regional Center
Springfield, MO 65801

We are conducting an audit of the Department of Mental Health, Springfield Regional Center. Our initial review of the Regional Center's management and accountability for its donations program identified serious weaknesses. As a result, we are issuing a separate report on the center's Management of Donations. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls relating to the donations program.
2. Review how the donations program is being used.
3. Evaluate the economy and efficiency of certain management practices and operations relating to the donations program.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the facility, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in

operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Springfield Regional Center's Management of Donations. An audit of the Springfield Regional Center is still in process, and any additional findings and recommendations will be included in a subsequent report.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 19, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Roberta Bledsoe

EXECUTIVE SUMMARY

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER - MANAGEMENT OF DONATIONS
EXECUTIVE SUMMARY

Our initial review of the Springfield Regional Center's (SRC) management and accountability over its donations program identified serious weaknesses. As a result, we are issuing a separate report on the management of donations.

Donations of property with an estimated value of at least \$222,313 were made to the SRC from July 1, 2003, to August 11, 2005, but were not accounted for properly. Donated property included a variety of items such as computers, swimming pools, hot tubs, trampolines, bicycles, swing sets, furniture, gift cards, toys, clothing, medical equipment, and personal care items. Monetary donations were also accepted by the community resource specialist, an employee of the SRC. Further, because of the lack of controls over the donations received, it is unclear whether some employees of the SRC, who have children that are clients of the regional center, may have received preferential treatment when donations were distributed.

Numerous internal control weaknesses, lack of accountability over the distribution of donated property, and ineffective management oversight have been identified and discussed in more detail throughout our Management Advisory Report.

The regional center's Community Resource Specialist, who left employment on September 8, 2005, was responsible for soliciting, receiving, recording, and distributing donations made to the SRC.

MANAGEMENT ADVISORY RREPORT –
SATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER - MANAGEMENT OF DONATIONS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Background Information

The Springfield Regional Center (SRC) is one of eleven regional centers established by the Department of Mental Health (DMH). The facility was established to provide, procure, or purchase comprehensive services for individuals with developmental disabilities. The SRC serves eligible citizens in the southwest Missouri counties of Christian, Dallas, Douglas, Greene, Hickory, Laclede, Ozark, Polk, Stone, Taney, Webster, and Wright. This facility began operations in June 1967.

The regional center serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the DMH whose parents or guardians reside in the region identified above. The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2005, the facility had an active caseload of 1,992 clients and employed approximately 72 personnel assigned to various administrative, service, and support sections. Diana Garber serves as the SRC Director. Becky Dodds serves as the Assistant Center Director of Habilitation and oversees the daily operations of service coordination and providing resources to clients, including donations.

The Mental Health Trust Fund, established by Section 630.330, RSMo, allows the regional center to receive grants, gifts, donations, and bequests of property. Such gifts and donations are to be used to expand services provided to individuals rather than replace existing budget authority. In 1997, the SRC hired a community resource specialist to initiate contacts with individuals and groups, provide educational materials and presentations, and actively recruit donations. The Community Resource Specialist left employment on September 8, 2005, and this position is currently vacant.

1.	Management of Donations
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Poor management oversight of donations received and distributed by the SRC provides little or no assurance that donations were handled properly. Our review of the regional center's management of donations and the related accounting controls and records identified numerous concerns.

Donations of property with an estimated value of at least \$222,313 were made to the SRC from July 1, 2003 to August 11, 2005, but were not accounted for properly. Donated property includes a variety of items, such as computers, swimming pools, hot tubs,

trampolines, bicycles, swing sets, furniture, gift cards, toys, clothing, medical equipment, and personal care items. Monetary donations were also accepted by the community resource specialist.

The donation record or log maintained by SRC is not complete. Donated items totaling over \$30,000 were identified through donor contacts that were not recorded on the donation log. Additionally, the SRC failed to document the disposition of most donations received, and a system has not been established to distribute donated items to clients based on documented need or to prioritize the level of need for donated items.

Because of the lack of controls over the donations received, it is unclear whether some employees of SRC may have received preferential treatment while obtaining donations for their disabled children. For example, we observed several regional center employees' sorting through boxes of donated toys, and one employee stating she was taking toys for her son, who is a client of the SRC. Procedures have not been established to account for the donated items taken by employees.

Further observations included the removal of a donated copier/printer from the community resource specialist's office by an individual who was not an employee of the regional center. This individual works for a non-for-profit organization that contracts with the SRC.

Numerous internal control weaknesses, lack of accountability over distribution of donated property, and ineffective management oversight have been identified and discussed in more detail throughout our Management Advisory Report (MAR). Although some of the donated items individually do not represent a significant monetary value, this fact does not diminish the need to maintain adequate controls and accountability over all donations and to ensure these donations are used only for the benefit of the clients. After these audit concerns were discussed with employees of the SRC, other irregularities were discovered. The SRC and the DMH are investigating those instances and plan to take appropriate action.

WE RECOMMEND the SRC, along with the DMH, take the necessary action to properly account for all donated items.

AUDITEE'S REPOSE

The SRC and the DMH provided the following response:

We concur with this finding. A new process has been established to account for all donations. This process was shared with the auditors prior to the exit conference. No further solicitation of donations will be made and no donations will be accepted other than those already received or established and agreed to, until the tracking system is fully operational and the new Community Resource Specialist begins employment on December 16, 2005.

The SRC failed to ensure an effective system of accounting and administrative controls was in place to monitor donation activity. Donations of property valued by the community resource specialist at over \$200,000 were distributed, and the regional center has very little or no assurance that the items were distributed properly. Additionally, it is unclear whether some employees of SRC may have received preferential treatment while obtaining donations for their disabled children. Further, SRC is not properly monitoring the collection of monetary donations.

- A. The duties of soliciting, receiving, recording, and distributing donations to clients or service coordinators are not adequately segregated, and there is no indication that a supervisory review of the accounting records is conducted. The community resource specialist solicits, receives, records, and distributes donated property received from individuals and organizations. Some items are distributed directly to regional center clients by the community resource specialist, and some are given to service coordinators who are then responsible for delivery of the item to a regional center client. Service coordinators act as case managers for the clients and perform duties such as making client contacts and assessments, planning for the client, and documenting client information.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording donations from distributing donations to clients. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The SRC does not always track property and monetary donations to ensure all donations are properly received and recorded in the regional center's accounting records. Donations received are recorded on a log; however, the log is not complete. Based on contacts made with three donors who maintained records of donations made to the SRC, we identified property and monetary donations valued at \$33,068 which were not recorded on the log for the two years ended June 30, 2005. Examples include:

<u>Donated Item</u>	<u>Value</u>
90 boxes of new toys	\$ 32,052
Trampolines	686
Three-wheel bike	288
Monetary donation for scooter	42

Additionally, a community resource specialist's email and team meeting notes indicated the SRC had received donations during the year ending June 30, 2004, of seven pallets of medical supplies (no value documented) and a "truckload" of

food valued at \$1,600; however, these donations were not recorded on the donation log.

Since donated property is received from a variety of sources, including individuals and organizations, we could not determine the extent donated items were received and not recorded or distributed to clients. Further, one donor indicated she made a \$1,000 donation to the community resource specialist based on an advertisement in a local paper which indicated a client of the regional center needed a certain piece of furniture (also see Part E below). The Assistant Center Director of Habilitation was not aware the community resource specialist advertised in local papers for donations, and indicated that advertising for donations was not an approved practice.

Without adequate tracking procedures in place, the SRC is unable to ensure donation items have been accounted for properly. A complete log of donations received should be maintained to ensure all donated property are adequately safeguarded.

- C. Adequate controls have not been established to track the disposition of donated items. The current donation log only shows the donor's personal information, date of donation, description and value of donated item, and whether a "thank-you" letter has been sent to the donor. It does not document the disposition of the donated item. According to the donation log, property and monetary donations with an estimated value of \$187,645 had been received during the period July 1, 2003 to August 11, 2005, and additional donations totaling \$34,668 were identified (as noted in Part B.). The SRC could not provide us with detailed documentation regarding who received most of the donated items valued at a total of \$222,313.

For example, the SRC has little or no assurance toys and gift items valued at approximately \$18,875 were distributed to clients as intended. The SRC received over 7,000 toys and other gift items valued at \$32,052 in December 2004. SRC employees indicated most of the toys were given out immediately to clients as Christmas gifts in December 2004, and the remaining items were placed in the regional center's storage shed. The community resource specialist indicated service coordinators are supposed to complete a toy bank withdrawal slip for each toy distributed to a client to document the disposition of each toy; however, while approximately 59 percent or approximately 4,100 of the donated toys have been distributed, only 13 withdrawal slips for toys were maintained. Our initial concerns relating to the distribution of donations were based on our observation in August 2005 of several employees' sorting through boxes of new toys. SRC employees indicated the toys were being distributed by the community resource specialist because she wanted to request another shipment of toys for Christmas gifts in December 2005.

In another example, the community resource specialist indicated she left cosmetics valued at \$554 in the employee break area for service coordinators to take to clients. The regional center has no assurance these items were delivered to clients.

Upon our request to determine disposition of some donated items, the regional center reviewed emails, case logging information, and held team meetings with service coordinators in an attempt to identify distribution of some of the above donated items. The regional center staff was unable to find adequate supporting documentation to support the distribution of the most of the donated items.

In addition, documentation provided by the facility indicated a donated computer was given to a contracted day habilitation service provider. The SRC paid this vendor approximately \$54,000 annually to provide activities for clients as part of the day habilitation program. Similarly, we observed an employee of a not-for-profit organization, who contracts with the regional center for client services, removing a donated copier/printer from the community resource specialist's office.

Without adequate records to track and control the disposition of donated property, the SRC cannot be assured that all donations were properly distributed to clients. Records and other case logging information indicating the ultimate disposition of each donated item should be maintained to ensure all donations have been accounted for properly and used for the benefit of the clients.

- D. The SRC has not established a written policy regarding the distribution of donations received, and it is unclear if some SRC employees who received donated items for family members received preferential treatment. In addition, procedures have not been established to distribute donated items on the basis of documented client need or to prioritize the level of need.

Donated items are distributed to clients at the discretion of the community resource specialist or other regional center staff. For example, the community resource specialist indicated a trampoline and hot tub were given to two different clients that have parents who work for the SRC. The clients' files did not show a documented need for either of these items. However, the Assistant Center Director of Habilitation indicated the trampoline and hot tub were being used as part of the client's therapy. Further, according to the Assistant Center Director of Habilitation, the donation of the hot tub was originally made for another client. However, after the donation was received by the SRC, the client's family indicated it would be unable to maintain the hot tub. The hot tub was then distributed to the son of an individual that works for the SRC. This situation gives the appearance of preferential treatment being given to clients that have parents who work for the SRC.

Additionally, the community resource specialist gave donated property to another employee for personal use in July 2003. This employee did not have a disability or a family member with a disability. After an unrelated disagreement between the community resource specialist and the employee, the donated item was returned to the community resource specialist. The community resource specialist's supervisor indicated she discussed the situation with her; however, management oversight procedures were not implemented to ensure the practice of distributing donated items to employees for personal use was discontinued.

Further, our initial concerns relating to the distribution of donations were based on our observation in August 2005 of several employees' sorting through boxes of new toys, and one employee stating she was taking a toy for her son. The Assistant Center Director of Habilitation indicated the employee was taking the toy for her disabled son; however, the normal process should have been for the client's service coordinator to obtain the item and deliver it to the disabled client. The employee that was taking an item for her son was not a service coordinator.

Without a process to distribute items on the basis of documented need or without a prioritization of the level of need, the regional center cannot be assured that donated property is distributed in a fair and consistent manner. A process of prioritization would introduce increased objectivity and help the regional center distribute donated items on the basis of greatest client need. Further, the lack of an established policy, with specific provisions to handle situations involving employees, may lead to confusion and assertions of inequity and preferential treatment.

- E. The SRC is not properly monitoring the collection of monetary donations. Although management of the SRC indicated the community resource specialist did not accept monetary donations, we were informed by two donors that monetary donations were made to the community resource specialist. In one instance, \$1,000 was sent to the community resource specialist to purchase furniture for a client. The \$1,000 was deposited into a bank account maintained by the Disabilities Advocacy and Support Network, which is a not-for-profit organization that raises private funds to benefit disabled residents. The SRC did not have any documentation to ensure the donated funds were used to purchase furniture for the disabled client. Another donor indicated she wrote a \$42 check directly to the community resource officer for her to cash and purchase a scooter for a needy client. The SRC did provide case information to show that a client received a scooter; however, it did not have documentation to verify the cost of the scooter or how it was obtained.

These practices weaken controls surrounding monetary donations and increase the possibility of loss or misuse of funds. Section 630.330, RSMo, allows the regional center to receive grants, gifts, donations, and bequests of property and requires such donations to be deposited into the Mental Health Trust Fund. Also,

the practice of allowing employees to accept personal checks on behalf of the SRC should be discontinued.

WE RECOMMEND the SRC:

- A. Adequately segregate the duties of soliciting, receiving, recording, and distributing donations. At a minimum, there should be a documented supervisory review of the donation accounting records.
- B. Ensure the donation log is accurate and complete.
- C. Develop procedures to track the disposition of all donated items.
- D. Establish a formal written policy regarding the use of donations received with specific provisions to address the use of donations by employees. This policy should also provide specific guidance detailing how donations should be distributed (prioritization of need) and to prohibit donated items from being distributed in an arbitrary manner. Client needs should also be documented in each client's case file. Additionally, the SRC should reconsider the practice of providing donated items to service providers or related not-for-profit organizations.
- E. Deposit all monetary donations in accordance with state law and discontinue the practice of allowing employees to accept personal checks on behalf of the regional center.

AUDITEE'S RESPONSE

The SRC provided the following responses:

We concur with recommendations 2A- 2E. A formal written policy will be developed to establish a system to properly solicit, receive, record, distribute and track all donations. This is currently in progress. This will include segregation of the duties of soliciting, receiving, recording, and distributing donations to ensure the donation log is accurate and complete and adequately tracks the disposition of all donated items. There will also be a regular and documented supervisory review of the donation accounting records.

The written policy regarding donations received shall also include specific provisions to address the use of donations and specifically detail how donations should be distributed to prohibit donated items from being distributed in an arbitrary manner. Client needs will be documented in each client's case file. In addition, the policy will reflect that the Springfield Regional Center will not provide donated items to service providers or related not-for-profit organizations and that all monetary donations will be deposited in accordance with state law. All employees will be reminded that no employee is allowed to sign contracts or agreements, accept personal checks or any other form of payment or deposit on behalf of the regional center without administrative approval and tracking.

3.**Community Resource Specialist Position**

The SRC has not clearly defined the job responsibilities and duties associated with the community resource specialist position, and it is unclear if the community resource specialist was always acting on behalf of the regional center. Examples include:

- In addition to soliciting donations for the regional center, the community resource specialist also spent time soliciting donations for the Recovering Wishes for Families program operated by the Disabilities Advocacy and Support Network, which is a not-for-profit organization that receives funding from the SRC and also raises private funds to benefit disabled residents. The SRC paid this vendor approximately \$69,800 during the year ended June 30, 2005, which is a significant portion of the organization's funding, to provide community outreach and development of natural supports to clients.
- The community resource specialist also worked as a store assistant for Maggie's Boutique. The boutique is the distribution point for items donated to The Kitchen, which is a not-for-profit organization that raises funds to benefit needs of the homeless and disadvantaged. The community resource specialist was also compensated by this non-profit organization. According to Disabilities Advocacy and Support Network employees, The Kitchen also operates a food bank which makes donations to the Recovering Wishes for Families program.
- The community resource specialist also has a child with a disability, and it is unclear if she also spent time obtaining resources for her child.

A detailed job description is necessary to document the duties, responsibilities, and qualifications for the position, and help ensure that qualified people fill the position. A detailed job description could also help the SRC clarify job duties and establish supervisory responsibilities for this position. Also, allowing a state paid employee to perform duties associated with the Disabilities Advocacy and Support Network appears to be a violation of Article III, Sections 38 and 39 of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

WE RECOMMEND the SRC more clearly define a detailed job description which includes duties, responsibilities, qualifications, and oversight provisions to clarify the community resource specialist position and ensure compliance with state law.

AUDITEE'S RESPONSE

The SRC provided the following response:

We concur with this finding. The Springfield Regional Center will review the current job qualifications and job description and develop a more detailed description which includes

duties, responsibilities, qualifications, and identifies and provides appropriate oversight for this position.



Claire McCaskill

Missouri State Auditor

December 2005

STATEWIDE

General Obligation
Bond Sales Practices
Follow-Up



Taxpayers could avoid unnecessary interest costs if school districts and political subdivisions issued general obligation bonds on a competitive basis and used independent financial advisors

This audit is a follow-up of our 2001 report titled *Audit of General Obligations Bond Sales Practices* (Report no. 2001-04). We determined whether recommendations made to the State Board of Education and other state entities had been implemented. In addition, we determined the (1) extent to which the negotiated method of sale has been used compared to the competitive method, (2) financial impact of the use of negotiated sales, and (3) reasons why competitive sales have not been used more often by Missouri public entities.

Prior recommendations not implemented	In January 2001, the State Auditor's Office made several recommendations to reduce unnecessary interest costs associated with negotiated bond sales. However, none of our recommendations have been implemented. (See page 4)
Issuers continue to favor negotiated sales of bonds	Political subdivisions have continued to favor the use of negotiated sales from 1993 through mid-2005. During that timeframe, 87 percent of Missouri issues represented negotiated sales compared to a national average of 46 percent. (See page 4)
School districts and other public entities could reduce interest costs	School districts and other public entities issued approximately \$4.1 billion in general obligation bonds from September 2000 through May 2005. School districts issued approximately \$3.5 billion, or 84 percent, of that amount. Analysis of \$1.2 billion in bonds issued in a 12-month period disclosed cost savings could have been achieved if bond issues had been sold competitively. For example, estimated savings on competitive sales ranged from \$21,000 to \$125,000 on bonds analyzed. (See pages 4 and 9)
Competitive sales of general obligation bonds not required by state law	Missouri law does not require public school districts and municipalities to conduct competitive general obligation bond sales. However, six of eight surrounding states have laws which restrict the method of sale for general obligation bonds sold at the local level. A legislative revision to state law is needed to address the trend of issuing negotiated general obligation bonds in the state. (See page 10)
Some issuers not always well informed	Some issuers used questionable reasons in choosing negotiated sales. In addition, officials contacted believed they achieved low interest rates on negotiated sales because underwriters offered rates below the national bond index. However, due to Missouri's high credit rating, the majority of general obligation bonds issued in the state achieve rates below the national index. The analysis provided by technical advisors concluded competitively sold general obligation issues achieved lower rates than issues sold through negotiation. We also found public school officials have not always been aware of existing guidance, or the availability independent financial advisors. (See page 11)



Claire McCaskill
Missouri State Auditor

YELLOW SHEET

Issuers have not obtained
independent financial advice

Interviews with ten public school and two other public entity officials disclosed they had not obtained independent financial advice for bonds issued during our 12-month test period. Officials told us they use underwriters because of the service received and existing business relationships with underwriters. However, having an underwriter serve as a financial advisor, as well as underwrite a bond issue, may create a conflict of interest for underwriters according to the Government Financial Officers Association. Seven of ten school administrators contacted knew the potential conflict of interest existed, but "trusted" underwriters had provided them with a "good deal." (See page 13)

Issuers lacked adequate
information without
independent financial advisors

Without independent financial advisors, issuers have not always been well informed about bond issue options. We found several instances in which underwriters had not provided adequate information to issuing officials regarding the cost-effectiveness of bond features such as bond insurance, or of splitting a single bond issue into multiple issues. However, this type of information is normally provided by independent financial advisors. In addition, we found the majority of officials contacted simply accepted underwriter proposals presented to them with no negotiation because they had not been adequately prepared to evaluate the proposal and did not use an independent financial advisor. (See page 15)

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Abbreviations

GFOA	Government Financial Officers Association
MoASBO	Missouri Association of School Business Officials
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office
SD	School District
TIC	True Interest Cost



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Dr. D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

Missouri public entities issued approximately \$4.1 billion in general obligation bonds from September 2000 through mid-2005. Because of the importance of ensuring public entities incur the lowest possible costs associated with the issuance of bonds, we followed-up on recommendations in our 2001 report titled *Audit of General Obligation Bond Sales Practices* (Report no. 2001-04), and related issues. This audit focused on the issuance of general obligation bonds sold by school districts, cities, counties and other public entities under Section 108.170, RSMo. Specific objectives included following-up on prior recommendations made, and determining the (1) extent to which the negotiated method of sale has been used compared to the competitive method, (2) financial impact of the use of negotiated sales, and (3) reasons why competitive sales have not been used more often by Missouri public entities.

We found none of the recommendations from our prior report have been implemented and Missouri's public entities have continued to favor negotiated sales of general obligation bonds. Analysis of \$1.2 billion of bonds issued during the 12-month period ending May 31, 2005, disclosed interest cost savings of \$21,000 to \$125,000 per issue could have been achieved if bond issues had been sold competitively. Collectively, the interest cost savings estimated by technical advisors is consistent with findings presented in our prior audit. Public school administrators and other public officials have continued to use negotiated bond sales and incurred higher interest costs, in part, because state law has not required public school districts and municipalities to conduct competitive sales of general obligation bonds at the local level. Public entities issuing bonds also have not been well informed and have not obtained independent financial advice. Instead, these officials have relied on underwriters to provide financial services. However, having an underwriter serve in the dual capacity of financial advisor and underwriter for a bond issue may create a conflict of interest for underwriters according to the Government Financial Officers Association. Without independent financial advisors, public school administrators, and other public officials, have been placed at a disadvantage because they lack adequate information on bond issuance options and the capability to adequately evaluate bond proposals. Additional regulation and guidance are necessary to ensure more general obligation bonds are issued using competition and issuers are obtaining independent financial advice.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel and key contributors included Robert Spence, Robert Showers, and Jennifer Nunez.

Claire McCaskill
State Auditor

Introduction

General obligation bonds are used by public entities such as school districts, cities, counties, and the state, to finance government improvements which benefit the community as a whole. In accordance with Section 164.121, Missouri Revised Statute (RSMo), voter approval is required prior to any political subdivision entering into long-term debt agreements. General obligation bonds are secured by the full faith and credit of the taxing authority of the issuer. The issuer pledges to levy the necessary taxes available in order to repay the debt. Due to the strength of this security pledge, general obligation bonds are readily accepted in the municipal marketplace. The interest income earned by an investor in general obligation bonds is typically tax-exempt. For this reason, tax-exempt bonds carry the lowest rates of interest in the securities market, according to the Government Financial Officers Association (GFOA).

Current Missouri law¹ allows public entities to sell general obligation bonds through competitive or negotiated sale methods. This law requires negotiated bonds to be sold at no less than 95 percent of face value and have an interest rate less than 10 percent. In a competitive bond sale, an issuer requests bids from underwriting firms to purchase its bonds and sells the bonds to the underwriter offering the lowest true interest cost (TIC)² bid. In a negotiated sale an underwriter is selected in advance and the issuer then negotiates the purchase price for which the bonds are to be sold.

GFOA literature³ states the advantages of competitive sales include assurance bonds are sold at the lowest interest rate on a given day, outcomes are defensible for public officials, and an open, fair process is promoted. The primary disadvantage of a competitive sale is a reduction in the issuer's flexibility to respond to fluctuating market conditions. GFOA literature also states the advantages of a negotiated sale include a heightened attention given to the issue by the underwriter as well as additional flexibility to be able to respond to rapidly changing market conditions. The literature states a significant disadvantage of negotiated sales is the issuers often do not have adequate information to negotiate effectively.

¹ Section 108.170, RSMo.

² TIC is the "best practice" measure recommended for measuring the interest cost of municipal bond issuance. It is the interest rate that sets the present value of interest and principal payments equal to the proceeds from the issue. Bill Simonsen and Mark Robbins, "Measuring Municipal Borrowing Costs: How Missing Cost Information Biases Interest Rate Calculations" *Public Budget & Finance*, Spring 2002.

³ "An Elected Official's Guide to Debt Issuance," J.B. Kurish and Patricia Tighe, GFOA, 2005.

Status of Prior Recommendations

In January 2001 the State Auditor's Office (SAO) issued a report⁴ concerning general obligation bond sales practices in the state of Missouri. We concluded Missouri political subdivisions incurred an estimated \$83 million in excess interest costs on bonds issued from 1997 through 2000 because issuers relied on the negotiated method of sale. We recommended (1) the State Board of Education encourage school districts to pursue fair and open competition in bond sales, (2) the state provide bond financing and debt structuring assistance to local governments, if requested, (3) the state provide a centralized bond authority under the supervision of the Board of Fund Commissioners for political subdivisions to seek advice and counsel regarding method of sale before the issuance of general obligation bonds, and (4) the General Assembly consider revising Section 108.170, RSMo to require independent financial advisors and competitively selected underwriters when issuing bonds.

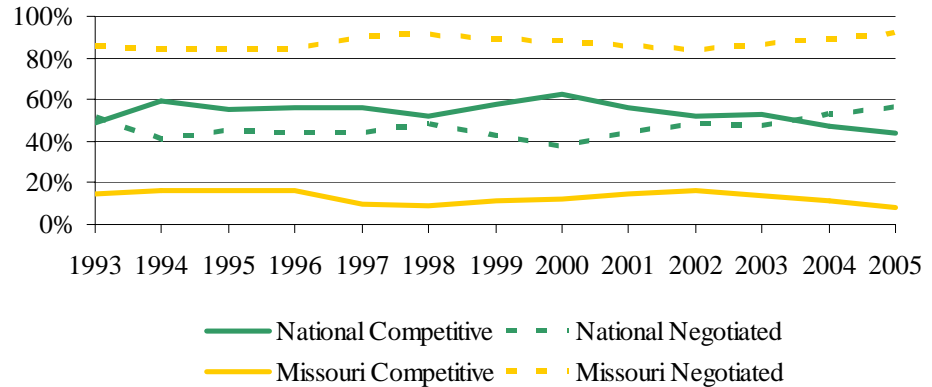
As of August 2005, none of the above recommendations had been implemented. According to a Department of Elementary and Secondary Education official, the State Board of Education responded to our prior report by inviting a representative from the SAO to speak to a group of school administrators. In addition, Missouri Health and Educational Facilities Authority and Department of Elementary and Secondary Education officials also stated they have not been asked to provide any bond financing or debt structuring advice to schools or local governments and have, therefore, not provided any. An Office of Administration official, stated his agency has taken no action regarding the prior recommendations. In addition, the General Assembly made no changes to Section 108.170, RSMo.

Issuers Have Favored Negotiated Sales

Political subdivisions in Missouri favored the use of negotiated sales from 1993 through mid-2005. Figure 1.1 shows the percentage of bonds issued by method of sale nationally and for Missouri issues from 1993 through part of 2005. During this time period an average of 87 percent of Missouri issues have been negotiated sales, compared to a national average of 46 percent. In 2004 and 2005, the use of negotiated sales increased, representing 89 percent and 92 percent of issues respectively, in Missouri.

⁴ *Audit of General Obligation Bond Sales Practices*, SAO, January 29, 2001 (Report No. 2001-04).

Figure 1.1: Percentage of Bond Issues by Method of Sale¹



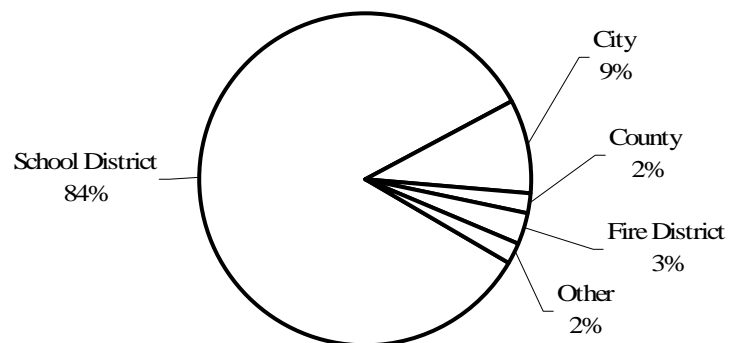
¹ Data is presented by calendar year. Missouri 2005 data is through May 2005. National data is through June 2005.

Source: Thompson Financial municipal bond data and SAO bond registration data.

School districts issued majority of general obligation bonds

Public entities issued \$4.1 billion in general obligation bonds statewide from September 2000 through May 2005. As shown in Figure 1.2, school districts issued \$3.5 billion, or approximately 84 percent, of that amount.

Figure 1.2: Percentage of Bond Dollars by Type of Issuer



Source: Thompson Financial municipal bond data and SAO bond registration data.

Scope and Methodology

In preparing for this review, we reviewed published literature on the topic of municipal bond sales, and specifically on competitive versus negotiated sales. Much of the research reviewed is cited in the body of this report.

Political subdivisions use other debt financing tools, such as revenue bonds, tax increment financing bonds, lease-purchase agreements, and special assessment bonds. This review deals exclusively with general obligation bonds.

To determine a universe of general obligation bonds, we obtained the SAO municipal bond database for all bonds issued subsequent to our prior audit, which included September 2000 through May 2005. Our database of bonds for that timeframe included 850 bonds, totaling \$4.8 billion. We eliminated nine bonds issued by the State of Missouri from the database, which reduced the universe of bonds to 841, totaling \$4.1 billion. To obtain a more manageable test population, we selected bonds issued during the 12 months ending May 31, 2005. To ensure an analysis of the test population would produce meaningful results, we removed 23 bonds which contained features or structures affecting the comparability of those bonds. The 23 bonds included all neighborhood improvement district, capital appreciation, certificate of participation and Qualified Zone Academy bonds. We also removed six privately placed bonds.

To ensure our test population included all bonds relevant to this review, we obtained a list of Missouri municipal bond sales from Bloomberg financial services and compared it to the bonds in the SAO database to identify any unregistered bonds. We identified three bonds not registered⁵ with the SAO which we added to the test population. The final test population included 161 bonds totaling \$1.2 billion. We used this test population to perform an in-depth analysis. We consider the test population representative of the universe of bonds because the test population exhibited similar issue characteristics, including issuer types and proportion of competitive and negotiated sales, as the \$4.1 billion universe. See Appendix I for list of bonds in the test population.

To ensure all relevant costs of issuance had been considered in our analysis, we obtained and included financial advisor cost information on all competitively sold issues in our test population, and adjusted the TIC rates of those issues accordingly.

To determine if any potential interest cost differences existed between the competitive and negotiated bond sales in our test population, we obtained the help of technical advisors. Dr. Bill Simonsen and Dr. Mark Robbins of the University of Connecticut Department of Public Policy provided analytical and technical advice. The technical advisors have published recent research articles on the topic of public bond sales and public finance. For additional information on technical advisors, see Appendix II.

⁵ State statutes do not require bonds issued by subdivisions with populations exceeding 60,000 to register their bonds with the SAO.

Our technical advisors analyzed the test population using an ordinary least squares regression analysis. This procedure produces coefficients that represent the estimated influence a series of variables have on a dependent variable. The dependent variable in this analysis is the TIC rate of the bond issues in our test population. Many additional factors, referred to as independent variables, might influence borrowing costs and are included in the analysis. The primary independent variable, for the purposes of our review, is the method of sale (competitive or negotiated). However, other variables also impact the TIC and have been included in the analysis as control variables. They include the length of maturity, the issue amount, the amount of experience that the issuer has had with prior sales, market interest rates at the time of the bond sale, the credit rating of the jurisdiction, and whether issuers purchased bond insurance to protect bond holders from default.

SAO technical advisors tested additional methodological concerns and addressed those concerns in accordance with prevailing standards of empirical public policy analysis. They determined analysis results to be statistically significant. For a more technical discussion of the methodology used by technical advisors, see Appendix III.

To further validate the methodology used by technical advisors, we contacted the Director of the University of Missouri's Truman School of Public Affairs and requested an evaluation of analyzes performed by the technical advisors. The Director recommended two professors that reviewed the methodology used. The professors endorsed the soundness of the regression analysis methodology and the reasonableness of the results. See Appendix III for additional information on the methodology review.

We met with representatives of five leading bond underwriters in the state to advise them of our findings and to discuss the methodology used by the technical advisors. We also provided them an opportunity to contact the technical advisors with questions on the methodology used. However, the underwriters chose not to do so. The underwriters generally did not agree with our findings, but did not provide specific information as to why they disagreed.

To identify potential issues faced by issuers of public debt and to understand what factors contribute to the choices they make, we met with representatives of 15 public entities which included 12 school districts and 3 cities. We selected locations from our test population of bonds to ensure the entity had been recently involved in a bond issue. See Appendix IV for listing of locations visited. We also had discussions with representatives of the Missouri Association of School Administrators and the Missouri

Association of School Business Officials (MoASBO) for their views on public debt issues relevant to school district issuers.

To document best practices in the issuance of public debt, we had discussions with representatives of GFOA, as well as representatives of the National Association of Independent Public Financial Advisors. We also had discussions with five financial advisors to more fully understand the role of a financial advisor in the competitive process.

We reviewed state laws of Missouri's eight surrounding states to determine how state laws concerning general obligation bond issues compared to Missouri's. We specifically reviewed whether other states' laws restricted the method of sale of general obligation bonds. We also reviewed other Missouri laws relevant to public debt issuance.

To verify the accuracy of the bond data we randomly selected 10 bonds from our test population and traced the information in the database back to the bond transcript. No discrepancies were observed.

We requested comments on a draft of our report from the Commissioner, Department of Elementary and Secondary Education, and those comments are included in Chapter 2. We performed our work between April 2005 and August 2005.

Opportunities Exist to Reduce Interest Costs on General Obligation Bond Sales

School districts and political subdivisions have incurred unnecessary interest costs when issuing general obligation debt because public entities have continued to use negotiated sales in lieu of competitive sales when issuing public debt. This situation has occurred because state law has not required the use of a competitive process when issuing general obligation bonds at the local level, and because public entity officials have not always been well informed or obtained independent financial advice prior to issuing bonds. Having an underwriter serve in the dual capacity of financial advisor and underwriter for a bond issue may create a conflict of interest. The lack of knowledge and independent financial advice have resulted in school administrators and other public officials not always being adequately informed of bond issuance options, or being able to adequately evaluate bond proposals.

Negotiated Sales Resulted in Higher Costs

Analysis of a test population of 161 bonds, totaling \$1.2 billion, issued during the 12-month period ending May 31, 2005, disclosed cost savings could have been achieved if bond issues had been sold competitively. Regression analysis performed by the technical advisors disclosed issuers incurred higher interest rates⁶ on negotiated sales than on competitive sales. On average, this analysis showed competitively sold bonds achieved interest cost savings. This savings ranged from \$21,000 to \$125,000⁷ per issue, depending on the size of the issue. Collectively, the interest cost savings estimated by the technical advisors is consistent with findings presented in our prior audit.

Issuers heavily favor negotiated sales

Issuers of general obligation debt in Missouri have favored the use of negotiated sales. For example, 87 percent of Missouri general obligation bond sales from September 2000 through mid-May 2005, have been issued using the negotiated method of sale. Nationally, negotiated sales made up 48 percent of all general obligation bonds over that same timeframe.

Available guidance endorses the use of competition in the bond issuance process. According to GFOA guidance, a competitive sale would be "very effective" when a standard debt instrument (such as a general obligation bond) is used, and the issuer has a credit rating of "A" or better. Approximately 90 percent of our test population met these two criteria. (See Appendix V for GFOA's complete list of conditions favoring each method of sale.) The use of competition in these circumstances has also been

⁶ Interest rates were measured using the true interest cost rate of each issue.

⁷ Amounts represent present value savings.

endorsed by five independent financial advisors⁸ contacted by SAO. MoASBO guidance is also consistent with GFOA guidance and further states the AA+ credit rating provided to school districts enrolled in the Missouri Health and Educational Facilities Authority's program should allow for an increased number of school district bonds to be sold through competition.

MoASBO guidance further states that due to the competition that exists among underwriters, competitively sold bond issues typically receive five to 10 bid responses. This guidance is consistent with our review of the test population which showed the 17 bonds sold competitively received an average of 9.2 bids. The analysis performed by the technical advisors determined that as the number of bids received on an issue increases, the interest rate achieved on that issue decreases. According to the technical advisors, this result is consistent with economic theory which suggests increased competition should result in lower costs.

Competitive Bond Sales Not Always Required by State Law

Missouri law has not required public school districts and municipalities to conduct competitive general obligation bond sales. However, of Missouri's eight surrounding states, six have laws which restrict the method of sale for general obligation bonds sold at the local level. Iowa, Kentucky, Oklahoma, and Tennessee specifically require all general obligation bonds be sold competitively, while Arkansas and Kansas require bonds meeting certain criteria be competitively bid. The laws of these states also include stipulations on how the issues must be bid.

According to a GFOA official, the most effective means of changing the existing culture in Missouri's municipal bond market is to institute legislative change restricting the method of sale. These comments are consistent with data from Missouri's surrounding states. According to Bloomberg municipal bond data, 72 percent of the bonds issued in states which restrict the method of sale had been sold competitively from 2001 through 2004. Comparatively, only 27 percent of the bonds issued in the other two surrounding states and Missouri, which do not restrict the method of sale, had been issued by competitive sale.

Other Missouri statutes require competitive sales

We identified seven Missouri statutes which require bonds issued for joint fire departments, state buildings, urban library districts, state parks, and water conservancy districts, to be competitively sold. In addition, Section 360.106(11), RSMo requires that in the event the Missouri Health and

⁸ We define the term "independent financial advisor" to include any financial advisor who is independent of the bond transaction and not involved with the underwriting of the bonds.

Some Issuers Not Always Completely Informed

Educational Facilities Authority sells a bond issue, all professional services, including underwriters, financial advisors, and bond counsel, be competitively selected.

Discussions with public school administrators disclosed questionable reasons for choosing negotiated sales. This situation occurred because administrators have not always been completely informed about the bond market. Discussions with nine public school administrators disclosed the following examples of reasons given supporting the use of negotiated bond sales.

- A negotiated sale gives the issuer more flexibility to time the pricing of an issue to allow the underwriter to get the best rates.

According to GFOA guidance, while a negotiated sale does provide additional flexibility, the flexibility it provides may be limited due to the uncertainty of interest rates and due to the fact that the issuer is locked into issuing the debt in a timely manner to fund a capital project. In addition, the use of electronic and internet bidding has also increased the flexibility of timing on competitive sales, according to the Bond Market Association.⁹

- The issuing entity is not a frequent issuer of debt and/or the issue size is too small to attract bidders in a competitive sale.

According to GFOA guidance, and based on discussions with independent financial advisors, an issue's bond rating and debt instrument type outweighs the size of the issue and the issuer's experience in the market. Our test population of bonds includes bond issues which are small (less than \$1 million) and issuers with minimal market experience who received nine or more bids on competitively sold issues. According to the Bond Market Association,¹⁰ the use of electronic and internet bidding may lead to an increased number of bids for competitively sold issues.

- For public relations reasons, the entity wanted to be able to place a portion of the bonds with local investors, which can only be done using a negotiated sale.

⁹ Public Finance Issuer Advisory: Mechanical Aspects of Municipal Bond Sale Practices, May 26, 2004, Bond Market Association.

¹⁰ Public Finance Issuer Advisory: Mechanical Aspects of Municipal Bond Sale Practices, May 26, 2004, Bond Market Association.

While it is true that when an issuer requires local placement, it is better to use a negotiated sale, according to one financial advisor, however, the value of local placement is questionable. This financial advisor stated the public entity would need to consider whether placing a portion of the bonds with local investors was worth paying the higher interest rates when a negotiated sale is used.

Issuers believed "good" interest rates achieved on negotiated sales

Issuers contacted also expressed confidence they had received a "good" interest rate because underwriters offered rates below the national market index.¹¹ Based on bond issue data, the majority of general obligation bonds issued in Missouri have rates below the national index. This result is caused by the strong credit rating of the state and the high credit rating attached to these bonds, according to an independent financial advisor. Technical advisors concluded the majority of issues in our test population had rates below the national index rate. The technical advisors' analysis also concluded competitively sold issues on average had rates further below the national index than issues sold through negotiation.

According to GFOA guidance, and five financial advisors we contacted, a financial advisor independent of the bond issue would have the means and the fiduciary responsibility to evaluate any proposal to ensure it is in the best interest of the public entity.

Some issuers not always aware of guidance

Organizations such as GFOA, MoASBO, and the Missouri Association of School Administrators have provided bond issuance guidance to potential bond issuers. However, the Department of Elementary and Secondary Education has not provided adequate guidance on bond financing (see Chapter 1 for information on prior recommendations). Several school administrators contacted claimed to be unaware of any guidance on the subject, stating that they were not members of these organizations or that such guidance had not been communicated to them. One district official had been aware of guidance, but had chosen to ignore it because he felt comfortable using underwriters for negotiated sales.

Members of the Missouri Association of School Administrators finance committee consult with superintendents of public schools on financial matters. The Executive Director and Assistant Executive Director of that organization, and five members of the association's finance committee, told us there is a lack of financial advisors in the state, which makes acquiring the services of one difficult. However, according to the National

¹¹ The national index rate represents the national average of rates being obtained for a certain type of bond on a given day, or an average of the rates for a given week.

Association of Independent Public Financial Advisors website, there are 10 Certified Independent Public Financial Advisor firms in Missouri and its surrounding states.¹² In addition, issuers can also contract with an underwriting firm to serve as an independent financial advisor, without a conflict of interest if the underwriter is not involved in the sale of bonds. (See following discussion on conflict.)

Issuers Have Not Obtained Independent Financial Advice

Interviews with officials from ten public schools and two other public entities issuing negotiated bond sales during the 12-month test period, disclosed those officials did not obtain independent financial advice. Instead, officials have relied on underwriters to provide financial services, such as reviewing funding sources and debt structures.

Issuing officials contacted told us they use underwriters because of the high level of financial services received from the underwriters and because of relationships already built with underwriters, which makes negotiated sales easier and more convenient, especially for officials that have minimal support staff with financial expertise.

Conflict of Interest May Exist When Underwriters Serve as Both Financial Advisor and Underwriter

Having an underwriter serve as financial advisor, as well as underwrite the bond issue, may create a conflict of interest, according to GFOA guidance. The primary function of the underwriter is to purchase the bonds from the issuer and then resell them to investors. GFOA guidance states "Issuers must understand that underwriters are working simultaneously with two different clients when underwriting a bond issue—the issuer and investors. When it comes to pricing bonds, the incentives for those two are at direct opposition." "In order to minimize conflicts of interest and promote objectivity, governmental issuers should avoid selecting a firm to serve both as financial advisor and as underwriter of a bond issue."¹³ Due to the potential conflict of interest that may exist when an underwriter provides financial advisory services, MoASBO also recommends the use of an independent financial advisor. GFOA guidance also suggests a financial advisor be selected prior to the selection of a method of sale.

Four financial advisors contacted told us the financial services provided by an underwriter in a negotiated sale included all bond issue planning as well as bond election consulting. According to issuers who have issued both competitive and negotiated sales, a competitive sale is no more time consuming or inconvenient than a negotiated sale.

¹² See www.naipfa.com for listing of independent financial advisor firms.

¹³ "An Elected Official's Guide to Debt Issuance," J.B. Kurish and Patricia Tighe, GFOA, 2005.

	<p>Research literature¹⁴ states "small local governments with limited staff and financial resources are at a distinct disadvantage in the bond marketplace," which translates into higher borrowing costs. The same literature suggests an enhancement in management capacity, such as the use of an independent financial advisor, would reduce borrowing costs.</p> <p>GFOA and MoASBO guidance recommends financial advisors be selected competitively through a request for proposal process that includes cost factors as well as subjective factors such as experience and qualifications.</p>
Some school administrators contacted knew the potential for a conflict of interest existed	<p>Two of ten public school administrators interviewed that had issued negotiated bonds told us they did not see any conflict of interest, while seven knew a potential conflict existed, but trusted their underwriter provided them with great service and a good deal. One administrator did not realize a potential conflict existed because he did not realize financial advice and underwriting services could be separated.</p>
Underwriters not selected competitively when used	<p>Discussions with 12 issuing officials disclosed officials had not selected underwriters on a competitive basis. Eight of the 12 issuers using negotiated sales, did not request proposals from other underwriters, and none of the 12 evaluated proposals from underwriters in a formal manner. Instead, officials have tended to select underwriters based on past business relationships, without the benefit of a competitive selection process. Our review of bond data showed 78 percent of frequent issuers,¹⁵ that used only negotiated sales, used the same underwriter for all issues. An interview with one school superintendent disclosed the same underwriter had been used for all of that district's bond issues for 21 years without considering a single proposal from another underwriter.</p> <p>A financial advisor's duties include helping in the underwriter selection process. GFOA and MoASBO guidance states that even in the event a negotiated method of sale is selected, competition should be included in the underwriter selection process. The guidance recommends the use of a request for proposal process which ensures multiple proposals are considered before the selection of an underwriter is made. According to the guidance, the selection process should include cost factors in addition to subjective factors such as responsiveness and qualifications.</p>

¹⁴ Robbins, Simonsen, and Helgerson. 2001. "The influence of jurisdiction size and sale type on municipal bond interest rates: An empirical analysis," *Public Administration Review*. (November/December). Vol. 61, No. 6. pp. 709-717.

¹⁵ A frequent issuer is defined as an issuer who had three or more bond issues since September 2000.

Without Independent Financial Advisors, Issuers Lacked Adequate Information

Without independent financial advisors, issuers have not always been well informed of bond issue options. For example, discussions with 12 issuing officials, that used underwriters for negotiated sales, disclosed two instances where officials not familiar with the bond issue process stated they had not been told by their underwriters a competitive sale had been an option. In other instances, although issuers knew a competitive sale could be used, underwriters proceeded with a negotiated sale without informing issuers they could have served as an independent financial advisor on a competitive issue.

According to GFOA guidance, part of the role of an independent financial advisor is to ensure the issuer's goals and interests are represented and protected. This role includes determining which method of sale would be appropriate for the issue and ensuring the structure and timing of the issue are in the best interests of the issuer.

We also found several instances in which underwriters had not provided adequate or complete information to issuing officials regarding the cost-effectiveness of bond features such as bond insurance, or of splitting a single bond issue into multiple issues. However, this type of information is normally provided by independent financial advisors. MoASBO guidance recommends the issuing entity consider the cost-benefit of such bond features before decisions are made.

Discussions with 12 issuing officials, who had used underwriters for negotiated sales, also disclosed the majority of the officials simply accepted underwriter proposals presented to them with no negotiation. This situation occurred because officials did not (1) use a financial advisor, (2) have adequate knowledge of bond markets, or (3) possess adequate technical knowledge to evaluate proposals. It also occurred because they trusted underwriters would give them a "good deal."

According to GFOA literature,¹⁶ the lack of adequate knowledge by the issuer does not allow the issuer to negotiate effectively and is one of the significant weaknesses of using a negotiated sale without a financial advisor. Without representation of an independent financial advisor, the burden is on the issuer to determine if the rates proposed are fair and competitive with the market. Without a good understanding of market conditions and how the bonds will sell in the marketplace, the issuer has no assurance the rates proposed by the underwriter are favorable. For example,

¹⁶ "An Elected Official's Guide to Debt Issuance," J.B. Kurish and Patricia Tighe, GFOA, 2005.

several superintendents and business officials expressed confidence they had received a good price on negotiated bonds based on "comparable sale" information¹⁷ provided by the underwriter. None of the issuers contacted had been given information by underwriters to allow bond issues to be adequately compared to "comparable sales," such as the TIC of issues and "comparable sales." We also found examples where "comparable" sales had been used that had not been comparable to the issue being evaluated. For example, an underwriter for one municipality, issuing approximately \$1 million in bonds, provided the municipality interest rates for a \$200 million Florida school district issue to use for comparison purposes. According to discussions with financial advisors as well as underwriters, comparing two bond issues is very difficult due to maturity lengths, issue amounts, credit rating differences, features and other factors.

Conclusions

Public entity issuers incurred unnecessary interest costs on general obligation bonds due to continued reliance on negotiated sales. This situation has occurred, in part, because state law has not required public school districts and municipalities to use competitive bond sales. On the other hand, six of Missouri's surrounding states have required its use and legislative change has been effective in reducing the percentage of negotiated sales. While various Missouri statutes require the use of competitive sales in a variety of instances, the statute pertaining to school districts and municipalities does not contain this restriction. Legislation is needed to require school districts and other public entities to use independent financial advisors and use competitive sales of bonds when bond issues have a rating of "A" or higher.

In addition, the rationale for using negotiated sales by the majority of public school administrators contacted has not always been valid because administrators have not always been completely informed about the bond markets. In addition, they have not always been aware of bond issue guidance provided by organizations such as GFOA, MoASBO, and the Missouri Association of School Administrators. The Department of Elementary and Secondary Education has provided little guidance on bond issuance and financing. The department should be proactive in providing that information.

Issuers also did not seek the advice of independent financial advisors. Instead, they have continued to receive and rely on financial services

¹⁷ A "comparable sale" is typically a bond priced at approximately the same timeframe as the bond being evaluated, with similar features, structure and rating. It is meant to be used to compare and evaluate the rates of the two bond issues.

obtained from underwriters of bonds who have a vested interest in using the negotiated sale method in issuing bonds. The underwriter may benefit financially if a negotiated method of sale is chosen. Having an underwriter serve as a financial advisor, as well as underwrite the bond issue, may create a conflict of interest. Some school administrators contacted knew a potential conflict of interest existed, but chose to use underwriters because underwriters provided "good deals." It is not in the best interest of taxpayers for public school administrators, or other public officials, to use underwriters if a potential conflict of interest exists. In addition, when underwriters have been used, they have not been selected competitively. When the services of an independent financial advisor or underwriter are needed, they should be selected competitively.

An independent financial advisor can provide information to the issuer concerning selling bonds competitively, obtaining favorable interest rates on negotiated bond sales, and the cost-benefit of other options such as insurance on bonds and the splitting of bond issues. This information will help ensure the issuer is selecting the appropriate method of sale. Independent financial advisors can also be beneficial because they have adequate technical knowledge and information of the markets to allow them to properly evaluate both negotiated and competitive proposals.

Recommendations

We recommend the General Assembly revise Section 108.170, RSMo to require:

- 2.1 The use of a competitively selected financial advisor, who is independent of the bond sale, when issuing public debt.
- 2.2 Public entities to use the competitive method of sale for general obligation bond issues with a credit rating of "A" or higher.
- 2.3 The use of a competitively selected underwriter, when appropriate, for necessary negotiated sales.

We also recommend the State Board of Education direct the Department of Elementary and Secondary Education to:

- 2.4 Provide guidance to public school entities regarding the preferred use of competitive bond sales and the use of independent financial advisors.

Agency Comments

Department of Elementary and Secondary Education Comments

- 2.4 *The department will take this recommendation under advisement.*

Test Population

Table I.1 contains the test population used in the analysis performed by our technical advisors.

Table I.1: Test Population: Bonds Issued June 1, 2004 through May 31, 2005

No.	Bond Issued By	Bond Registration Number	Type of Sale	Amount of Issue	Date of Issue	True Interest Rate (Percent)
1	City of Kansas City	NA	Competitive	\$ 95,700,000	9/1/2004	4.317
2	St. Louis Public Schools	NA	Negotiated	44,115,000	11/23/2004	3.920
3	City of Springfield	NA	Competitive	3,950,000	2/1/2005	3.634
4	Taneyville R-II School District (SD)	24582	Negotiated	205,000	6/1/2004	4.187
5	Excelsior Springs 40 SD	24583	Negotiated	4,590,000	6/1/2004	4.677
6	Excelsior Springs 40 SD	24584	Negotiated	3,410,000	6/1/2004	5.384
7	Cameron R-I SD	24585	Negotiated	5,800,000	6/2/2004	4.679
8	City of St. Charles	24586	Competitive	2,240,000	6/1/2004	2.903
9	Grain Valley R-V SD	24587	Negotiated	4,750,000	5/15/2004	4.127
10	Smithville R-II SD	24588	Negotiated	7,815,000	6/1/2004	4.811
11	Wheaton R-III SD	24589	Negotiated	420,000	6/3/2004	4.169
12	Washington SD	24590	Negotiated	9,400,000	6/1/2004	4.609
13	New Bloomfield R-III SD	24591	Negotiated	1,200,000	6/2/2004	4.774
14	St. Charles Community College	24592	Competitive	23,000,000	6/1/2004	4.914
15	Parkway C-2 SD	24593	Competitive	45,000,000	6/10/2004	4.538
16	City of Lake Winnebago	24594	Negotiated	525,000	6/1/2004	4.379
17	Pierce City R-VI SD	24595	Negotiated	985,000	6/1/2004	3.731
18	Poplar Bluff R-I SD	24596	Negotiated	3,470,000	6/1/2004	4.386
19	Wentzville R-IV SD	24597	Competitive	25,000,000	6/1/2004	4.823
20	University City SD	24598	Negotiated	9,600,000	6/22/2004	4.683
21	Clever R-V	24599	Negotiated	1,900,000	6/1/2004	4.814
22	Lake Ozark Fire Protection District	24600	Negotiated	1,250,000	6/1/2004	3.868
23	Scott Co. Central SD	24601	Negotiated	1,900,000	6/24/2004	4.213
24	Northwest R-I SD	24602	Competitive	14,100,000	6/1/2004	4.620
25	Sullivan SD	24603	Negotiated	3,950,000	6/1/2004	4.892
26	Bolivar R-I SD	24604	Negotiated	3,900,000	6/1/2004	4.829
27	South Metropolitan Fire Protection District	24605	Negotiated	6,750,000	6/15/2004	4.676
28	Marionville R-IX SD	24606	Negotiated	720,000	6/15/2004	4.110
29	Winfield R-IV SD	24608	Negotiated	2,500,000	7/1/2004	4.708
30	Strafford R-VI SD	24609	Negotiated	6,000,000	7/1/2004	4.436
31	City of Black Jack	24610	Negotiated	4,500,000	7/8/2004	4.444
32	Republic R-III SD	24612	Negotiated	3,100,000	7/1/2004	4.412
33	Monarch Fire Protection District	24613	Competitive	4,300,000	7/1/2004	3.312
34	Willard R-II SD	24614	Negotiated	6,000,000	7/1/2004	4.482
35	Lee's Summit R-VII SD	24616	Negotiated	54,735,000	7/1/2004	4.162
36	Benton County R-II SD	24617	Negotiated	625,000	7/1/2004	3.312
37	Center SD No. 58	24618	Negotiated	7,590,000	8/1/2004	4.243
38	City of Lawson	24619	Negotiated	800,000	8/1/2004	4.605
39	Jefferson City SD	24620	Negotiated	4,325,000	8/1/2004	3.045
40	Francis Howell SD	24621	Negotiated	28,870,000	8/31/2004	4.069

Appendix I Test Population

Table I.1: Test Population: Bonds Issued June 1, 2004 through May 31, 2005

No.	Bond Issued By	Bond Registration Number	Type of Sale	Amount of Issue	Date of Issue	True Interest Rate (Percent)
41	West St. Francois County R-IV SD	24623	Negotiated	1,500,000	8/26/2004	3.964
42	Central R-III SD	24624	Negotiated	1,300,000	8/26/2004	3.224
43	City of Blue Springs	24628	Negotiated	1,110,000	8/1/2004	4.150
44	Osage Beach Fire Protection District	24629	Negotiated	1,645,000	9/15/2004	3.069
45	City of Richmond	24630	Negotiated	3,200,000	9/15/2004	4.642
46	City of Pasadena Hills	24632	Negotiated	1,700,000	9/17/2004	4.705
47	West Overland EMS and Fire Protection District	24633	Negotiated	800,000	9/1/2004	3.651
48	Parkway C-2 SD	24634	Negotiated	12,066,968	9/28/2004	3.995
49	City of Greendale	24637	Negotiated	400,000	9/1/2004	5.114
50	Arcadia Valley R-II SD	24638	Negotiated	770,000	9/22/2004	3.427
51	Mid-County Fire Protection District	24639	Competitive	1,000,000	8/15/2004	4.400
52	Pattonville R-III SD	24640	Negotiated	24,780,000	9/28/2004	4.165
53	Riverview Gardens SD	24641	Negotiated	9,653,926	9/28/2004	3.599
54	Grandview R-II SD	24642	Negotiated	1,850,000	9/28/2004	3.871
55	Grandview R-II SD	24643	Negotiated	1,500,000	9/28/2004	4.299
56	Miller County R-III SD	24645	Negotiated	350,000	10/13/2004	4.622
57	Maplewood Richmond Heights SD	24647	Negotiated	7,100,000	10/15/2004	4.474
58	Fort Osage Fire Protection District	24649	Negotiated	2,500,000	11/1/2004	3.702
59	St. Joseph SD	24650	Negotiated	4,040,000	11/1/2004	3.879
60	Warren County R-III SD	24651	Negotiated	1,785,000	10/27/2004	3.620
61	Normandy SD	24652	Negotiated	10,000,000	11/4/2004	4.377
62	St. James R-I SD	24653	Negotiated	3,675,000	11/2/2004	3.716
63	Aurora R-VIII SD	24654	Negotiated	7,000,000	11/1/2004	4.536
64	Webb City R-VII SD	24655	Negotiated	4,250,000	11/1/2004	3.632
65	Lamar SD No. R-I	24656	Negotiated	3,605,000	11/1/2004	3.475
66	Moberly SD No. 81	24657	Negotiated	3,367,718	11/9/2004	3.849
67	Clayton SD	24658	Negotiated	12,563,640	11/16/2004	3.722
68	North Kansas City SD	24659	Negotiated	15,998,305	11/18/2004	4.148
69	Warrensburg R-VI SD	24660	Negotiated	5,830,000	12/1/2004	2.944
70	Farmington R-7 SD	24661	Negotiated	3,445,000	12/7/2004	2.808
71	Oak Grove R-VI SD	24662	Negotiated	1,525,000	12/7/2004	2.807
72	Oak Grove R-VI SD	24663	Negotiated	1,750,000	12/7/2004	2.750
73	Kirksville R-III SD	24664	Negotiated	4,050,000	12/1/2004	3.102
74	Lone Jack C-6 SD	24665	Negotiated	800,000	12/1/2004	3.033
75	Camdenton R-III SD	24666	Negotiated	9,330,000	12/1/2004	4.718
76	West Platte R-II SD	24667	Negotiated	2,775,000	12/1/2004	3.128
77	Lincoln County R-III SD	24668	Negotiated	6,700,000	12/8/2004	3.815
78	Pike County R-III SD	24669	Negotiated	1,215,000	12/15/2004	3.053
79	Normandy SD	24670	Negotiated	8,835,000	1/4/2005	3.619
80	Pattonsburg R-II SD	24671	Negotiated	725,000	12/15/2004	4.780
81	Platte County	24672	Negotiated	2,810,000	12/1/2004	3.387
82	Lockwood R-I SD	24673	Negotiated	2,175,000	12/15/2004	4.368
83	Center SD No. 58	24675	Negotiated	7,250,000	1/1/2005	4.436

Appendix I Test Population

Table I.1: Test Population: Bonds Issued June 1, 2004 through May 31, 2005

No.	Bond Issued By	Bond Registration Number	Type of Sale	Amount of Issue	Date of Issue	True Interest Rate (Percent)
84	Lincoln County R-III SD	24676	Negotiated	7,050,000	1/5/2005	3.881
85	Ferguson R-II SD	24680	Competitive	10,000,000	12/22/2004	2.608
86	Central Cass County Fire Protection District	24681	Negotiated	1,030,000	12/15/2004	3.391
87	City of Raymore	24682	Negotiated	4,625,000	12/1/2004	3.553
88	Santa Fe R-X SD	24684	Negotiated	2,100,000	12/28/2004	4.266
89	Cape Girardeau SD No. 63	24687	Negotiated	2,270,000	12/30/2004	3.524
90	Fort Zumwalt SD	24688	Negotiated	16,375,000	1/5/2005	3.745
91	Pleasant Hill R-III SD	24689	Negotiated	9,800,000	1/6/2005	4.417
92	Crystal City 47 SD	24690	Negotiated	1,600,000	1/12/2005	3.501
93	Schuyler County R-I SD	24691	Negotiated	1,115,000	1/12/2005	3.573
94	Hazelwood SD	24692	Negotiated	70,000,000	1/18/2005	4.169
95	City of Des Peres	24695	Negotiated	14,555,000	1/31/2005	3.906
96	Scott City R-I SD	24696	Negotiated	1,850,000	2/1/2005	3.463
97	Hazelwood SD	24697	Negotiated	7,694,575	2/1/2005	3.770
98	LaPlata R-II SD	24698	Negotiated	1,575,000	2/23/2005	3.572
99	City of Chesterfield	24699	Negotiated	17,760,000	2/24/2005	3.735
100	Chaffee R-II SD	24700	Negotiated	572,000	2/15/2005	3.995
101	Camdenton R-III SD	24701	Negotiated	18,130,000	2/15/2005	4.295
102	Belton SD No. 124	24702	Negotiated	6,920,000	2/1/2005	3.631
103	Cape Girardeau SD No. 63	24703	Competitive	10,000,000	2/24/2005	3.703
104	Kearney R-I SD	24704	Negotiated	7,395,000	2/15/2005	3.467
105	City of Northwoods	24706	Negotiated	2,100,000	3/1/2005	3.903
106	Platte Co. R-III SD	24707	Negotiated	3,225,000	2/15/2005	3.339
107	Strafford R-VI SD	24709	Negotiated	1,860,000	3/2/2005	3.342
108	Crawford Co. R-I SD	24710	Negotiated	1,950,000	2/15/2005	3.540
109	Aurora R-VIII SD	24711	Negotiated	4,950,000	3/1/2005	3.602
110	Columbia SD	24712	Competitive	12,500,000	3/15/2005	3.728
111	Polo R-VII SD	24713	Negotiated	750,000	3/1/2005	4.560
112	Clark County R-I SD	24714	Negotiated	1,500,000	3/1/2005	4.144
113	The Junior College District of Mineral Area	24716	Negotiated	2,975,000	3/23/2005	3.400
114	Lone Jack C-6 SD	24717	Negotiated	2,000,000	3/15/2005	3.912
115	Mexico SD No. 59	24718	Competitive	850,000	3/31/2005	3.950
116	Clinton County R-III SD	24720	Negotiated	995,000	4/1/2005	3.150
117	Grain Valley R-V SD	24721	Negotiated	8,725,000	4/1/2005	3.964
118	Sni-Valley Fire Protection District	24722	Negotiated	750,000	4/4/2005	4.161
119	Blue Springs R-IV SD	24723	Negotiated	48,000,000	3/1/2005	4.408
120	Moniteau County R-VI SD	24724	Negotiated	3,065,000	4/5/2005	3.823
121	Pacific Fire Protection District	24725	Negotiated	1,290,000	4/1/2005	3.647
122	Moniteau County R-I SD	24726	Negotiated	4,775,000	4/5/2005	4.006
123	Crocker R-II SD	24727	Negotiated	1,295,000	4/5/2005	3.984
124	Republic R-III SD	24728	Negotiated	7,130,000	4/1/2005	4.082
125	St. Charles County Ambulance District	24729	Competitive	7,865,000	4/1/2005	4.213
126	City of Hazelwood	24730	Competitive	8,415,000	4/19/2005	4.112

Appendix I Test Population

Table I.1: Test Population: Bonds Issued June 1, 2004 through May 31, 2005

No.	Bond Issued By	Bond Registration Number	Type of Sale	Amount of Issue	Date of Issue	True Interest Rate (Percent)
127	Orchard Farm R-V SD	24731	Negotiated	2,460,000	4/1/2005	3.630
128	Lebanon R-III SD	24732	Negotiated	9,285,000	4/26/2005	4.014
129	Francis Howell R-III SD	24733	Negotiated	23,370,000	4/26/2005	4.148
130	Spanish Lake Fire Protection District	24734	Negotiated	2,160,000	4/27/2005	3.826
131	Springfield R-12 SD	24735	Negotiated	29,280,000	5/1/2005	4.297
132	Greenfield R-IV SD	24737	Negotiated	520,000	5/3/2005	3.856
133	St. Joseph SD	24738	Negotiated	16,850,000	5/1/2005	4.071
134	City of O'Fallon	24740	Competitive	16,755,000	5/5/2005	4.002
135	La Plata R-II SD	24741	Negotiated	900,000	5/5/2005	4.101
136	Belton SD No. 124	24742	Negotiated	13,800,000	5/1/2005	4.366
137	Hannibal 60 SD	24744	Negotiated	13,015,000	5/1/2005	4.281
138	Kearney R-I SD	24745	Negotiated	9,400,000	4/15/2005	4.347
139	Sturgeon R-V SD	24746	Negotiated	2,300,000	5/11/2005	3.947
140	Sherwood Cass R-VIII SD	24747	Negotiated	3,165,000	5/1/2005	4.146
141	Cole County R-I SD	24748	Negotiated	3,025,000	5/18/2005	3.971
142	Moberly SD No. 81	24749	Negotiated	4,600,000	5/17/2005	4.248
143	Kirbyville R-VI SD	24750	Negotiated	600,000	5/17/2005	4.302
144	Midway R-I SD	24751	Negotiated	2,925,000	5/1/2005	4.411
145	Ritenour SD	24752	Negotiated	9,255,000	5/19/2005	3.761
146	Gasconade Co. R-II SD	24753	Negotiated	10,000,000	5/19/2005	4.385
147	Clearwater R-I SD	24754	Negotiated	1,500,000	5/24/2005	3.840
148	El Dorado Springs R-2 SD	24755	Negotiated	2,835,000	5/24/2005	3.974
149	Cooper County Fire Protection District	24756	Negotiated	1,870,000	5/24/2005	3.940
150	Sikeston R-6 SD	24757	Negotiated	4,530,000	5/24/2005	4.297
151	Kirksville R-III SD	24758	Negotiated	8,000,000	5/15/2005	3.892
152	Scott County R-IV SD	24759	Negotiated	3,500,000	5/15/2005	4.366
153	Hallsville R-IV SD	24760	Negotiated	2,950,000	5/25/2005	4.502
154	Cole County R-II SD	24761	Negotiated	900,000	5/24/2005	4.428
155	Cole County R-II SD	24762	Negotiated	1,600,000	5/24/2005	4.711
156	Hillsboro R-III SD	24763	Negotiated	3,750,000	5/25/2005	3.676
157	Putnam County R-I SD	24764	Negotiated	1,000,000	5/26/2005	3.537
158	Fulton SD No. 58	24765	Competitive	8,000,000	5/26/2005	4.067
159	Antonia Fire Protection District	24766	Negotiated	2,660,000	5/27/2005	3.654
160	North St. Francois County R-I SD	24767	Negotiated	2,800,000	5/26/2005	4.062
161	Dixon R-I SD	24775	Negotiated	2,100,000	5/15/2005	4.292
Total				\$ 1,208,757,132		

Source: SAO bond registration database and Bloomberg municipal bond data.

Technical Advisor Biographies

Our technical advisors are involved in public finance research and education and have published numerous research articles on the topic. Much of their work has specifically addressed the cost differences that exist between competitive and negotiated sales.

Bill Simonsen is a Professor in the Department of Public Policy at the University of Connecticut and Director of its Master of Public Administration program, which is ranked in the top 10 in the nation by *U.S. News & World Report*. Simonsen obtained a B.A. in Geography from the State University of New York at Oswego, a Masters in City and Regional Planning from the Kennedy School of Government at Harvard University, and a Ph.D. in Public Administration from the Wagner School of Public Service at New York University. Simonsen's research and writing, much of it coauthored with Professor Mark Robbins, focuses on public sector financial management and policy. His research on municipal bonds covers such topics as interest rate calculations, use of competitive or negotiated sale types, bond structuring and sizing, understanding decision making in the bond sale process, debt policies, and emerging bond markets. Simonsen's work has appeared in journals such as *Public Administration Review*; *American Review of Public Administration*; *Public Budgeting and Finance*; *Municipal Finance Journal*; *Journal of Public Budgeting, Accounting and Financial Management*; *Urban Affairs Review*; *State and Local Government Review*; *Publius: The Journal of Federalism*, *Journal of Urban Affairs* and the *Social Science Journal*.

Mark Robbins is an Associate Professor in the University of Connecticut's Department of Public Policy where he conducts research and teaches in the area of public budgeting and finance. His research is focused in two areas; municipal bond issuance (from a government's perspective), and citizen preference revelation for taxation and spending. Before joining the faculty at the University of Connecticut, Robbins was on the faculty of the University of Georgia. Robbins received his Master's degree from the University of Oregon, and his Ph.D. from Syracuse University's Maxwell School. Robbins has made invited presentations on municipal bond issuance to the Government Finance Officer's Association, National Association of Independent Financial Advisors, the Georgia Municipal Association and the Virginia Resources Authority in addition to other state and local groups. His work has appeared in the *Municipal Finance Journal*, *Social Science Journal*, *Public Budgeting and Finance*, *Public Productivity and Management Review*, and *Public Administration Review*. His book with Bill Simonsen: *Citizen Participation in Resource Allocation* was released by Westview Press in 2000.

Detailed Bond Analysis Methodology

The purpose of this appendix is to provide additional detail of the methodology used by our technical advisors (advisors). Our advisors prepared the detailed methodology and, therefore, it is somewhat technical in nature.

Using an ordinary least squares regression, our advisors concluded that, on average, competitive bond sales provided cost advantage over negotiated sales. Ordinary least squares regression is a standard linear regression procedure used to measure the estimated influence a series of variables has on a dependent variable. The dependent variable for the purposes of this analysis is the TIC. Many additional factors, referred to as independent variables, might influence borrowing costs and are thus included in the analysis. The primary independent variable, for the purposes of our review, is the method of sale (competitive or negotiated). However, other variables also impact the TIC and have been included in our advisor's analysis as control variables. They include the length of maturity, the issue amount, the amount of experience that the issuer has had with prior sales, market interest rates at the time of the bond sale, the bond market index, the credit rating of the jurisdiction, and whether issuers purchased bond insurance to protect bond holders from default.

Our advisors used several different models to determine if the sales method and number of bids impacted the TIC. They also used various models to show the consistency of the results, as well as to address various methodological concerns. The following sections explain the concerns and how advisors addressed them in the analyses.

Selection Bias

According to our advisors, Smith¹⁸ and others, including Leonard,¹⁹ Brucato and Peng,²⁰ and Kriz,²¹ have argued selection bias may be present when using ordinary least squares regression to estimate the impact of bond sale type on interest rates. The selection argument is (1) issuers act 'rationally' and choose the sale type (competitive or negotiated) they expect will

¹⁸ Smith, Richard L. 1987. "The choice of issuance procedure and the cost of competitive and negotiated underwriting: an examination of the impact of Rule 50." *Journal of Finance*. Vol. 42, No. 3 (July): pp. 703-720.

¹⁹ Leonard, Paul. 1996. "An empirical analysis of competitive and negotiated offerings of municipal bonds." *Municipal Finance Journal*. Vol. 17, No. 1 (Spring). pp. 37-67.

²⁰ Brucato, Peter and Jun Peng. 2003. "Another look at the effect of method of sale on the interest cost in the municipal bond market: A certification model," *Public Budgeting and Finance*. Vol. 23, No. 1. pp. 73-95.

²¹ Kriz, Kenneth. 2003. "Comparative costs of negotiated versus competitive bond sales: New evidence from state general obligation bonds." *The Quarterly Review of Economics and Finance*. Vol. 43. pp. 191-211.

Appendix III

Detailed Bond Analysis Methodology

achieve the lowest interest rates; (2) because issuers select the sale type in this manner, the estimates that ignore the effects of selection on interest rates are biased; and therefore, (3) correction is required to get ‘true’ impact estimates.

According to our advisors, the selection argument is based on the case that issuers choose the sale type that will achieve the lowest rate. Our advisors stated evidence suggests that reality is much more complex than the simple rational expectations model described. Other research cited by our advisors found that there are many factors which explain the choice of sale type (Simonsen and Hill,²² and Robbins and Simonsen²³). Thus, selection bias could occur even if expectation of interest rates is not the only basis for selection of sale type.

Therefore, according to our advisors, they have included a widely accepted method to correct for selection bias in the model. They applied the two-step estimation procedure developed by Heckman.²⁴ Kriz²¹ also used this method in this context. According to our advisors, the inverse mills ratio requires at least one variable be included in the first stage (probit) that is not included in the second stage for identification purposes. The first stage includes a probit estimation of the probability of choosing a competitive or a negotiated sale. Our advisors used the probit results to create an inverse mills ratio for each observation, which is then included as an explanatory variable in the second regression (estimating the effects on interest rates) to control for possible selection bias. If the coefficient for the inverse mills ratio variable is not significant, it is proper to conclude there is no selection bias, according to our advisors.

The probit model used by our advisors to create the inverse mills ratio includes refunding and school purpose variables to identify the instrument. These are reasonable identifying variables. School bonds are likely to be one of the least risky general obligation bond purposes. Refunding bonds are typically sold through negotiation—the argument is that a negotiated sale is necessary to time the market to achieve maximum savings. For this reason, our advisors included the refunding status in the selection bias model. The selection bias coefficient is not significant, and therefore, the

²² Simonsen, Bill and Hill, Larry. 1998. "Municipal bond issuance: Is there evidence of a principal-agent problem?" *Public Budgeting & Finance*. (Winter) pp. 71-100.

²³ Robbins, Mark and Simonsen, Bill. 2003. "Financial advisor independence and the choice of municipal bond sale type," *Municipal Finance Journal*. (Spring) pp. 37-57.

²⁴ Heckman, James. 1979. "Sample selection bias as a specification error," *Econometrica*. Vol. 47, No. 1. pp. 153-161.

Appendix III

Detailed Bond Analysis Methodology

refunding status, among other selection factors, does not affect the estimates.

The selection variable is not significant in any model, suggesting there is no selection bias in the Missouri general obligation bond sales data. Removing the mills variable and replacing it with refunding and school purpose variables has no appreciable effect on the estimates, according to our advisors.

Fixed Effects Regression

Every location is unique, and variation across regions that is not observed and measured has the potential to result in omitted variable bias, according to our advisors. In order to avoid the bias that omitting such variables might introduce, our advisors used the fixed effect technique. This technique requires that a set of variables be included to control for any such place specific factors, according to our advisors.

According to our advisors, for the Missouri analysis, fixed effects regression was used by adding county variables. The county fixed effects model provides estimates that can be interpreted as the across-county weighted average of the effects within each county. This controls for the unobserved variation that is due to the differences between counties. It is reasonable to expect there may be differences between counties that would be controlled for using county fixed effects. These differences may include rural versus suburban versus urban governments, differences in capital needs by place, etc. In prior work, our advisors found that population size (as a measure of management capacity) has a significant and substantial effect on interest rates.²⁵

Cost Savings Estimates

In order to estimate the amount of cost savings experienced by issuers choosing competitive versus negotiated sales, our advisors constructed a bond sale based on the average characteristics in the test population of bond issues, and calculated interest costs at the average rate for negotiated sales. They repeated this analysis using the rate predicted for competitive sales.

Our advisors computed the cost savings by subtracting the interest costs for the competitive sale from the interest costs estimated for the same issue sold on a negotiated basis. The present value savings ranged from about \$21,000

²⁵ Robbins, Simonsen, and Helgersen. 2001. "The influence of jurisdiction size and sale type on municipal bond interest rates: An empirical analysis," *Public Administration Review*. (November/December). Vol. 61, No. 6. pp. 709-717.

Appendix III

Detailed Bond Analysis Methodology

Methodology Approved by Independent Professors

for a \$2 million issue to \$125,000 for a \$12 million sale. The average present value savings of the test population was approximately \$78,000.²⁶

We provided documentation of the analysis performed by our advisors to the University of Missouri Truman School of Public Affairs for an evaluation of the methodology. The Director of the Truman School of Public Affairs referred us to Judith Stallmann, Professor of Agricultural Economics, Rural Sociology and Public Affairs, and Thomas Johnson, Professor of Agricultural Economics and Public Affairs. Both professors have published research in national publications and are familiar with the statistical techniques used by our advisors.

The professors reviewed various aspects of the methodology, including the use of selection bias variables, implementation of the fixed effects model, and the impact of the small population of competitive sales. The professors concluded the selection bias estimation procedure and the fixed effects model had been properly implemented by our advisors. In addition, the professors concluded the low number of competitive sales (17) in the test population (161) did not negatively impact the results of the analysis. The professors cited the consistency of results with several models used by our advisors as additional assurance of the validity of the analysis. According to the professors, the advisors' methodology has been used in prior research and would have been peer reviewed, which adds to the validity of the analysis.

²⁶ Our advisors used 3.85 percent, as the discount rate for present value purposes.

Public Entities Reviewed by SAO

Table IV.1 depicts the public entities reviewed as part of our field work. We visited the locations shown to identify potential issues faced by issuers of public debt and to understand what factors contribute to choices they make. We selected the entities from our test population of entities that completed bond issues during the 12 months ending May 31, 2005. To ensure a diverse mix of bond issuers, we based selections on geographic location, sales method, entity type and bond characteristics.

Table IV.1: Site Visits by SAO Auditors

Bond Issued By	Bond Registration Number	Type of Sale	Amount of Issue	Date of Issue	True Interest Rate (Percent)
Belton SD No. 124	24742	Negotiated	\$ 13,800,000	5/1/2005	4.366
Camdenton R-III SD	24701	Negotiated	18,130,000	2/15/2005	4.295
Center SD No. 58	24618	Negotiated	7,590,000	8/1/2004	4.243
City of Blue Springs	24628	Negotiated	1,110,000	8/1/2004	4.150
City of O'Fallon	24740	Competitive	16,755,000	5/5/2005	4.002
City of Northwoods	24706	Negotiated	2,100,000	3/1/2005	3.903
Clever R-V SD	24599	Negotiated	1,900,000	6/1/2004	4.814
Columbia SD	24712	Competitive	12,500,000	3/15/2005	3.728
Jefferson City SD	24620	Negotiated	4,325,000	8/1/2004	3.045
Lincoln County R-III SD (Troy)	24668	Negotiated	6,700,000	12/8/2004	3.815
Marionville R-IX SD	24606	Negotiated	720,000	6/15/2004	4.110
New Bloomfield R-III SD	24591	Negotiated	1,200,000	6/2/2004	4.774
Republic R-III SD	24612	Negotiated	3,100,000	7/1/2004	4.412
Santa Fe R-X SD	24684	Negotiated	2,100,000	12/28/2004	4.266
Wentzville R-IV SD	24597	Competitive	25,000,000	6/1/2004	4.823

Source: SAO.

In addition to the bonds listed in Table IV.1, Lincoln County R-III (Troy) issued an additional \$7,050,000 in bonds in January 2005, Camdenton R-III issued an additional \$9,330,000 in bonds in December 2004, Belton No. 124 issued an additional \$6,920,000 in bonds in February 2005, and Republic R-III issued an additional \$7,130,000 in April 2005.

GFOA Method of Sale Matrix

Table V.1: Competitive vs. Negotiated Sales: Summary of Conditions Favoring Each Method of Sale

Table V.1 is a reproduction of a GFOA document intended to provide guidance to issuers of public debt. It lays out the conditions which favor both methods of sale.

	Competitive	Negotiated
Debt Structure		
Pledged Revenues	General Obligation or Strong System Revenue	Project Supported Revenues
Security Structure (for Revenue Bonds)	Conventional Resolution and Cash Flow; Rate Covenant and Coverage	Unusual or Weak Covenants; Subordinated Debt
Debt Instrument	Traditional Serial and Term, Full Coupon Bonds	Use of Innovative Structuring, Derivative Products, Structure to Attract Particular Investors (e.g. Discount Bonds), etc.
Credit Quality		
Rating	'A' or better	Below Single 'A'
Outlook	Stable	Weak but Improving, or Under Stress
Issuer Characteristics		
Type of Organization	Broad-Based General Purpose Borrower	Special Purpose, Independent Authority
Frequency of Issuance	Regular Borrower in Public Market	New or Infrequent Issuer
Market Awareness	Active Secondary Market with Broad Investor Base	Little or No Institutional Awareness of Issuer; Historical Antipathy
Investor Comfort	Well-Known, Stable Issuer	Issuer Experiencing Significant Financial, Legal or Other Problems
Market Conditions		
Interest Rates	Stable; Predictable Market	Volatile or Declining Market
Supply and Demand	Strong Investor Demand, Good Liquidity, Light Forward Calendar	Oversold Market, Heavy Supply
Policy Considerations		
Participation in Sale of Bonds	Broad Market Participation Desired Sale of Bonds	Desire to Direct Business to DBE ¹ or Local/Regional Firms
Stimulation of Investor Interest	Broad Market Participation Desired for Purchase of Bonds	Desire to Direct Business to Local/Regional Investors

¹ Disadvantaged Business Enterprise

Source: A Practitioner's Guide to Effective Debt Management: Competitive v. Negotiated How to Choose the Method of Sale for Tax-Exempt Bonds, GFOA, page 14. Reproduced with permission.



Claire McCaskill

Missouri State Auditor

December 2005

Village of Uplands Park, Missouri

Year Ended February 28, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following problems were discovered as a result of an audit conducted by our office of the Village of Uplands Park, Missouri.

The Village of Uplands Park is in poor financial condition. The cash balance of the village's funds has decreased significantly. On March 1, 2003 the village's operating funds had a total cash balance of approximately \$350,800. The combined cash balance of the operating funds on February 28, 2005, was approximately \$28,000. Actual disbursements exceeded actual receipts by approximately \$105,500 and \$217,300 for the years ended February 28(29), 2005 and 2004 in the village's operating funds. Inadequate procedures have inhibited the Board's ability to effectively monitor and manage the village and have resulted in, or contributed to these problems.

The board approved a deficit budget for the fiscal year end February 28, 2006, with budgeted disbursements for the General Fund to exceed budgeted receipts by approximately \$22,150 contrary to state law. Actual disbursements exceeded budgeted amounts for fiscal year end February 28, 2005, by approximately \$117,470 for the General Fund. A significant portion of this overage was due to transfers to other funds which the village failed to budget. Also, the Board of Trustees does not prepare and adopt annual budgets in compliance with state law and the village's monthly financial statement was incomplete and was not approved by the Board on a timely basis.

The balance of the Sewer Lateral Fund on the village's monthly financial statements is overstated as apparently not all disbursements have been applied to this fund. Additionally, the village has not established a separate fund or accounting for state motor vehicle-related receipts, county road and bridge taxes, and Law Enforcement Training fees and does not monitor the use of these funds to ensure compliance with applicable laws and regulations.. Also, capital improvement sales tax monies are not always spent in accordance with state law.

The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis, and bids were not solicited for the trash or tax collection services. The village has not entered into written contracts for various contracted services, including legal and accounting services.

Also included in the report are recommendations related to deposits, payroll, bonuses and donations, records, minutes and ordinances, a street maintenance plan, and the municipal court division.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

VILLAGE OF UPLANDS PARK, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairwoman
and
Members of the Board of Trustees
Village of Uplands Park, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Uplands Park, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended February 28, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the village, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Uplands Park, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 29, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Chris Vetter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

VILLAGE OF UPLANDS PARK, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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The Village of Uplands Park is in poor financial condition as a result of large capital improvement disbursements, overspending, inadequate oversight and monitoring of fund balances, and improper budgetary practices.

The cash balance of the village's funds has decreased significantly. On March 1, 2003, the village's operating funds (General Fund, Capital Improvement Fund, and Traffic Violations Fund) had a total cash balance of approximately \$350,800. The combined cash balance of the operating funds on February 28, 2005, was approximately \$28,000. Also, the budgeted disbursements for the General Fund for the year ended February 28, 2006, exceed budgeted receipts by approximately \$22,150 (see MAR finding number 2.A.).

Actual disbursements exceeded actual receipts by approximately \$105,500 and \$217,300, for the years ended February 28(29), 2005 and 2004 in the village's operating funds. During 2003 and 2004, the village spent approximately \$218,000 to acquire a lot and turn it into a park and a parking lot, and \$35,000 for an electronic sign for the village.

The village's monthly financial statement is not presented to or approved by the board on a timely basis (see MAR finding number 2.D.), and does not include a budget to actual comparison. In addition, the village does not budget for all village funds (see MAR finding number 2.C.). The Board can not adequately monitor the financial condition of the village without periodic budget to actual reports and timely financial reports. A budget to actual report would help ensure budgets were not overspent and funds were available for disbursements.

Inadequate procedures have inhibited the Board's ability to effectively monitor and manage the village and have resulted in, or contributed to the problems noted above. These weaknesses include deficit budgeting, and actual disbursements exceeding budgeted disbursements documented in the MAR finding number 2.

The Board of Trustees should review disbursements, reducing discretionary spending as much as possible. In addition, the Board should monitor the financial condition of the village by reviewing a budget to actual comparison and the financial statements on a timely basis.

WE RECOMMEND the Board of Trustees review the current financial condition of the village and consider the various alternatives of reducing disbursements and/or increasing receipts. In addition, the Board should ensure budget to actual statements are presented and approved by the Board on a periodic basis.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board of Trustees takes issue with the Report's assertion that the City is in "poor financial condition." The report seems to disapprove of the Board's expenditures to acquire a park and an electronic sign. The Board is confident that each of these expenditures added a great deal to the Village and its residents. The park has made the Village more desirable and increased property values. The sign, used to communicate various public services and community announcements, has also been an important addition to the community. Each of these expenditures was, in the estimation of the Board, worthwhile, important, and a good use of public funds. The Board made the decision to spend the money, to improve the Village, instead of allowing it to sit in the bank. It felt it was obligated to do so.

As far as monitoring expenditures, the Board, in response to this report, is considering a monthly approval of the Village financial statement. This would include a budget to actual comparison. This should alleviate any concerns about the Board's oversight of the Village finances.

2. Budgetary Practices and Financial Statements
--

The Board does not prepare and adopt annual budgets in compliance with state law. In addition, a deficit budget was approved for the General Fund and actual disbursements exceeded budget amounts. Also, the village's monthly financial statement was not approved by the Board on a timely basis.

- A. The Board approved a deficit budget for the General Fund for the fiscal year end February 28, 2006, as follows:

	Year Ended February 28, 2006
Beginning Balance	\$ 5,548
Estimated receipts	164,138
Estimated disbursements	186,288
Ending Balance	\$ <u>(16,602)</u>

Section 67.010, RSMo, prohibits deficit budgeting. With the declining financial condition of the village, the board should determine if immediate cuts can be made to avoid any future deficits.

- B. Actual disbursements exceeded budgeted amounts for fiscal year end February 28, 2005, by approximately \$117,470 for the General Fund. A significant portion of this overage was due to transfers to other funds which the village failed to budget, see part C below. Section 67.040, RSMo, indicates a political subdivision shall not increase the total amount authorized for disbursement from any fund,

unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the disbursements.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and receipt expectations for each area of the village operations and provide a means to effectively monitor actual costs and receipts. It will also assist in setting tax levies, and informing the public about the village's operations and current finances.

- C. The Board of Trustees does not prepare and adopt annual budgets in compliance with state law. While annual budgets for the General Fund and Sewer Lateral Fund are adopted, the budgets do not contain all required information. The budgets only included the current year's budgeted receipts and disbursements and the prior year's actual receipts and disbursements and ending cash balance. In addition, the Board does not prepare and adopt budgets for the Capital Improvement Fund or budget for transfers to other funds. Also, for 2004, budgeted real estate tax receipts were listed as \$35,000 instead of \$3,500.

Section 67.010, RSMo, requires each political subdivision to prepare an annual budget, and Sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendments of the annual operating budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) receipts and disbursements for the preceding two budget years, and the beginning and estimated ending available resources.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and receipt expectations for village operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. It will also assist in setting tax levies and informing the public about village operations and current finances.

- D. The village's monthly financial statement was incomplete and was not approved by the Board on a timely basis. Frequently, the Board was presented two or three months of financial statements at one meeting. For example, the August 2004 and September 2004 financial statements were presented and approved at the November 2004 board meeting. In addition, the Bond Fund is not included in the village's monthly financial report.

Monthly financial reports are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. In addition, to ensure all receipts and disbursements are accounted for properly, the reports should include all village funds and be reviewed for accuracy by the Board of Trustees.

WE RECOMMEND the Board of Trustees:

- A. Ensure budgeted disbursements for the various funds do not exceed estimated receipts and beginning available resources.
- B. Monitor disbursements on a regular basis to prevent the village from spending more money than is budgeted.
- C. Ensure complete and accurate budgets are prepared annually for all operating funds in accordance with state law.
- D. Ensure financial statements include all village funds and are presented and approved by the Board on a timely basis.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board plans to prepare all future budgets in accordance with State law. It plans to balance all future budgets. As mentioned in the response to MAR 1, the Board is considering a monthly approval of the expenditures from the budget which should address many of the concerns listed in MAR 2 of this report.

3. Restricted Revenues

The balance of the Sewer Lateral Fund reported on the village's monthly financial statements is incorrect and overstated. In addition, the Village does not maintain a separate fund for motor vehicle related receipts or Law Enforcement Training fees, and did not expend some Capital Improvement Fund monies properly.

- A. The balance of the Sewer Lateral Fund on the village's monthly financial statements is overstated. The February 28, 2005, financial statement shows the cash balance of the Sewer Lateral Fund as \$26,045. However, apparently not all disbursements have been applied to this fund. According to the village chairwoman, two sewer lateral disbursements during the last five years, were not charged to the Sewer Lateral Fund because of inadequate balances. Meeting minutes appear to indicate the Board's intent to eventually deduct these disbursements from the Sewer Lateral Fund, however, this has not been done. The cash balance as of February 28, 2005, would be \$22,050, with \$3,895 due to the General Fund. Village officials should review this and adjustments made if applicable.
- B. The village receives state motor vehicle-related receipts and county road and bridge taxes and deposits them into the General Fund. Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned

by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets. Village officials also signed an affidavit stating county road and bridge monies would be used for the improvement and repair of public roads, streets, and bridges within the village limits. The village has not established a separate fund or accounting for these monies and does not monitor the use of these funds to ensure compliance with the Missouri Constitution.

During the year ended February 28, 2005, the village deposited \$17,677 of state motor vehicle related receipts and \$3,526 of county road and bridge taxes into the General Fund. The village's records did not clearly document the total amount spent on policing, signing, lighting, and repair of the streets in the village. Using these monies to help pay for the general operations of the village does not appear to be an appropriate use of such monies.

To ensure compliance with the Missouri Constitution and the affidavit, the village should maintain a separate fund or separate accounting of motor vehicle-related receipts and road and bridge taxes, and ensure these receipts are used only for the purposes allowed by the constitution and affidavit.

- C. Capital improvement sales tax monies are not always spent in accordance with state law. Village voters passed a ½ cent capital improvement sales tax to be used for the purpose of funding, operating, and maintaining capital improvements. During the year ended February 28, 2005, the village transferred \$13,000 from the Capital Improvement Fund to the General Fund. While some capital improvement disbursements are paid from the General Fund, the village did not document how the \$13,000 would be expended and village personnel indicated these monies were transferred to ensure the General Fund was not overdrawn. Section 94.577, RSMo, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements.
- D. The village has not established a separate fund or separate accounting for Law Enforcement Training (LET) fees. Section 590.140, RSMo indicates these fees can only be used for the training of law enforcement officials. Currently, the village transfers the LET fees to their General Fund. Since the village contracts out for police services, the village does not have any law enforcement officers and has no use for this money.

In addition, village personnel indicated the court clerk's training costs would be paid from the LET fees; however, Section 479.260, RSMo, allows municipal courts to retain an additional \$1 from fees collected on cases for judicial education and training for court administrators and clerks.

To ensure compliance with state law, the village should maintain a separate fund or separate accounting of LET fees and ensure these monies are used only for the

purposes allowed by law. In addition, the Board should evaluate the need for assessing these fees.

WE RECOMMEND the Board of Trustees:

- A. Review this situation and adjust village records as appropriate.
- B. Establish a fund or accounting of the state motor vehicle-related receipts and county road and bridge taxes to ensure funds are spent in accordance with the Missouri Constitution and affidavit.
- C. Document all disbursements and transfers from the Capital Improvement Fund to ensure it is used solely for allowable purposes and to inform the voters of the use of these restricted funds.
- D. Establish a fund or accounting of the LET fees to ensure funds are spent in accordance with state law. In addition, the village should evaluate the need for assessing these fees.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board is confident that it has not inappropriately used any restricted revenue. Nevertheless, it plans to take steps to more clearly delineate separate accountings of restricted revenues in the future.

4. Deposits

Deposits were not made on a timely basis into the general account, municipal court traffic violations account, and the municipal court bond account. A cash count conducted on August 2, 2005, showed the village had cash on hand totaling \$570, comprised of receipts collected from July 29, 2005. Deposits are generally made once a week for the general account and traffic violation account, and twice a month for the bond account, and, for the time periods reviewed, averaged more than \$2,068, \$1,500, and \$500, respectively. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Board of Trustees ensure receipts are deposited on a daily basis or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board is reviewing its depositing procedures and may make some changes in that regard.

5. Payroll and Personnel

The village has not adopted a written overtime policy and does not pay time and a half for working over 40 hours in one week. Employee timecards are not signed by the supervisor. In addition, gift certificates were given to village employees.

- A. The village has not adopted a written overtime policy and does not pay time and a half for hours exceeding 40 in one week as required by the Fair Labor Standards Act (FLSA). Currently, the village pays time and a half if an employee works more than 80 hours in a two-week pay period. From January 2005 through July 2005, one employee worked 11 time hours in excess of 40 hours per week, but was paid time and a half for only 4.5 hours of those hours. The village should establish written policies to address situations in which overtime may be necessary, document how overtime will be awarded, and ensure compliance with the Fair Labor Standards Act. Complete and detailed written policies are necessary to provide guidance to village employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings.
- B. Employee timecards are not signed by the supervisor. Timecards should be prepared by the employee and approved by the applicable supervisor. Without employee and supervisory review of timecards and a signature to indicate the review, the village cannot be assured that the time records are accurate.
- C. The Board of Trustees approved gift certificates as Christmas gifts totaling \$400 for the Board, village employees, and the Velda City Police Department, which provides police services for the village. These payments were not budgeted as part of the employees' official salaries. Gift certificates given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution. In addition, Attorney General's Opinion No. 72, 1955 to Pray, states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." The practice of giving gift certificates to village employees should be discontinued.

WE RECOMMEND the Board of Trustees:

- A. Establish written policies regarding employee overtime, which should include paying time and a half when an employee works over 40 hours in one week.
- B. Ensure supervisory review of timecards is documented.
- C. Discontinue paying gift certificates to employees.

AUDITEE'S RESPONSE

The Board provided the following response:

The Village plans to adopt a written overtime policy, as well as a written policy on the approval of time cards. The Village has discontinued the practice of gift certificate bonuses.

6. Expenditures

The village does not have a formal bidding policy or written agreements for legal services and accounting services. In addition, donations were made to not-for-profit organizations. Also, disbursements are not approved by the Board on a timely basis and invoices are not always marked paid upon payment.

- A. The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the past several years, bids were not solicited for the trash or tax collections services. In addition, there was no documentation explaining why the village did not accept the lowest bid of \$2,222 for irrigation services. Four bids were received, however the board accepted the next lowest bid of \$4,195. The board minutes had no documentation of why the second lowest bid was accepted.

Formal bidding procedures provide a framework for the economical management of village resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the village's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The village has not entered into written contracts for various contracted services received. For example, the village has not entered into formal written contracts for legal services or accounting services.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The village should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- C. The village donated a total of \$150 to two not-for-profit organizations during fiscal year 2004. No documentation of public services was provided by the organizations in return for the donations.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Without a written contract with the not-for-profit organizations that clearly indicates the public services being provided by these organizations, these subsidies and uses could be considered illegal.

- D. Disbursements are not approved by the Board on a timely basis. Most disbursements are approved when the financial statements are approved (see MAR finding number 2.D.). Although the Board minutes contained an occasional reference to a specific invoice being approved for payment, the disbursements are usually approved at least a month after being paid. A listing of specific disbursements approved by the Board for payment is not prepared and signed by the Board members documenting their approval.

The disbursements and supporting documentation should be presented to the board in a timely manner. Also, to adequately document the Board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed, or initialed by the members to denote their approval, and retained with the official minutes.

- E. Invoices are not always marked paid or otherwise canceled upon payment. Canceling invoices and all other supporting documentation reduces the likelihood of duplicate payments.

WE RECOMMEND the Board of Trustees:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quoted received and justification for the bid selected.
- B. Ensure formal written contracts are entered into for services obtained by the village.
- C. Ensure subsidies to other entities provide a governmental benefit to the village and do not violate state law or the state constitution. Written agreements should

be prepared which specifically address the services to be provided and compensation to be paid.

- D. Ensure disbursements and supporting documentation is presented in a timely manner. In addition the approval of all disbursements should be adequately documented by including a complete list of approved bills with the minutes. Such lists should be signed by the Board members documenting their approval.
- E. Ensure all invoices or other supporting documentation are marked paid once payment is made.

AUDITEE'S RESPONSE

The Board provided the following response:

The Village will draft and adopt a formal bid policy. Additionally, the Board will take care to ensure that written contracts are in place for all outside services provided.

The Board is confident that all expenditures have been lawful, and it will continue to make sure that all future expenditures are lawful. The Board will ensure that all bills/invoices are marked "paid" upon payment.

7. Records, Minutes, and Ordinances
--

The village does not have a formal policy regarding access to public records or always follow state laws for closed meetings. In addition, the board minutes do not always record all the motions presented. Also, village ordinances have not been updated to show the compensation paid to the village attorney and the village clerk.

- A. The village does not have a formal policy regarding access to public records. A formal policy would establish guidelines for the village to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies to public records.

Section 610.023, RSMo, lists requirements for making village records available to the public. Section 610.026, RSMo, allows the village to charge fees for copying public records, not to exceed ten cents per page and the village's average hourly rate of pay for clerical staff. In addition, research time may be charged at actual cost.

- B. The village conducted several closed meetings during the last year; however, the Board did not vote to enter a closed meeting and did not document how some items discussed in closed session complied with state law. One closed session meeting included discussions on the position of village clerk when it was

temporarily vacant. In addition, the board voted on the payment of a bill at another closed session.

Section 610.021, RSMo, allows matters to be discussed in closed session only if they relate to certain specified subjects. Those subjects that would appear to be most applicable to the Board of Trustees include matters related to pending or possible litigation, real estate transactions, and personnel actions involving specific employees.

- C. Board minutes do not always record all motions presented and the results of votes taken on those motions. The village chairwoman indicated contracts with the debt collection agency and the grant writer were properly approved by the Board; however, the minutes preparer did not include them in the official minutes.

The minutes are the official record of the actions of the Board. Care should be taken to ensure the minutes are complete, legible and provide reasons and specific intentions behind Board decisions. Inadequate or unclear minutes can lead to subsequent confusion as to Board intentions and possible incorrect interpretation of Board actions by the general public, future Board members, or other outside entities.

- D. The village has not updated their ordinances to reflect the compensation of the village attorney and the village clerk. In addition, the village has a municipal code book that is not being used in conjunction with the ordinances to govern the village.

- 1) The village has not updated their ordinances to reflect the compensation of the village attorney and the village clerk. Ordinance 307 states that compensation should be \$450 per month for the village attorney and \$75 per month for the village clerk. The village attorney is currently being paid \$750 per month and the village clerk an hourly rate. Both officials' compensation has been approved by the Board.

Compensation rates set by ordinance document the approved amounts to be paid and eliminate potential misunderstandings on the amount each village official and employee is to receive, and is necessary to ensure the compensation of an official is not changed during the term of office. In addition, ordinance hearings provide for public input and information concerning the compensation paid.

- 2) The village has a municipal code book that is to be used with the ordinances to govern the village, but the municipal code book is not being used. Ordinance No. 321 was passed to allow the municipal code book to be used to govern the village along with any ordinances. The municipal code book indicates that any codes in the book that had not previously been passed as an ordinance are to be considered part of the ordinances

that govern the village. For example, the municipal code book states that residents should be given a warning period for having high grass in their yards before a summons is issued. There is no specific ordinance covering high grass, yet the village issues summonses to residents with high grass in their yards without first giving the residents a warning. Village officials stated they did not have to give a warning because there is not an ordinance regarding high grass. The Board should consult with legal counsel to determine whether the ordinances or the municipal code book should be used to govern the village.

WE RECOMMEND the Board of Trustees:

- A. Develop written policies regarding procedures to obtain access to, or copies of public village records.
- B. Hold a vote to go into closed session and ensure only matters specifically authorized by law are discussed in closed session.
- C. Ensure all significant discussions and actions taken are adequately documented in a legible manner in the board minutes.
- D.1. Ensure village ordinances are updated to properly reflect the compensation of the village attorney and the village clerk.
- 2. Consult with legal counsel to determine the ordinances or the municipal code book should be used to govern the village.

AUDITEE'S RESPONSE

The Board provided the following response:

- A. *The Board plans to adopt a formal policy on access to public records in accordance with State law.*
- B. *The Board is confident that its closed sessions have always been in compliance with State law. The Board plans to take care in documenting any future closed sessions/meetings.*
- C. *The Board will take care to ensure that a careful record is made of its actions and decisions.*
- D. *The Board is in the process of updating/refining many ordinances. This update will address all concerns in MAR 7D.*

8.**Street Maintenance Plan**

An annual maintenance plan for village streets was not approved for 2005 or prior years by the Board. Approximately, \$9,500 was spent on street repairs, maintenance, and snow removal during the year ended February 28, 2005. A formal maintenance plan should be approved in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the Board. In addition, a public hearing should be held to obtain input from the village residents.

A formal maintenance plan serves as a useful management tool and provides greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Trustees approve a formal maintenance plan for village streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board has carefully reviewed this section of the report and is considering the necessity of the report's recommendation.

9.**Municipal Court Division**

The Municipal Division does not prepare a monthly open items listing of bonds, fines and court costs are not disbursed to the village treasury monthly as required, and the numerical sequence of traffic tickets issued is not accounted for properly.

The village of Uplands Park has been operating their municipal court division since October 2004, when the village took control of their court from the City of Beverly Hills. The village contracts with the Velda City Police Department for police services. The court maintains two bank accounts, one for the deposit of fines and costs and one for the deposit of bonds.

- A. The municipal court does not prepare a monthly open-items listing of bonds held in the bond account. The court's computer system can generate a listing of open items; however, the listing has never been generated. We prepared an open-items

listing as of February 28, 2005, and identified bonds totaling \$7,855. The account balance as of February 28, 2005, was \$9,506, indicating that the account has \$1,651 in unidentified balances.

Monthly reconciliations of open items to the reconciled bank balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the court are sufficient to meet liabilities. In addition, an attempt should be made to determine the proper disposition of these excess monies. For those monies which remain unclaimed, Section 447.595, RSMo, requires funds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- B. Fines and court costs are not disbursed monthly to the village treasury. Lump sums are transferred to the village treasury periodically when the village's General Fund balance is low. Section 479.080, RSMo, requires fines and court costs be transmitted at least monthly to the village treasury.
- C. The numerical sequence of traffic tickets issued is not accounted for by the municipal division or the Velda City Police Department. As a result, neither the municipal division nor the police department could locate a copy or provide a disposition regarding one ticket selected for review.

Without proper accounting of the numerical sequence the Municipal Court cannot be assured that all tickets issued by the Velda City Police Department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, the date issued, offense, and the violator's name would enable Municipal Court to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted.

WE RECOMMEND the Village of Uplands Park Municipal Court Division:

- A. Prepare and reconcile monthly open-items listings to the court's bank accounts. In addition, the municipal division should attempt to identify to whom the \$1,651 belongs and disburse the funds appropriately. If this cannot be determined, the unidentified balances should be turned over to the state's Unclaimed Property Section in accordance with state law.
- B. Ensure fines and court costs are disbursed to the village treasury on a monthly basis.
- C. Work with the Velda City Police Department to ensure records are maintained to account for the numerical sequence of all traffic tickets issued.

AUDITEE'S RESPONSE

The Board provided the following response:

The Village took control of its Municipal Court from the City of Beverly Hills in October 2004. In that time, the employees and Board members have worked diligently to organize and properly document the Court files and records, which were in poor condition. The Village has made great strides in that regard.

- A. Since the time of the report, the Village has reconciled the discrepancies noted.*
- B. Monthly transfers to the Treasurer have been set up.*
- C. The ticket in question was issued to a former police officer that signed out a ticket book. It was one ticket from a random sample, and the Village is confident that it was an isolated incident. The Village has procedures in place to ensure that each and every ticket can be accounted for in its records.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF UPLANDS PARK, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The village of Uplands Park is located in St. Louis County. The village was incorporated in 1941. The population of the city in 2000 was 460.

The village government consists of a five-member board of trustees. The members are elected for 2-year terms. The chairperson is appointed by the board. The village trustees, and other officials during the year ended February 28, 2005, are identified below. During the year ended February 28, 2005, the Chairwoman of the Board, the Treasurer, and the other Board members were paid \$6,000, \$4,500, and \$2,700, respectively. The compensation of these officials is established by ordinance.

Board of Trustees	Dates of Service During the Year Ended February 28, 2005	
Carmen McClendon, Chairwoman	March 2004 to February 2005	
Doris L. Tate, Board Treasurer	March 2004 to February 2005	
Kenneth Williams, Trustee	March 2004 to February 2005	
Charles Gamble, Trustee	March 2004 to February 2005	
James Alexander, Trustee (1)	March 2004 to February 2005	
Other Principal Officials	Dates of Service During the Year Ended February 28, 2005	Compensation Paid for the Year Ended February 28, 2005
Thomas Flach, Village Attorney (2)	March 2004 to February 2005	\$ 6,040
Laurie Hamilton, Village/Court Clerk	April 2004 to February 2005	12,342
Donna Williams, Village Clerk	March 2004	215
Philip Ayers, Municipal Judge	March 2004 to February 2005	3,300

(1) Henry Iwenofu was appointed trustee in June 2005 after Mr. Alexander resigned.

(2) Eric Tolen was appointed village attorney in April 2005.

In addition to the officials identified above, the city employed three part-time employees on February 28, 2005.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$	1,728,851
Personal property		<u>555,539</u>
Total	\$	<u>2,284,390</u>

TAX RATE PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General Fund *	\$	0.3400

* In addition, the village receives a portion of the St. Louis County Road and Bridge Tax.

TAX RATES PER \$1 OF RETAIL SALES

		<u>Rate</u>
General	\$	.010
Capital improvement		.005

A summary of the city's financial activity for the year ended February 28, 2005, is presented below:

	General Fund	Sewer Lateral Fund	Capital Improvement Fund	Traffic Violations Account	Bond Account	Total
RECEIPTS						
Property taxes	\$ 9,635	0	0	0	0	9,635
Sales taxes	57,723	0	29,836	0	0	87,559
County road and bridge taxes	3,526	0	0	0	0	3,526
Cigarette taxes	1,277	0	0	0	0	1,277
Building inspections and permits	2,666	0	0	0	0	2,666
Court fines and bonds	0	0	0	50,823	14,571	65,394
Franchise taxes	6,576	0	0	0	0	6,576
Interest	1,483	0	24	15	10	1,532
State motor fuel and vehicle taxes	17,677	0	0	0	0	17,677
Sewer lateral taxes	0	8,204	0	0	0	8,204
Weed cutting	1,535	0	0	0	0	1,535
Other	5,213	0	0	0	0	5,213
Transfers in	65,800	0	95,388	9,500	0	170,688
Total Receipts	173,111	8,204	125,248	60,338	14,581	381,482
DISBURSEMENTS						
Payroll	52,154	0	0	0	0	52,154
Police service	38,989	0	0	0	0	38,989
Utilities and telephone	16,122	0	0	0	0	16,122
Court expenses and bond refunds	9,425	0	0	3,182	922	13,529
Street and general maintenance	14,457	0	0	0	0	14,457
Insurance	2,724	0	0	0	0	2,724
Office supplies and equipment	6,695	0	0	0	0	6,695
City hall improvements	1,950	0	3,800	0	0	5,750
Sidewalk and grounds	25,916	0	0	0	0	25,916
Advertising, printing, and dues	6,651	0	0	0	0	6,651
Inspections and irrigation services	1,670	0	4,195	0	0	5,865
Park project	0	0	112,917	0	0	112,917
Other	2,164	0	7	0	0	2,171
Transfers out	95,388	0	13,000	52,800	9,500	170,688
Total Disbursements	274,305	0	133,919	55,982	10,422	474,628
Receipts Over (Under) Disbursements	(101,194)	8,204	(8,671)	4,356	4,159	(93,146)
Cash Balance, March 1	106,742	17,841	23,577	3,194	5,347	156,701
Cash Balance, February 28	\$ 5,548	26,045	14,906	7,550	9,506	63,555



Claire McCaskill

Missouri State Auditor

December 2005

Scotland County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Scotland County, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Scotland County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Several of the recommendations in this report are repeated from prior audits including findings related to the county's bidding procedures, property tax records, computer controls, commission minutes, and property records. In prior reports county officials indicated they would implement many of the recommendations; however, no significant improvements were noted in some of these areas.
- The county incurred engineering costs of \$99,600 for various federal bridge projects from 2001 to June 2005. There was no documentation that the county considered other engineering firms as required by state law when procuring these services.
- The county's General Revenue Fund and Special Road and Bridge Fund have been experiencing declining financial conditions since 2002. During the years ended December 31, 2003 and 2004, disbursements of the General Revenue Fund exceeded receipts and it appears that receipts will continue to lag behind typical disbursement levels. Significant increases were experienced in several expenditure categories of the Special Road and Bridge Fund during 2004, and overall road rock costs have been increasing.
- County procedures to monitor budget and actual disbursements were not effective, and as a result, actual disbursements exceeded the budgeted amounts in various funds. For costs shared by multiple funds, the County Commission has not been consistent in designating which costs will be paid from certain funds. In addition, support for some transfers between funds was not always adequate and amounts were not always repaid as appropriate.
- The county did not always solicit bids and/or retain adequate bid documentation for various purchases.

YELLOW SHEET

- A formal road and bridge maintenance plan has not been prepared. The county made a \$104,000 prepayment for road rock and did not enter into a written agreement with the quarry. In addition, the county's procedures related to the review of road rock invoices and the sale of some materials to the public were not adequate.
- The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's annual settlements or adequately review property tax additions and abatements. In addition, computer password and backup procedures need improvement.
- The county has not established a written policy related to general capital assets. Procedures to account for county property are not sufficient and the records are not complete. In addition, some officials have not filed inventory reports with the County Clerk and physical inventories have not been performed for several years.
- Discrepancies were noted in the County Assessor's office between receipts and amounts transmitted to the County Treasurer. Receipts slips were not always issued and transmitted amounts were not supported by the receipt records. No cash was transmitted to the County Treasurer during 2002, 2003, and 2004; however, various records of the Assessor's office provided information that indicated cash had been received.

The audit also included recommendations concerning the lack of documentation for some county official salaries, county commission minutes, county phone usage and various trusts handled by county.

All reports are available on our website: www.auditor.mo.gov

SCOTLAND COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Scotland County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Scotland County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Scotland County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Scotland County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 28, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Scotland County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 28, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Lonnie W. Breeding III
Audit Staff:	Anne Jenkins
	Earlene Gladden
	Mark Golden



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Scotland County, Missouri

We have audited the financial statements of various funds of Scotland County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Scotland County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Scotland County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Scotland County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 28, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

SCOTLAND COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 221,474	673,653	798,647	96,480
Special Road and Bridge	54,414	833,665	809,998	78,081
Assessment	0	69,862	69,670	192
Law Enforcement Sales Tax	542	108,953	63,517	45,978
Road and Bridge Capital Improvement	13,284	225,409	144,856	93,837
Road Rock	10,340	172,643	170,412	12,571
Off System	2,229	446,190	446,090	2,329
Law Enforcement Training	516	1,816	2,170	162
Prosecuting Attorney Training	227	293	160	360
User Fee	4,556	2,464	1,808	5,212
Election Service	62	931	810	183
Community Development Block Grant	1,000	5,510	6,510	0
Local Emergency Planning Commission	3,456	7,921	5,700	5,677
Recorder Technology	3,654	1,434	0	5,088
Prosecuting Attorney Bad Check	340	2,211	2,109	442
Sheriff Civil Service	4,181	4,868	24	9,025
Special Sheriff Project	250	20	0	270
DARE	339	0	0	339
Children's Trust	160	165	325	0
Batterers Intervention	3,724	11,611	75	15,260
Divorce Education	560	3,850	70	4,340
Courthouse Restoration	1,965	6,227	7,676	516
Tax Maintenance	2,129	3,702	4,992	839
Associate Circuit Court Interest	1,416	258	0	1,674
Circuit Clerk Interest	1,479	69	0	1,548
Law Library	3,993	2,401	2,635	3,759
Health Center	298,904	400,793	374,070	325,627
Help America Voter Act	0	15,024	0	15,024
Cemetery Trusts	120,392	2,521	3,303	119,610
Total	\$ 755,586	3,004,464	2,915,627	844,423

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SCOTLAND COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 325,080	617,330	720,936	221,474
Special Road and Bridge	145,129	857,665	948,380	54,414
Assessment	4,327	63,589	67,916	0
Law Enforcement Sales Tax	1,128	119,955	120,541	542
Road and Bridge Capital Improvement	18,597	163,891	169,204	13,284
Road Rock	10,935	63,901	64,496	10,340
Off System	45,647	604,030	647,448	2,229
Law Enforcement Training	293	1,291	1,068	516
Prosecuting Attorney Training	192	199	164	227
User Fee	5,840	2,720	4,004	4,556
Election Service	1,099	463	1,500	62
Community Development Block Grant	1,000	45,425	45,425	1,000
Local Emergency Planning Commission	2,938	6,996	6,478	3,456
Local Law Enforcement Block Grant	0	8,114	8,114	0
Recorder Technology	2,053	1,601	0	3,654
Prosecuting Attorney Bad Check	110	2,409	2,179	340
Sheriff Civil Service	0	4,181	0	4,181
Special Sheriff Project	250	0	0	250
DARE	500	0	161	339
Children's Trust	150	235	225	160
Batterers Intervention	0	3,724	0	3,724
Divorce Education	0	560	0	560
Courthouse Restoration	39,662	16,488	54,185	1,965
Tax Maintenance	0	4,014	1,885	2,129
Associate Circuit Court Interest	1,150	266	0	1,416
Circuit Clerk Interest	1,299	180	0	1,479
Law Library	5,143	2,179	3,329	3,993
Health Center	270,532	343,515	315,143	298,904
Cemetery Trusts	133,464	2,327	15,399	120,392
Total	\$ 1,016,518	2,937,248	3,198,180	755,586

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,997,351	2,986,919	(10,432)	3,180,492	2,930,637	(249,855)
DISBURSEMENTS	3,141,867	2,912,324	229,543	3,555,641	3,182,781	372,860
RECEIPTS OVER (UNDER) DISBURSEMENTS	(144,516)	74,595	219,111	(375,149)	(252,144)	123,005
CASH, JANUARY 1	635,194	635,194	0	883,054	883,054	0
CASH, DECEMBER 31	490,678	709,789	219,111	507,905	630,910	123,005
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	219,241	238,643	19,402	217,385	217,675	290
Sales taxes	161,000	174,925	13,925	165,000	163,425	(1,575)
Intergovernmental	81,252	110,507	29,255	77,940	87,790	9,850
Charges for services	113,448	118,489	5,041	114,960	107,116	(7,844)
Interest	7,500	5,085	(2,415)	4,000	9,311	5,311
Other	16,950	26,004	9,054	23,550	32,013	8,463
Total Receipts	599,391	673,653	74,262	602,835	617,330	14,495
DISBURSEMENTS						
County Commissior	58,330	57,495	835	59,051	60,612	(1,561)
County Clerk	50,181	51,022	(841)	54,107	52,447	1,660
Elections	15,000	13,547	1,453	1,000	309	691
Buildings and grounds	46,441	52,030	(5,589)	61,714	45,646	16,068
Employee fringe benefit	52,000	54,319	(2,319)	44,600	36,917	7,683
County Treasurer	28,605	29,281	(676)	27,338	28,355	(1,017)
County Collector	56,076	54,560	1,516	53,107	54,383	(1,276)
Ex Officio Recorder of Deed	21,300	15,763	5,537	23,600	16,804	6,796
Associate Circuit Court	9,000	6,690	2,310	8,750	6,057	2,693
Court administration	9,924	2,381	7,543	4,866	2,733	2,133
Public Administrator	13,540	12,860	680	12,872	13,455	(583)
Sheriff	233,490	236,448	(2,958)	181,209	174,538	6,671
Prosecuting Attorney	59,493	54,878	4,615	57,091	56,811	280
Juvenile Officer	41,605	33,880	7,725	46,974	38,076	8,898
County Coroner	8,626	8,520	106	10,037	7,401	2,636
Public health and welfare service	17,749	27,326	(9,577)	3,519	16,484	(12,965)
Insurance and bonds	23,000	25,943	(2,943)	24,000	22,579	1,421
University Extension Council	23,273	23,272	1	22,395	22,395	0
Loan repayment	0	19,217	(19,217)	19,228	19,228	0
Other	1,200	2,265	(1,065)	1,500	1,173	327
Transfers out	22,000	16,950	5,050	44,000	44,533	(533)
Emergency Fund	18,000	0	18,000	19,000	0	19,000
Total Disbursements	808,833	798,647	10,186	779,958	720,936	59,022
RECEIPTS OVER (UNDER) DISBURSEMENTS	(209,442)	(124,994)	84,448	(177,123)	(103,606)	73,517
CASH, JANUARY 1	221,474	221,474	0	325,080	325,080	0
CASH, DECEMBER 31	12,032	96,480	84,448	147,957	221,474	73,517

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	289,269	314,393	25,124	287,284	287,475	191
Intergovernmental	479,200	479,793	593	479,000	485,655	6,655
Interest	6,000	3,864	(2,136)	4,000	6,745	2,745
Rock and culvert sales to the public	11,000	23,958	12,958	7,500	11,327	3,827
Other	1,500	11,657	10,157	1,000	2,154	1,154
Transfers in	0	0	0	0	64,309	64,309
Total Receipts	786,969	833,665	46,696	778,784	857,665	78,881
DISBURSEMENTS						
Salaries	290,000	289,522	478	293,000	281,416	11,584
Employee fringe benefit	45,500	52,302	(6,802)	47,000	42,986	4,014
Lubricant and fuel	70,000	68,764	1,236	70,000	57,620	12,380
Supplies	40,000	44,796	(4,796)	36,000	47,931	(11,931)
Insurance	24,000	24,842	(842)	23,000	24,215	(1,215)
Road and bridge materials	181,000	73,028	107,972	303,000	329,254	(26,254)
Equipment repairs	80,000	95,242	(15,242)	92,000	76,043	15,957
Rentals	0	0	0	4,000	3,812	188
Equipment purchases	0	0	0	0	66,591	(66,591)
Construction, repair, and maintenance	0	7,637	(7,637)	38,000	18,279	19,721
Other	1,000	40	960	1,000	233	767
Transfers out	0	153,825	(153,825)	0	0	0
Total Disbursements	731,500	809,998	(78,498)	907,000	948,380	(41,380)
RECEIPTS OVER (UNDER) DISBURSEMENTS	55,469	23,667	(31,802)	(128,216)	(90,715)	37,501
CASH, JANUARY 1	54,414	54,414	0	145,129	145,129	0
CASH, DECEMBER 31	109,883	78,081	(31,802)	16,913	54,414	37,501
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	54,200	60,972	6,772	64,200	56,329	(7,871)
Interest	200	151	(49)	100	250	150
Other	400	739	339	400	478	78
Transfers in	22,000	8,000	(14,000)	0	6,532	6,532
Total Receipts	76,800	69,862	(6,938)	64,700	63,589	(1,111)
DISBURSEMENTS						
Assessor	76,760	69,670	7,090	71,998	67,916	4,082
Total Disbursements	76,760	69,670	7,090	71,998	67,916	4,082
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	192	152	(7,298)	(4,327)	2,971
CASH, JANUARY 1	0	0	0	4,327	4,327	0
CASH, DECEMBER 31	40	192	152	(2,971)	0	2,971

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	72,100	87,468	15,368	83,000	81,955	(1,045)
Interest	0	217	217	0	0	0
Intergovernmental	8,400	15,268	6,868	0	0	0
Transfers in	0	6,000	6,000	38,000	38,000	0
Total Receipts	80,500	108,953	28,453	121,000	119,955	(1,045)
DISBURSEMENTS						
Sheriff salary	0	0	0	30,238	30,238	0
Chief deputy salary	0	0	0	31,000	28,022	2,978
Part-time dispatcher salary	0	0	0	49,000	49,971	(971)
Social security and unemploymen	0	0	0	10,000	12,291	(2,291)
Board of prisoner cost:	35,000	44,592	(9,592)	0	0	0
Other	42,340	18,925	23,415	0	19	(19)
Total Disbursements	77,340	63,517	13,823	120,238	120,541	(303)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,160	45,436	42,276	762	(586)	(1,348)
CASH, JANUARY 1	542	542	0	1,128	1,128	0
CASH, DECEMBER 31	3,702	45,978	42,276	1,890	542	(1,348)
<u>ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	163,000	174,930	11,930	169,000	163,891	(5,109)
Interest	0	479	479	0	0	0
Transfers in	0	50,000	50,000	0	0	0
Total Receipts	163,000	225,409	62,409	169,000	163,891	(5,109)
DISBURSEMENTS						
Equipment	30,000	22,706	7,294	125,000	53,475	71,525
Other construction	120,000	122,150	(2,150)	62,000	115,729	(53,729)
Total Disbursements	150,000	144,856	5,144	187,000	169,204	17,796
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,000	80,553	67,553	(18,000)	(5,313)	12,687
CASH, JANUARY 1	13,284	13,284	0	18,597	18,597	0
CASH, DECEMBER 31	26,284	93,837	67,553	597	13,284	12,687
<u>ROAD ROCK FUND</u>						
RECEIPTS						
Property taxes	62,000	68,301	6,301	65,000	63,487	(1,513)
Interest	0	517	517	0	414	414
Transfers in	0	103,825	103,825	0	0	0
Total Receipts	62,000	172,643	110,643	65,000	63,901	(1,099)
DISBURSEMENTS						
Rock	72,000	89,548	(17,548)	75,900	64,496	11,404
Rock hauling	0	80,864	(80,864)	0	0	0
Total Disbursements	72,000	170,412	(98,412)	75,900	64,496	11,404
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	2,231	12,231	(10,900)	(595)	10,305
CASH, JANUARY 1	10,340	10,340	0	10,935	10,935	0
CASH, DECEMBER 31	340	12,571	12,231	35	10,340	10,305

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>OFF SYSTEM FUND</u>						
RECEIPTS						
Intergovernmental	550,000	446,068	(103,932)	918,019	603,018	(315,001)
Interest	400	122	(278)	550	1,012	462
Total Receipts	550,400	446,190	(104,210)	918,569	604,030	(314,539)
DISBURSEMENTS						
Federal bridge project:	550,000	446,090	103,910	918,019	605,448	312,571
Transfers out	0	0	0	0	42,000	(42,000)
Total Disbursements	550,000	446,090	103,910	918,019	647,448	270,571
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	100	(300)	550	(43,418)	(43,968)
CASH, JANUARY 1	2,229	2,229	0	45,647	45,647	0
CASH, DECEMBER 31	2,629	2,329	(300)	46,197	2,229	(43,968)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,200	1,716	516	1,200	1,291	91
Transfers in	0	100	100	0	0	0
Total Receipts	1,200	1,816	616	1,200	1,291	91
DISBURSEMENTS						
Sheriff	1,510	2,170	(660)	1,475	1,068	407
Total Disbursements	1,510	2,170	(660)	1,475	1,068	407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(310)	(354)	(44)	(275)	223	498
CASH, JANUARY 1	516	516	0	293	293	0
CASH, DECEMBER 31	206	162	(44)	18	516	498
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	200	293	93	200	199	(1)
Total Receipts	200	293	93	200	199	(1)
DISBURSEMENTS						
Prosecuting Attorney	385	160	225	385	164	221
Total Disbursements	385	160	225	385	164	221
RECEIPTS OVER (UNDER) DISBURSEMENTS	(185)	133	318	(185)	35	220
CASH, JANUARY 1	227	227	0	192	192	0
CASH, DECEMBER 31	42	360	318	7	227	220

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>USER FEE FUND</u>						
RECEIPTS						
Charges for services	2,800	2,464	(336)	2,200	2,720	520
Total Receipts	2,800	2,464	(336)	2,200	2,720	520
DISBURSEMENTS						
Recorder	2,525	1,808	717	4,025	4,004	21
Total Disbursements	2,525	1,808	717	4,025	4,004	21
RECEIPTS OVER (UNDER) DISBURSEMENTS	275	656	381	(1,825)	(1,284)	541
CASH, JANUARY 1	4,556	4,556	0	5,840	5,840	0
CASH, DECEMBER 31	4,831	5,212	381	4,015	4,556	541
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for services	816	927	111	400	454	54
Interest	10	4	(6)	20	9	(11)
Total Receipts	826	931	105	420	463	43
DISBURSEMENTS						
Elections	750	810	(60)	1,400	1,500	(100)
Total Disbursements	750	810	(60)	1,400	1,500	(100)
RECEIPTS OVER (UNDER) DISBURSEMENTS	76	121	45	(980)	(1,037)	(57)
CASH, JANUARY 1	62	62	0	1,099	1,099	0
CASH, DECEMBER 31	138	183	45	119	62	(57)
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	208,000	5,510	(202,490)	47,185	45,425	(1,760)
Total Receipts	208,000	5,510	(202,490)	47,185	45,425	(1,760)
DISBURSEMENTS						
Road and bridge	208,000	6,510	201,490	48,185	23,116	25,069
Transfers out	0	0	0	0	22,309	(22,309)
Total Disbursements	208,000	6,510	201,490	48,185	45,425	2,760
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,000)	(1,000)	(1,000)	0	1,000
CASH, JANUARY 1	1,000	1,000	0	1,000	1,000	0
CASH, DECEMBER 31	1,000	0	(1,000)	0	1,000	1,000
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	7,000	7,921	921	3,600	6,996	3,396
Total Receipts	7,000	7,921	921	3,600	6,996	3,396
DISBURSEMENTS						
Other	10,456	5,700	4,756	6,500	6,478	22
Total Disbursements	10,456	5,700	4,756	6,500	6,478	22
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,456)	2,221	5,677	(2,900)	518	3,418
CASH, JANUARY 1	3,456	3,456	0	2,938	2,938	0
CASH, DECEMBER 31	0	5,677	5,677	38	3,456	3,418

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	10,000	0	(10,000)	8,100	8,114	14
Total Receipts	10,000	0	(10,000)	8,100	8,114	14
DISBURSEMENTS						
Sheriff - Equipment	10,000	0	10,000	8,100	7,620	480
Other	0	0	0	0	494	(494)
Total Disbursements	10,000	0	10,000	8,100	8,114	(14)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	1,500	1,434	(66)	1,400	1,601	201
Total Receipts	1,500	1,434	(66)	1,400	1,601	201
DISBURSEMENTS						
Recorder	1,000	0	1,000	3,000	0	3,000
Total Disbursements	1,000	0	1,000	3,000	0	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,434	934	(1,600)	1,601	3,201
CASH, JANUARY 1	3,654	3,654	0	2,053	2,053	0
CASH, DECEMBER 31	4,154	5,088	934	453	3,654	3,201
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	2,500	2,211	(289)	4,000	2,409	(1,591)
Total Receipts	2,500	2,211	(289)	4,000	2,409	(1,591)
DISBURSEMENTS						
Prosecuting Attorney	2,490	2,109	381	4,100	2,179	1,921
Total Disbursements	2,490	2,109	381	4,100	2,179	1,921
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	102	92	(100)	230	330
CASH, JANUARY 1	340	340	0	110	110	0
CASH, DECEMBER 31	350	442	92	10	340	330
<u>SHERIFF CIVIL SERVICE FUND</u>						
RECEIPTS						
Charges for service:	5,000	4,692	(308)	4,000	4,181	181
Interest	0	89	89	0	0	0
Other	0	87	87	0	0	0
Total Receipts	5,000	4,868	(132)	4,000	4,181	181
DISBURSEMENTS						
Sheriff	0	24	(24)	3,950	0	3,950
Total Disbursements	0	24	(24)	3,950	0	3,950
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	4,844	(156)	50	4,181	4,131
CASH, JANUARY 1	4,181	4,181	0	0	0	0
CASH, DECEMBER 31	9,181	9,025	(156)	50	4,181	4,131

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL SHERIFF PROJECT FUND</u>						
RECEIPTS						
Other	500	20	(480)	0	0	0
Total Receipts	500	20	(480)	0	0	0
DISBURSEMENTS						
Sheriff	750	0	750	250	0	250
Total Disbursements	750	0	750	250	0	250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	20	270	(250)	0	250
CASH, JANUARY 1	250	250	0	250	250	0
CASH, DECEMBER 31	0	270	270	0	250	250
<u>DARE FUND</u>						
RECEIPTS						
Other	500	0	(500)	0	0	0
Total Receipts	500	0	(500)	0	0	0
DISBURSEMENTS						
Sheriff	300	0	300	500	161	339
Total Disbursements	300	0	300	500	161	339
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	0	(200)	(500)	(161)	339
CASH, JANUARY 1	339	339	0	500	500	0
CASH, DECEMBER 31	539	339	(200)	0	339	339
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for Services	200	165	(35)	225	235	10
Total Receipts	200	165	(35)	225	235	10
DISBURSEMENTS						
Other	210	325	(115)	300	225	75
Total Disbursements	210	325	(115)	300	225	75
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10)	(160)	(150)	(75)	10	85
CASH, JANUARY 1	160	160	0	150	150	0
CASH, DECEMBER 31	150	0	(150)	75	160	85
<u>BATTERERS INTERVENTION FUND</u>						
RECEIPTS						
Charges for service	6,000	11,611	5,611			
Total Receipts	6,000	11,611	5,611			
DISBURSEMENTS						
Other	9,500	75	9,425			
Total Disbursements	9,500	75	9,425			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	11,536	15,036			
CASH, JANUARY 1	3,724	3,724	0			
CASH, DECEMBER 31	224	15,260	15,036			

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DIVORCE EDUCATION FUND</u>						
RECEIPTS						
Charges for service	600	3,850	3,250			
Total Receipts	600	3,850	3,250			
DISBURSEMENTS						
Other	1,100	70	1,030			
Total Disbursements	1,100	70	1,030			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	3,780	4,280			
CASH, JANUARY 1	560	560	0			
CASH, DECEMBER 31	60	4,340	4,280			
<u>COURTHOUSE RESTORATION FUND</u>						
RECEIPTS						
Interest	500	523	23	1,000	1,233	233
Other	10,000	2,854	(7,146)	15,000	15,255	255
Transfers in	0	2,850	2,850	0	0	0
Total Receipts	10,500	6,227	(4,273)	16,000	16,488	488
DISBURSEMENTS						
Courthouse	10,000	7,676	2,324	55,000	54,185	815
Total Disbursements	10,000	7,676	2,324	55,000	54,185	815
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(1,449)	(1,949)	(39,000)	(37,697)	1,303
CASH, JANUARY 1	1,965	1,965	0	39,662	39,662	0
CASH, DECEMBER 31	2,465	516	(1,949)	662	1,965	1,303
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Interest	35	43	8	50	33	(17)
Charges for service	3,400	3,659	259	3,000	3,981	981
Total Receipts	3,435	3,702	267	3,050	4,014	964
DISBURSEMENTS						
County Collector	3,000	4,992	(1,992)	2,700	1,885	815
Total Disbursements	3,000	4,992	(1,992)	2,700	1,885	815
RECEIPTS OVER (UNDER) DISBURSEMENTS	435	(1,290)	(1,725)	350	2,129	1,779
CASH, JANUARY 1	2,129	2,129	0	0	0	0
CASH, DECEMBER 31	2,564	839	(1,725)	350	2,129	1,779
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	225	258	33	150	266	116
Total Receipts	225	258	33	150	266	116
DISBURSEMENTS						
Associate Circuit Court	0	0	0	1,250	0	1,250
Total Disbursements	0	0	0	1,250	0	1,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	225	258	33	(1,100)	266	1,366
CASH, JANUARY 1	1,416	1,416	0	1,150	1,150	0
CASH, DECEMBER 31	1,641	1,674	33	50	1,416	1,366

Exhibit B

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	150	69	(81)	150	180	30
Total Receipts	150	69	(81)	150	180	30
DISBURSEMENTS						
Circuit Clerk	1,400	0	1,400	1,250	0	1,250
Total Disbursements	1,400	0	1,400	1,250	0	1,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	69	1,319	(1,100)	180	1,280
CASH, JANUARY 1	1,479	1,479	0	1,299	1,299	0
CASH, DECEMBER 31	229	1,548	1,319	199	1,479	1,280
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,400	2,366	(34)	3,500	2,136	(1,364)
Interest	45	35	(10)	60	43	(17)
Total Receipts	2,445	2,401	(44)	3,560	2,179	(1,381)
DISBURSEMENTS						
Associate Circuit Judge	3,500	2,635	865	3,000	3,329	(329)
Total Disbursements	3,500	2,635	865	3,000	3,329	(329)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,055)	(234)	821	560	(1,150)	(1,710)
CASH, JANUARY 1	3,993	3,993	0	5,143	5,143	0
CASH, DECEMBER 31	2,938	3,759	821	5,703	3,993	(1,710)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	68,000	71,927	3,927	70,000	65,891	(4,109)
Intergovernmental	315,910	297,941	(17,969)	263,864	252,842	(11,022)
Charges for service:	16,800	13,939	(2,861)	16,300	13,646	(2,654)
Interest	10,000	6,348	(3,652)	11,000	7,780	(3,220)
Other	4,000	10,638	6,638	4,000	3,356	(644)
Total Receipts	414,710	400,793	(13,917)	365,164	343,515	(21,649)
DISBURSEMENTS						
Salaries	232,758	223,593	9,165	235,358	215,469	19,889
Office expenditures:	34,200	32,998	1,202	28,600	26,607	1,993
Equipment	43,500	35,679	7,821	5,500	8,163	(2,663)
Mileage and inservice	15,000	10,843	4,157	15,000	9,577	5,423
Contract services	30,000	26,798	3,202	27,000	24,988	2,012
Medical supplies	12,500	9,973	2,527	13,500	10,060	3,440
Sanitation program	13,000	12,127	873	12,000	11,467	533
Other	27,600	22,059	5,541	13,200	8,812	4,388
Total Disbursements	408,558	374,070	34,488	350,158	315,143	35,015
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,152	26,723	20,571	15,006	28,372	13,366
CASH, JANUARY 1	298,904	298,904	0	270,532	270,532	0
CASH, DECEMBER 31	305,056	325,627	20,571	285,538	298,904	13,366

Notes to the Financial Statements

SCOTLAND COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Scotland County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Batterers Intervention Fund	2003
Divorce Education Fund	2003
Cemetery Trusts Fund	2004 and 2003
Help America Voter Act Fund	2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2004 and 2003
Law Enforcement Sales Tax Fund	2003
Road Rock Fund	2004
Law Enforcement Training Fund	2004
Election Service Fund	2004 and 2003
Local Law Enforcement Block Grant	2003
Sheriff Civil Service Fund	2004
Children's Trust Fund	2004
Tax Maintenance Fund	2004
Law Library Fund	2003

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Assessment Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2004 and 2003, did not include the Cemetery Trusts Fund.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The Cemetery Trusts Fund's cash balance at January 1, 2003, as previously stated has been increased by \$126,387 to reflect principal balances not previously reported.

Supplementary Schedule

Schedule

SCOTLAND COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31.	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Service:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5200 ERS045-4200 ERS045-3200W	\$ 1,010 10,140 0	0 720 10,269
	Program Total		11,150	10,989
10.559	Summer Food Service Program for Children	ERS146-4200i	130	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development:				
14.228	Community Development Block Grants/State's Program	2003-PF-20	6,510	45,425
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2002-LBG-084	0	8,114
Missouri Sheriff's Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,015	846
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-099(12) BRO-099(13) BRO-099(14) BRO-099(15) BRO-099(16) BRO-099(17)	0 213,191 0 0 0 232,899	15,777 0 297,097 2,000 290,574 0
	Program Total		446,090	605,448
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Service:				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3200T	0	163
93.268	Immunization Grants	N/A PGA064-3200A	18,409 0	17,368 1,500
	Program Total		18,409	18,868

Schedule

SCOTLAND COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31.	
			2004	2003
93.283	Centers for Disease and Prevention- Investigation and Technical Assistance	DH040022026	6,370	0
	Program Total	DH030097001	0	6,625
			<u>6,370</u>	<u>6,625</u>
93.575	Child Care and Development Block Gran	PGA067-4200C	1,000	0
		PGA067-3200C	0	915
		PGA067-4200S	525	0
		PGA067-3200S	0	410
	Program Total		<u>1,525</u>	<u>1,325</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4200M	12,722	0
		ERS146-3200M	0	12,409
		N/A	0	172
	Program Total		<u>12,722</u>	<u>12,581</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.036	Public Assistance Grants	DR 1412 PA	0	297
97.039	Hazard Mitigation Grant	DR 1403 BO	13,071	7,786
97.051	State and Local All Hazards Emergency Operations Plannin	EMK2003GR254	5,700	300
	Total Expenditures of Federal Award		\$ <u><u>522,692</u></u>	<u><u>718,767</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

SCOTLAND COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Scotland County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors. Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Scotland County, Missouri

Compliance

We have audited the compliance of Scotland County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Scotland County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Scotland County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses

This report is intended for the information and use of the management of Scotland County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

July 28, 2005 (fieldwork completion date)

Schedule

SCOTLAND COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.

Professional Services

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-099(12), BRO-099(13), BRO-099(14), BRO-099(15) BRO-099(16), and BRO-099(17)
Award Years:	2003 and 2004
Questioned Costs:	\$43,673

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. The county did not follow statutory requirements when obtaining engineering services for certain bridge projects.

The county incurred engineering costs of \$99,600 from 2001 to June 2005 for projects BRO-099(14) and (17). There was no documentation that the County Commission considered other engineering firms when procuring these services. The County Commission indicated the engineering firm was chosen because of the county's prior experience with the firm on other county bridge projects.

Sections 8.289 and 8.291, RSMo, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is

located. As a result, we have questioned costs of \$43,673, which represents engineering costs paid during 2003 through June 2005.

WE RECOMMEND the County Commission obtain information as required by law when contracting for professional services and resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they agree with this recommendation and will obtain and file the required documentation when contracting for future engineering services. The County Commission also indicated that the implementation of this recommendation will be long-term because the current engineering firm has already been contracted with for the next three or four bridges, which could take a few years.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Scotland County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Budgetary Practices

Actual disbursements exceeded budgeted amounts for several funds and the county did not adopt budgets for various county funds.

Recommendation:

The County Commission not authorize disbursements in excess of budget amounts. If necessary, extenuating circumstances should be fully documented and the budgets amended and filed with the State Auditor's Office.

Status:

Not implemented. See MAR finding number 2.

02-2. Published Financial Statements

The county's published financial statements did not include all funds.

Recommendation:

The County Commission include all county funds in the published annual financial statements.

Status:

Partially implemented. While there was still one fund not included in the county's published financial statements, improvement was noted in this area. Although not repeated in the current report, the recommendation remains as stated above.

02-3. Purchasing Procedures

Bids were not always solicited or bid documentation was not retained for purchases.

Recommendation:

The County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If circumstances are deemed to warrant a purchase without bids, such circumstances should be fully documented and noted in the County Commission minutes.

Status:

Not implemented. See MAR finding number 3.

02-4. Commission Minutes

The County Clerk did not prepare adequate records of the meetings of the County Commission. In addition, the minutes were not prepared in a timely manner.

Recommendation:

The County Commission ensure a complete record of meeting is prepared and approved on a timely basis.

Status:

Partially implemented. While minutes were prepared more timely, details included were still not adequate. See MAR finding number 7.

02-5. Prosecuting Attorney's Office

The Prosecuting Attorney does not have an office in the courthouse. The county paid the Prosecuting Attorney a \$340 allowance for the office expenses incurred on behalf of the county. No supporting documentation was provided to the county for these monthly expenses, nor did the county have a written agreement with the Prosecuting Attorney outlining the portion of expenses to be paid by the county. In addition, these unsupported expense reimbursements were not reported on the Prosecuting Attorney's W-2 as required by law.

Recommendation:

The County Commission require adequate supporting documentation prior to approving expenditures for payment to employees and include payments on the W-2 forms. In addition, all county contracts should be in writing and the basis for payments should be documented.

Status:

Partially implemented. The county has entered into a written agreement with the Prosecuting Attorney which allows for a \$450 monthly rental charge. It specifies the portion of the monthly rental charge (\$400) that pertains to utilities, office furniture, equipment, and telephone costs and the portion (\$50) that pertains to miscellaneous office supplies. The county had no documentation, however, regarding how the overall rental charge was derived. In addition, these unsupported expense reimbursements are not on the Prosecuting Attorney's W-2 forms. Although not repeated in the current report, the recommendation remains as stated above.

02-6. Computer Controls

Access to the computer programs such as the property tax, payroll, and disbursement systems was not adequately restricted.

Recommendation:

The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Status:

Not implemented. See MAR finding number 5.

02-7. Fixed Assets

Purchase of new fixed assets and disposition of old items had not been recorded on the fixed asset listing since 1993. In addition, since that time, most new assets had not been properly numbered, tagged, or otherwise identified and physical inventories had not been performed.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping the policy could include necessary definitions, address important dates, establish standardized forms for reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipt.

Status:

Not implemented. See MAR finding number 9.

02-8. The County Commission used a single stamp to approve warrants, which is easily accessible

to the County Clerk staff. Invoices were often not approved by the County Clerk's office, nor were they cancelled as paid.

Recommendation:

The County Commission approve disbursements by signature or with an approval stamp to which access is limited to the County Commission, and the County Clerk cancel invoices in an appropriate manner.

Status:

Not implemented. A single approval stamp continues to be used by the County Commission and access is not limited. However, warrants are attached to the invoices which serves as evidence of payment and checks require three signatures. Although not repeated in the current report, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

SCOTLAND COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

SCOTLAND COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Scotland County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 28, 2005. We also have audited the compliance of Scotland County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 28, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Scotland County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits

performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
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The county's General Revenue Fund and Special Road and Bridge Fund are experiencing declining financial conditions.

- A. The following chart shows the General Revenue Fund receipts, disbursements and cash balances for the two years ended December 31, 2004, along with budget estimates for the year ended December 31, 2005:

		Estimated		
		2005	2004	2003
Beginning Cash, January 1	\$	96,480	221,474	325,080
Receipts		610,610	673,653	617,330
Disbursements		(701,319)	(798,647)	(720,936)
Ending Cash, December 31	\$	5,771	96,480	221,474
Receipts Over (Under)				
Disbursements	\$	(90,709)	(124,994)	(103,606)

As shown in the above table, the financial condition of the General Revenue Fund has declined significantly since 2002 and it appears the condition will not improve during the current year. The county spent more than it received during the last two years and budgeted to do so during 2005, resulting in a significant decline in the cash balance.

For 2004, salary and related payroll disbursements of the General Revenue Fund comprised approximately \$512,500 (64 percent) of the total fund disbursements. Other required or essential disbursements included elections, utilities, office supplies and expenses, training, insurance, and health and welfare programs. The most significant increases in 2004 disbursements were experienced in the elections, employee fringe benefits, and public safety categories.

The higher receipts for 2004 relate primarily to grant programs and board of prisoner reimbursements, both of which have offsetting disbursements. As a result, these increased receipts have little impact on the overall cash balance and do not necessarily reflect a positive trend with regard to the county's future receipts.

Despite plans to shift more of the public safety costs to the Law Enforcement Sales Tax Fund in 2005, General Revenue Fund receipts are lagging behind the typical disbursement levels. The General Revenue Fund and the Law Enforcement Sales Tax Fund share Sheriff's department costs. The law enforcement sales tax receipts,

earmarked for a designated purpose by law, are approximately \$90,000 annually and represent only about one-third of the Sheriff's department budget. As overall recurring or one-time costs for this department grow, the burden on the General Revenue Fund will increase.

- B. The following chart shows the Special Road and Bridge Fund receipts, disbursements and cash balances for the two years ended December 31, 2004, along with budget estimates for the year ended December 31, 2005:

		Estimated 2005	2004	2003
Beginning Cash, January 1	\$	78,081	54,414	145,129
Receipts		834,300	833,665	857,665
Disbursements		(905,100)	(809,998)	(948,380)
Ending Cash, December 31	\$	7,281	78,081	54,414

Receipts Over (Under)

Disbursements	\$	(70,800)	23,667	(90,715)
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As shown in the table above, the financial condition of the Road and Bridge Fund has been declining since 2002 and it appears the condition will not improve during the current year.

Road rock purchases appear to be a significant factor causing this declining balance.

Rock purchases are made from both the Special Road and Bridge Fund and the Road Rock Fund. A comparison of overall road rock expenditures since 2002 and the anticipated 2005 road rock expenditures shows that the county is spending approximately \$50,000 more per year on rock. Other significant increases in 2004 disbursements were experienced in the salaries and fringe benefits, lubricant and fuel, equipment repairs, and transfers out categories.

Costs related to non-federal road and bridge work (i.e., county bridges, maintaining and rocking roads) are shared by the Special Road and Bridge Fund, Road Rock Fund, and the Road and Bridge Capital Improvement Fund. Overall disbursements from these three funds have exceeded receipts for two of the last four years, and 2005 anticipated disbursements are expected to exceed anticipated receipts. The receipt sources for the Road Rock Fund and Road and Bridge Capital Improvement Fund are earmarked for specific purposes by law and voter approval. Receipts into these funds average approximately \$250,000 annually and represent less than one-fourth of the county's overall non-federal road and bridge related costs. Because the Special Road and Bridge Fund is used to pay for any expenses which cannot be paid from the other two funds, the disbursement trends have negatively impacted the financial condition of that fund.

Considering the overall financial condition, it appears that receipts into the General Revenue and Special Road and Bridge funds are not keeping pace with the expenditures despite the

existence of dedicated funds which are intended to supplement the operations of the two funds.

The County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize receipts from all sources. Given the financial condition of the General Revenue Fund and Special Road and Bridge Fund, it is imperative that the County Commission bid purchases and evaluate their budgetary practices as discussed in other report findings.

WE RECOMMEND the County Commission consider alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

The County Commission indicated:

We agree with the recommendation, are aware of the significant decrease in fund balances, and are working to correct those deficiencies. The General Revenue Fund is in better financial condition than anticipated in the budget, with a fund balance near \$46,000 as of December 7, 2005. We have been working on reducing discretionary expenditures as much as possible and are working to increase receipts where possible. The dispatching contract with the City of Memphis was renegotiated and will provide an additional \$20,000 in revenues during 2006 with a 2% increase each year thereafter. Because we can handle the increased workload with our current staff, there are no additional expenses related to this revenue. The declining financial condition in the Special Road and Bridge fund is primarily the result of unanticipated price increases during the last few years on such materials as rock, fuel, and steel. Some alternatives we have considered include closer evaluation of roads and the amount of rock needed to maintain the integrity of roads and the already implemented procedure of taking phone bids each time we make fuel purchases. Receipts should increase for 2006 since the county was approved for a community development block grant to help fund various bridge projects. We have also considered purchasing additional equipment for hauling rock, which we believe will decrease overall hauling expenses in the long run.

2. Budgetary Practices and Cost Allocations
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The County Commission authorized disbursements in excess of budgeted amounts in several county funds. In addition, costs for some officials and departments are shared by multiple funds, but the County Commission has not been consistent in designating which costs will be paid from certain funds. These practices may have contributed to the financial condition concerns discussed above.

A. Actual disbursements exceeded budgeted amounts in the following funds:

Year Ended December 31,

Fund	2004	2003
Special Road and Bridge	\$ 78,498	41,380
Law Enforcement Sales Tax	N/A	303
Road Rock	98,412	N/A
Law Enforcement Training	660	N/A
Election Service	60	100
Local Law Enforcement Block Grant	N/A	14
Sheriff Civil Service	24	N/A
Children's Trust	115	N/A
Tax Maintenance	1,992	N/A
Law Library	N/A	329

While the County Commission reviews budget to actual comparison reports monthly, the county's procedures and reports have not resulted in effective monitoring of the various budgets. It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W. 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in prior reports.

- B. As previously mentioned, the General Revenue Fund and the Law Enforcement Sales Tax Fund share Sheriff's department costs. The Law Enforcement Sales Tax Fund is used to account for the voter approved sales tax. Similarly, the Special Road and Bridge Fund, Road Rock Fund, and the Road and Bridge Capital Improvement Fund share costs related to non-federal road and bridge work. The Road and Bridge Capital Improvement and Road Rock funds are used to account for a sales tax and property tax, respectively, approved by voters for specific purposes.

A review of the budgets determined that expenditure items (i.e., salaries, office expenses) budgeted and paid from these funds varies from year to year making comparisons difficult. For example, sheriff department salaries totaling approximately \$120,000 were paid from the Law Enforcement Sales Tax Fund during 2003, while no salary expenses were paid from this fund during 2004. Board of prisoner and phone costs are other examples of amounts paid from different funds for 2003 and 2004. It also appears the county has budgeted to pay some other public safety expenditures, such as juvenile, coroner, and prosecuting attorney office

expenses, from the Law Enforcement Sales Tax Fund rather than the General Revenue Fund during 2005.

A review of the budgets and transfer records showed several instances where transfers were required from either the General Revenue Fund or the Special Road and Bridge Fund to cover expenses incurred in one of the various restricted special revenue funds which either had an insufficient cash balance at the time the expenditure was incurred or for which the county had exceeded the particular budgeted expenditure amount and the fund assets were not sufficient to cover the overage. For example, a \$50,000 transfer from the Special Road and Bridge Fund to the Road and Bridge Capital Improvement Fund was needed to cover one month's disbursements, and transfers totaling \$104,000 from the Special Road and Bridge Fund to the Road Rock Fund were needed to pay for excess rock costs incurred from that fund. We also noted several transfers from the General Revenue Fund to various special revenue funds to cover disbursements. The transferred amounts were generally not reimbursed from the special revenue funds to the General Revenue Fund or Special Road and Bridge Fund as would be expected if the purpose of the transfer was to cover a temporary insufficient cash balance. As a result, such transfers have a long-term negative impact.

- C. Federal road and bridge projects are accounted for in the Off System and Community Development Block Grant funds and the use of these funds is limited to expenditures allowed by the particular federal grant. We noted transfers of \$42,000 and \$22,000 from the Off System Fund and Community Development Block Grant Fund, respectively, to the county's Special Road and Bridge Fund. Although the county's transfer summary indicated block grant related expenses had originally been paid from the Special Road and Bridge Fund during 2002 and monies that were due to the Special Road and Bridge Fund remained in the Off System Fund balance at December 31, 2002, neither the amounts nor reasons for these transfers were adequately documented. Proper documentation is necessary to support transfers from earmarked funds and demonstrate compliance with regulation or state law.

The County Commission should evaluate the allowable uses and typical revenues of the various funds and consider identifying specific items to be routinely paid from each fund in order to provide clarification regarding the obligations of each fund and enhance the budgetary and monitoring process.

Most of the funds discussed above have either statutory or federal regulation restrictions on their allowable uses. To ensure compliance and better monitor the expenditures and the related financial condition of the various funds, the county needs to more formally identify each fund's expenditure categories and allocation of shared expenses, make efforts to adhere to the budget document, authorize expenditures only when a sufficient balance exists in the applicable fund, and ensure that interfund transfers have adequate support.

WE RECOMMEND the County Commission:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- B. More clearly identify the expenditures to be funded by the various county funds, adhere to the budget document, and consider fund balances more closely when authorizing expenditures.
- C. Re-evaluate the propriety of transfers from restricted funds.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *We agree with the recommendation and during the current year we have closely monitored funds and made budget amendments as necessary. In the future, we will document the circumstances regarding such disbursements and budget amendments as appropriate.*
- B. *We agree with the recommendation and now have a better understanding of classification of expenditures and to which fund those expenditures should be allocated. Each month the County Clerk provides year-to-date budget information on the six major county funds (General Revenue, Special Road and Bridge, Assessment, Law Enforcement Sales Tax, Road and Bridge Capital Improvement, and Road Rock) and the Treasurer provides cash balances each month when it is time to authorize expenditures.*
- C. *While we could not provide complete documentation, we feel comfortable with the transfers in question. We will try to avoid making such transfers in the future. Not near as many transfers have been needed during 2005. Better documentation of the reasons for transfers will be maintained.*

3.	Bidding Procedures
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The county did not always solicit bids and/or retain bid documentation for various purchases. In addition, neither the county commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations.

We had concerns related to the following purchases:

Steel pipe	\$ 30,875
Used Freightliner tractor	17,250
Used Kenworth truck	9,000
Used link-belt crane	65,000
Repeater and antenna	7,620
Computer equipment	5,825

The county does not advertise for steel pipe bids. Rather, the County Commission indicated the road and bridge supervisor calls vendors that handle steel pipe each time a purchase is made. However, documentation of these calls and the prices obtained were not always retained. While the County Commission and road and bridge supervisor indicated efforts were made to locate used equipment at a reasonable price, their efforts were not documented. The Sheriff determined that local vendors were not able to provide the needed repeater and antenna equipment, but reasons for this determination were not documented. No effort was made to solicit bids for the computer equipment.

In addition to the above items, we noted other instances in which the county is not adequately bidding and/or documenting factors related to purchases:

- During 2003 and 2004, the county spent approximately \$637,000 for road rock and rock hauling costs from the Special Road and Bridge Fund and the Road Rock Fund. Of this amount, bids were solicited only for the rock hauling services during 2004, which cost approximately \$81,000. All rock was obtained from one quarry and there was no documentation to show that other quarries had been considered. In addition, the county relied on the quarry to arrange with a trucking company for rock hauling services in 2003, rather than solicit those services separately. The County Commission indicated that other quarries had been contacted in past years, but they believe the quality of rock and prices at the quarry currently used are generally better and that the location of the other quarries would result in higher hauling costs. However, the county has not documented its analysis of these factors.
- Diesel fuel and gasoline purchases made by the county totaled approximately \$80,600 and \$71,000, during 2004 and 2003, respectively. Diesel fuel is purchased in bulk and stored in tanks at the road and bridge department. The county did not retain documentation of bids for these purchases. The road and bridge and sheriff's department employees purchase gasoline directly at a vendor pump, but the county did not bid this service or solicit discounts on the pump price. The county indicated there is only one vendor which will allow employees to charge gasoline purchases; however, this circumstance has not been documented.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest

and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids are requested, a copy of the request for proposal, newspaper publication notices, bids received, the basis of justification for awarding the bids, and documentation of all discussions with vendors.

Considering the county's declining financial condition, every effort should be made to solicit bids from multiple vendors for all possible purchases to ensure the county is receiving the lowest and best price.

Although similar conditions were noted in prior reports and the County Commission responded that it agreed and would work to implement the recommendations, some bids are still not being obtained or circumstances regarding procurement decisions are still not being adequately documented.

WE AGAIN RECOMMEND the County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

AUDITEE'S RESPONSE

The County Commission indicated they will solicit bids as appropriate and retain documentation. In addition, they will better document circumstances surrounding sole source procurements and phone bids.

4. Road and Bridge Funds and Procedures
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A formal road and bridge maintenance plan has not been prepared. The county made a significant prepayment for road rock and did not enter into a written agreement with the quarry. Concerns were also noted with the county's procedures to review road rock invoices and the sale of some materials to the public.

- A. A formal maintenance plan has not been prepared to document expected work on the county's roads and bridges. A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and provide information regarding the various road and bridge related funds, and be approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to

continually and more effectively monitor and evaluate the progress made in repair and maintenance throughout the year.

- B. In December 2003, the county paid \$104,000 to a local rock quarry for the prepayment of rock. The total prepayments were used by the end of June 2004. The County Commission and the County Clerk indicated they made these prepayments to purchase rock for 2004 at the 2003 price. Prepaying for goods and services violates the Missouri Constitution. Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. It is not prudent to prepay for goods or services to be received at a later date. Doing so could result in paying for goods or services not received.

In addition, the county did not enter into a written agreement with the local quarry outlining the services to be provided in exchange for the monies prepaid. Written agreements provide the framework necessary to detail the services to be provided and the consideration to be paid. Section 432.070, RSMo, requires all contracts to be in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party, and help ensure the reasonableness and propriety of such disbursements.

- C. Rock delivery tickets, which are provided to the drivers when the county hauls rock using their own trucks, are turned in to the County Clerk's office. When the quarry hauls the rock, the delivery tickets are sent directly to the County Clerk's office. However, the County Clerk does not always compare the delivery tickets to the rock quarry invoices. Without such a comparison, the county has no assurance it is paying only for rock actually received. In addition, comparison of the rock delivery tickets and invoices would ensure the type of rock hauled and prices billed are consistent with what the county requested and expected.
- D. The county has not adopted formal policies and procedures over the sale of rock, culverts, and scrap metal to the public. In addition, records of these sales are not adequate. The county received approximately \$34,000 from these sales during the two years ended December 31, 2004.

Procedures for payment and pickup or delivery of county items purchased are not consistently followed. For example, an individual might make payment to either the County Clerk or the County Treasurer prior to picking up the materials or taking delivery. Other times a person might pick up materials at the road and bridge department prior to payment, which is then reported to the County Clerk for billing purposes. A bill of sale and/or receipt slip is not always prepared by the County Clerk's office when an individual pays for rock, culverts, or scrap metal and a bill of sale and/or receipt is not required to pick-up materials from the road and bridge department. In addition, the County Clerk's office does not always receipt, restrictively endorse, and transmit checks to the County Treasurer in a timely manner. As of June 2005, the County Clerk had four rock checks (two dated May

2005 and two dated during 2004), totaling approximately \$3,400, on hand. These checks had not been receipted or transmitted because the rock had not yet been placed on the roads. As a result of a lack of formal, consistent policies and procedures the county does not have a complete record of all sales. In addition, the county has little assurance that all materials picked up from the road and bridge department were billed or paid in full. Our review also noted that the county does not collect sales taxes on applicable sales made for private purposes.

Failure to adopt formal policies and procedures over sales to the public could result in lost revenues. The county should develop consistent procedures whereby all sales must be approved in the County Clerk's office and supported by a bill of sale (whether paid in advance or to be billed later) prior to the release of materials by the road and bridge department.

WE RECOMMEND the County Commission:

- A. Prepare and document an annual maintenance plan for county roads and bridges and periodically review and update the plan throughout the year.
- B. Discontinue the practice of prepaying for items. If similar arrangements are entered into in the future, the County Commission should ensure written contracts, which specifically state what services are to be provided to the county, are entered into as required by state law.
- C. Ensure invoices and delivery tickets are compared to billing statements prior to payment to ensure payment is only made for goods and services actually received and to ensure the amount billed is proper.
- D. Develop formal policies and procedures over sales to the public. A complete record of all sales should be maintained by the county and payments should be recorded and transmitted timely. Materials should only be released after customers present proof of payment or a bill of sale. Also, the county should collect sales tax on sales intended for private use.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *We will document our current maintenance plan for county roads and bridges in the minutes and include information in the budget document.*
- B. *We will implement this recommendation. Prepayment arrangements will be considered again in the future if they are in the best interests of taxpayers; however, we will ensure a written agreement is prepared. Also, the prepayment arrangement discussed above saved the county quite a bit of money on rock purchases during 2004.*

- C. *We agree with the auditor's finding. This recommendation has already been implemented.*
- D. *We agree with the auditor's finding and have already implemented changes to our procedures for sales to the public. We now deposit checks immediately instead of waiting until rock has been hauled and we have improved our records kept for sales to the public. In addition, we no longer release materials to the public without proof of purchase. We will research the requirements for a county collecting sales tax on sales to the public.*

5. Property Tax System and Computer Controls

Several control weaknesses exist over the property tax system. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's annual settlements or adequately review property tax additions and abatements. Computer system password and backup procedures are not adequate.

Similar conditions were noted in several prior audit reports. Although the county has generally indicated agreement and plans to implement the recommendations, these conditions have not been corrected.

- A. The County Clerk does not prepare or verify the current or delinquent tax books. The County Collector prints the tax books and tax statements and verifies the accuracy of amounts to be collected. To ensure the tax books are accurate, the County Clerk should perform procedures such as footing the tax books or verifying individual entries.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend tax books and charge the County Collector with the amount of taxes to be collected. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances. Failure to perform adequate reviews could result in errors or irregularities going undetected.

- B. Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements are not adequately reviewed. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly collection reports, and the tax books, would enable the County Clerk and County Commission to ensure the amount of taxes charged to the County Collector and reported credits are complete and accurate.

In addition, controls over property tax additions and abatements are not adequate. The County Collector make changes to the property tax system for additions and

abatements throughout the year. Even though court orders for additions and abatements are approved by the County Commission when prepared, there is no independent and subsequent review of the actual changes made to the tax books.

Section 137.260, RSMo, requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system. Section 51.150.2, RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

- C. Access to the computer programs including the property tax, payroll, accounts payable, and budgetary systems is not adequately restricted. Although the County Clerk utilizes a password, it is never changed and all data can be accessed from the deputy county clerks' computers which are not password protected. In addition, passwords are not used in the County Collector's office. The lack of an effective system of user passwords may allow unauthorized access and/or changes to the respective systems.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals through the use of passwords. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- D. Backup disks of information which could be used to provide a means of recreating destroyed master disks, are not prepared periodically for the county's property tax, payroll, accounts payable, and budgetary systems. Although the County Treasurer does perform periodic backup procedures, the disks are not stored offsite. As a result, damage to these computer systems could make it difficult, or even impossible, to retrieve or recreate lost program modifications and/or data. Preparation of backup disks, along with offsite storage, would provide increased assurance that methods are available to restore any lost data or program modifications.

WE AGAIN RECOMMEND:

- A. The County Clerk prepare the current and back tax books or verify the totals and individual entries of tax books generated by the County Collector's office.
- B. The County Clerk maintain an account book with the County Collector. The County Clerk and County Commission should make use of this account book to verify the County Collector's annual settlements. In addition, the County Clerk should reconcile approved addition and abatement orders with related changes made to the tax records.

- C. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- D. The County Clerk and County Treasurer ensure that backup disks are prepared and stored in a secure, offsite location.

AUDITEE'S RESPONSE

The County Clerk indicated:

- A. *This recommendation has been implemented.*
- B. *She is now ensuring that approved addition and abatement orders agree to changes in the property tax records. An account book is not being maintained, but will be for future tax years. It will be used to review the County Collector's annual settlement.*
- D. *Backups disks will be prepared in the future and these will be stored offsite.*

The County Commission indicated:

- C. *They will consult with their programmer to create passwords on computers which do not already have such passwords established, including the two deputy county clerks.*

The County Treasurer indicated:

- D. *Backup disks will be taken offsite on a regular basis.*

6.	Salaries
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Concerns were noted regarding some elected officials' salaries. The county had no documentation from legal counsel supporting the Public Administrator's salary and an increase in the County Treasurer's salary.

- A. There was no documentation from the county's legal counsel supporting whether the Public Administrator should receive the minimum salary provided by state law or a percentage of the minimum. The Public Administrator, who took office in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The county set the Public Administrator's salary at \$11,250 (75 percent of the statutory minimum of \$15,000) to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.

- B. The County Treasurer's base salary was increased \$5,850 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held on January 2, 2003, which is after the effective date of the salary change, approved this increase. The actions of the salary commission in approving this raise for the County Treasurer were not supported by a written legal opinion from the Scotland County Prosecuting Attorney. Rather, a legal opinion from another county's Prosecuting Attorney was used as support. The amount by which the County Treasurer's salary changed in addition to the \$5,850 relates to actions of the salary commission in 1999 and cost-of-living adjustments approved each year.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years. Because the salary commission meeting was held subsequent to the effective date of the salary increase and without a documented legal opinion from the Scotland County Prosecuting Attorney, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

WE RECOMMEND the County Commission consult with legal counsel and determine whether the Public Administrator's salary and actions taken to increase the County Treasurer's salary were in accordance with state law.

AUDITEE'S RESPONSE

The County Commission indicated:

Concerning the Public Administrator's salary, no further action will be taken. The new Public Administrator can address this if she wants to. The former Public Administrator (now an Associate County Commissioner) indicated he was aware of the statutory wording but requested the county apply the 75 percent to be consistent with other officials' salaries. As a newly elected official, he wanted to ensure that animosity was not created between himself and the others. The County Commission indicated that they plan to discuss the Treasurer's salary increase with the Prosecuting Attorney and will take appropriate actions based on her advice.

The County Treasurer indicated:

She believes the Prosecuting Attorney was contacted at the time of the decision, but provided a verbal opinion. No documentation was retained concerning this discussion.

7. Policies and Procedures

County Commission meeting minutes are not sufficiently detailed. In addition, formal policies and improved monitoring procedures regarding phone usage are needed.

- A. As discussed in prior audit reports, the County Clerk does not always prepare adequate records of the meetings of the County Commission. Minutes sometimes lack sufficient detail of discussions and votes taken and items such as bid solicitations, transfers between funds, and various other decisions are not always documented.

Section 51.120, RSMo, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission.

- B. The county has not developed a written policy or established adequate monitoring procedures regarding cell phone and county phone usage. Employees are allowed to use courthouse phones for personal calls with the understanding that the calls will be tracked and the county reimbursed for any long distance charges incurred. Phone bills are copied by the County Clerk's office and provided to each official or department so that employees can review for personal calls and make any necessary reimbursements to the County Treasurer. The county received payments totaling approximately \$100 for personal use of courthouse phones during 2004. The road and bridge supervisor and sheriff's department utilize county cell phones. Employees are allowed to use cell phones for personal calls in the case of emergencies, and unless usage exceeds minutes allowed by the county's plan, employees are not required to reimburse for personal usage. Overages totaling approximately \$27 were incurred during 2004 and reimbursed to the county. The road and bridge cell phone bill is not reviewed for personal calls. While reviewing some 2005 cell phone bills for roaming charges the Sheriff determined that a deputy had been using a cell phone for personal calls which resulted in overall usage exceeding minutes allowed in the plan. This deputy is currently reimbursing the county for approximately \$608 in personal phone calls and has repaid the majority of this amount as of August 2005. After identifying this problem, the Sheriff also reviewed billings prior to 2005 again and noted no similar concerns.

A written policy regarding county phone use and more effective monitoring is needed to prevent misuse of county assets. The county may want to consider prohibiting the personal use of any county phones, except in case of emergency.

WE RECOMMEND the County Commission:

- A. Ensure minutes of county commission meetings provide adequate details to support votes taken and decisions made.
- B. Develop a written policy regarding county phone usage and improve monitoring procedures.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *Better documentation of County Commission meetings will be prepared. Information that is pertinent to a decision or discussion, but not included in the minutes, will be referenced to and filed in the County Clerk's office.*
- B. *The county's policies and procedures manual is currently being updated and policies regarding phone usage will be included.*

8. Trusts

The Cemetery Trusts Fund is comprised of cash and investments of nineteen cemeteries and the old county nursing home. As of December 31, 2004, the balance of the cemetery trusts was \$119,610. The County Commission is the trustee for these funds and is required to follow the terms and conditions of the gift or bequest. The County Clerk's responsibilities for accounting for the trusts include, but are not limited to, investing and accounting for all trust monies and preparing disbursements for three cemetery trusts. For the other cemetery trusts, interest proceeds are received by the County Clerk and either disbursed to the cemetery boards or deposited into their bank account. Our review of trusts held by the County Clerk noted the following concerns:

- A. The financial activity and assets of the trusts are not accounted for properly. The County Clerk's records contained numerous errors, such as incorrect certificate of deposit (CD) numbers, improper account balances, and outdated information related to closed or redeemed items. The records did not clearly reflect redemptions and purchases. Comparison with bank information was necessary to determine the proper balance for some bank accounts and investment vehicles. In addition, the County Clerk could only locate two of the original trust agreements which bequeathed the monies to the county.

Complete, organized cash and investment records are necessary to provide a proper accounting and to monitor trust fund activity. A detailed ledger should provide trust name, account name, type of account or investment, bank name, purchase and maturity dates, receipt and disbursement activity, interest rate, and interest earned. Trust agreements should be retained in a secure location so that future county officials can refer to them as needed.

- B. No independent review of the records or trust fund activities occurs. It appears the County Clerk's bond coverage may not be sufficient considering the extent of the trust assets, her access and decision-making authority, and the lack of independent oversight. Proper accounting, supervisory reviews, and sufficient bond coverage is necessary to ensure monies are adequately safeguarded against loss or misuse.
- C. In 1962, the county received a bequest from an individual with the stipulation that the trust be used for benefit of the county owned nursing home. The trust agreement did not specify what should occur with the monies if the nursing home was closed or

sold. In 2002, the County Commission sold the nursing home and determined that the trust monies would be used for courthouse restoration. The County Clerk continues to exercise control over these monies. The County Commission should consult with the Prosecuting Attorney regarding proper disposition of this trust balance. In the meantime, to ensure proper accountability over these monies, the \$26,227 balance should be transferred to the County Treasurer for deposit into the county treasury.

WE RECOMMEND the County Commission:

- A. Ensure the County Clerk maintain complete and accurate records of the trust monies. The County Commission may want to give consideration to transferring custody of these monies to the County Treasurer.
- B. Ensure independent reviews of the trust records and activities are performed, and evaluate the County Clerk's level of bonding.
- C. Consult with Prosecuting Attorney regarding the \$26,227 trust balance and ensure these monies are properly accounted for in the county treasury.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *Custody of cemetery trust monies have been given to the County Treasurer.*
- B. *The County Treasurer's records of the cemetery trusts will be reviewed similar to other county funds. The County Clerk's level of bonding does not require evaluation as she no longer handles these monies.*
- C. *We will consult with the Prosecuting Attorney concerning the handling of these monies.*

9. General Capital Assets

The county has not established a written policy related to the handling and accounting for general capital assets. In addition, procedures to account for county property are not sufficient and capital asset records are not complete.

Inventory reports have not been filed with the County Clerk by several officials or departments. The County Clerk recently began using a computer program that will allow her to enter property items into a database, update records more readily for additions and dispositions, and generate various property reports. As of July 2005, property information was only partially entered into the new system. This, along with the fact that all inventory reports have not been submitted, has resulted in the county not having a complete record of all capital assets owned. Physical inventories of county property have not been completed in several years.

Adequate general capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Besides providing guidance on accounting and recordkeeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo, provides that the officer or their designee is responsible for performing periodic inspections and inventories of county property used by their department and submitting an inventory report to the County Clerk.

This condition was noted in prior reports. Although responses to past recommendations have indicated either that improved policies and procedures will be or have been implemented, problems continue to exist in this area.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general capital assets and work with other county officials and department heads to ensure annual inventories are conducted and inventory records updated. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, and discuss procedures for any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated:

We will implement the recommendation. Reports from all officials have been received and entered into the property database. A policy that addresses standard reports, deadlines, and other pertinent information will be developed.

10. Assessor's Controls and Procedures

Receipts slips are not always issued and it appears that some cash receipts are not transmitted to the County Treasurer.

The Assessor's office receives monies for photocopies. According to the County Treasurer's records, the Assessor's office transmitted receipts for maps and photocopies of \$665, \$468, and \$395 for the years ended December 31, 2004, 2003 and 2002, respectively, and \$380 for the period January through July 2005. The County Treasurer's records indicate the only cash included in these transmittals was \$96 in 2005. The Assessor did not always issue receipt slips and the transmitted amounts were not supported by the receipt records. The

Assessor's office showed only eight receipt slips (totaling \$37) were issued in 2003 and eight more receipt slips (totaling \$126) were issued in 2004. These were unnumbered, rediform receipt slips and did not indicate the method of payment.

While only \$96 in cash was apparently transmitted, various records of the Assessor's office provided information that additional cash has been received. Additional pre-numbered rediform receipt slips showed approximately \$432 cash had been received during the period December 2001 through early March 2004. Based on the above information, it appears likely that cash is periodically received by the Assessor's office but is not always properly transmitted to the County Treasurer.

To ensure monies are properly accounted for, pre-numbered receipt slips indicating the method of payment should be issued for all monies received, monies should be transmitted intact, and the composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer.

WE RECOMMEND the Assessor issue pre-numbered receipt slips for all monies received, transmit all monies received to the County Treasurer intact, ensure the method of payment is indicated on all receipt slips, and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer. In addition, the Assessor should review the receipt records for cash payments and identify any amounts that have not been properly transmitted to the County Treasurer. This situation should be discussed with the County Commission and Prosecuting Attorney.

AUDITEE'S RESPONSE

The County Assessor indicated:

All cash receipts not previously transmitted to the County Treasurer were kept in my office and used for official business such as postage due or stamps. On occasion, I would use the official receipt book for personal purposes not related to the office. Receipt slips are also not issued for all customers, as individual account logs are kept for regular customers and local businesses.

All receipt records prior to 2005, which were reviewed during this most recent audit, have been disposed of. Thus, no review of past transactions will be conducted.

I have already implemented a new procedure for receipting cash. Currently, all regular customers pay with periodic checks. The amount of the check is credited to that individual's customer account log and all expenses from that log are documented. Customers can request a copy of their account log at any time to ensure the balance is accurate. When the customer's balance runs low, we contact them requesting another check. We do not provide services without payment from customers. For those customers which do not regularly conduct business with us, we issue a hand-numbered receipt slip for monies collected and indicate method of payment (cash, check, etc.) on each receipt stub. This receipt book is used only for official business. All receipts are currently being transmitted to the Treasurer at least once each month. In addition, monies on hand are compared to the receipt stubs and account logs to ensure the amount turned over is accurate. To further comply with the

auditor's recommendation, I will consider obtaining pre-numbered receipt slips. In addition, I will consult with the County Commission regarding the possibility of establishing a petty cash fund for small office expenses, such as postage due and stamps.

Follow-Up on Prior Audit Findings

SCOTLAND COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Scotland County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Policies

- A. Bids were not solicited or bid documentation was not retained for some purchases.
- B. The County Clerk did not prepare adequate records of the meetings of the County Commission and minutes were not prepared in a timely manner.
- C.1. The county paid the Prosecuting Attorney a \$340 per month allowance for office expenses incurred on behalf of the county. No supporting documentation was provided to the county for these monthly expenses, nor did the county have a written agreement with the Prosecuting Attorney outlining the portion of office expenses to be paid by the county. In addition, these unsupported expense reimbursements were not reported on her W-2 as required by law.
- 2. The Circuit Court Judge charged Scotland, Schuyler, and Clark counties every month for the expenses of his office. The monthly expense claims included specific documented actual costs for books/publications, office supplies, telephone, copies, and postage, as well as a flat charge of \$150 per month for use of equipment. The County did not have a contract with the Circuit Court Judge for the rental of the equipment, indicating how the rental amounts were determined.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain sufficient documentation of all bids obtained and justification of bid awards. If bids cannot be obtained and sole source or emergency procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure a complete record of meetings is prepared and approved on a timely basis.

- C. Require adequate supporting documentation prior to approving expenditures for payment and any unsupported payments to employees should be included on W-2 forms. In addition, all county contracts should be in writing and the basis for such payments should be documented.

Status:

- A. Not implemented. See MAR finding 3.
- B. Partially implemented. Minutes lack sufficient detail of commission meetings, but the minutes were prepared in a timely manner. See MAR finding number 7.
- C. Partially implemented. The County entered into written agreements with the Circuit Court Judge and the Prosecuting Attorney. The agreement with the judge identifies the purchase value of specific equipment items to which the rental payment of \$150 per month applies. The agreement with the Prosecuting Attorney allows for a \$450 monthly rental charge. It specifies the portion of the monthly rental charge (\$400) that pertains to utilities, office furniture, equipment, and telephone costs and the portion (\$50) that pertains to miscellaneous office supplies. The county had no documentation, however, regarding how the overall rental charge was derived. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Capital Improvements and Law Enforcement Sales Taxes

The county deposited the receipts from the capital improvements sales tax into the county's Special Road and Bridge Fund and the law enforcement sales tax into the county's General Revenue Fund rather than establishing separate funds as required by state law. The disbursements made from these sales tax receipts were not accounted for separately.

Recommendation:

The County Commission direct the Treasurer to deposit revenues from the capital improvements sales tax and the law enforcement sales tax into separate funds to properly account for the use of these monies.

Status:

Implemented.

3. Property Tax System and Computer Controls

- A. The County Collector prepared the tax books, collected and distributed property taxes, and made changes to the property tax records for additions and abatements throughout the year. Neither the County Commission nor the County Clerk provided a review of the activities of the County Collector. The County Clerk did not

maintain an account book with the Collector, nor did she verify the totals of the tax books. In addition, even though court orders for additions and abatements were approved by the County Commission when prepared, there was no independent and subsequent review of the actual changes made to the tax books, nor was there any apparent review of the County Collector's annual settlement of activity.

- B. Access to the computer programs such as the property tax, payroll, and disbursement systems was not adequately restricted.
- C. Backup disks of information for the County Clerk's, County Treasurer's, and Health Center's computer systems, which could be used to provide a means of recreating destroyed master disks, were not prepared periodically.

Recommendation:

- A. The County Clerk prepare the current and back tax books or verify the totals generated by the County Collector's office, maintain a complete account book of the County Collector's transactions, and the County Clerk and County Commission make use of this account book to verify the County Collector's annual settlements. The County Clerk or County Commission should also agree approved addition and abatement orders with related changes made to the tax records.
- B. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- C. The County Clerk, Treasurer, and Health Center Board of Trustees ensure that backup disks from the computer systems are prepared and stored in a secure, off-site location.

Status:

A,B

&C. Not implemented. See MAR finding number 5.

4. Personnel and Payroll Policies and Procedures

- A. The Associate County Commissioners were each given salary increases totaling approximately \$3,800 that were not allowable based on a Missouri Supreme Court decision.
- B. Time sheets were not always prepared by employees or maintained by the County Clerk's office and in some cases appeared to be inaccurate.

- C. A comparison of timesheets and leave records indicated employee leave balances were not always correctly recorded on the centralized leave records and monitored for compliance with the county's accumulation limits.
- D. The county's personnel policy did not adequately address the issue of overtime/compensatory time. In addition, the actual hours worked and compensatory time that was earned and used was not always accurately reflected on individual timesheets.

Recommendation:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure accurate and complete time sheets are prepared and maintained for all employees. The records should be prepared and signed by employees, approved by the applicable supervisor, and filed with the County Clerk.
- C. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately and require the County Clerk to properly maintain centralized annual, sick and compensatory leave records.
- D. Ensure county policy addresses how employees are to be compensated for any hours worked between 32.5 and 40 in a workweek and whether the granting of compensatory time off in lieu of payment is allowable. Timesheets should accurately reflect actual hours worked, including any compensatory time accrued and taken.

Status:

- A. Not implemented. In the response to our prior audit report recommendation, the County Commission indicated that until the Supreme Court rules that these monies are to be paid back, it will take no further action on this matter. This decision was not documented in the County Commission minutes or elsewhere. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Time sheets are now required and maintained for all employees, except the road and bridge supervisor. In addition, time sheets are being signed and properly approved. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

- D. Partially implemented. Most overtime is earned by either the sheriff's department or road and bridge department employees and any overtime worked is paid for at the end of each month. Employees that work 32.5 hours rarely work any overtime. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Fixed Assets

Purchases of new fixed assets and disposition of old items had not been recorded on the fixed asset listing since 1993. In addition, most new assets were not properly numbered, tagged, or otherwise identified and physical inventories were not performed.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipt.

Status:

Not implemented. See MAR finding number 9.

6. Sheriff's Accounting Controls and Procedures

- A. The duties of cash custody and record-keeping were not adequately segregated.
- B. The Sheriff's office issued prenumbered receipt slips for all monies received but the receipt slips did not indicate the method of payment.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Require the method of payment be indicated on all receipt slips and ensure the composition of cash and checks per the receipt slips is reconciled to monies deposited to the bank account.

Status:

Implemented.

7. Prosecuting Attorney's Accounting Controls and Procedures

- A. Duties were not adequately segregated and there were no independent oversight procedures performed.
- B. Prenumbered receipt slips were not issued for most monies received.
- C. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, had not been established.
- D. The Prosecuting Attorney had not established a formal policy specifying when unpaid bad check complaints should be filed as a court case.
- E. The Prosecuting Attorney submitted invoices for payments from the Prosecuting Attorney Bad Check Fund which included expenses not related to official duties.

Recommendation:

The Prosecuting Attorney:

- A. Provide for adequate segregation of duties and/or performance of independent reconciliations and reviews of accounting records.
- B. Ensure official prenumbered receipt slips are issued for all monies received.
- C. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.
- D. Maintain a complete and accurate listing of delinquent bad check restitution and fees. In addition, written procedures should be established and implemented for pursuing the collection of such complaints, including when to file as court cases.
- E. Limit future expenditures of the Prosecuting Attorney Bad Check Fund to expenses related to official duties of prosecution of bad check complaints.

Status:

- A. Partially implemented. The Prosecuting Attorney periodically looks at transmittal records and reviews bad check logs; however, the review is not documented. Although not repeated in the current report, our recommendation remains as stated above.
- B&E. Implemented.
- C. Partially implemented. Sequential control numbers are added to the complaints and a bad check log is maintained. However, the log does not record ultimate disposition. Although not repeated in the current audit report, our recommendation remains as stated above.
- D. Partially implemented. A bad check log is maintained; however, no policy exists for filing court cases when restitution and fees remain unpaid. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

SCOTLAND COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Scotland was named after Scotland, the European nation. Scotland County is a county-organized, third-class county and is part of the First Judicial Circuit. The county seat is Memphis.

Scotland County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 500 miles of county roads and 159 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 5,415 in 1980 and 4,983 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	28.3	27.8	27.0	26.6	23.4	17.1
Personal property		13.5	13.5	13.5	13.0	6.1	7.1
Railroad and utilities		5.3	5.0	5.6	5.8	4.0	3.6
Total	\$	47.1	46.3	46.1	45.4	33.5	27.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Scotland County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.4977	.4977	.4945	.4923
Special Road and Bridge Fund*		.3100	.3100	.3100	.3100
Road and Bridge		.3452	.3452	.3430	.3415
Health Center Fund		.1500	.1500	.1500	.1500

* For many years, this additional special road and bridge levy has been periodically approved by Scotland County voters, as allowed by Section 137.565, RSMo. The current levy expires in 2007.

In addition to the above property taxes, in November 1999 Scotland County voters, as allowed by Section 231.444 RSMo, passed an additional levy of twenty-five cents per acre of property classified as agricultural or horticultural. The proceeds of this tax are to be used solely for the purpose of purchasing road rock to be placed on county roads.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 14,248	14,038	13,988	13,691
General Revenue Fund	235,037	231,688	229,819	223,666
Special Road and Bridge Fund	307,946	304,111	302,268	295,130
Assessment Fund	38,875	30,765	29,792	29,404
Health Center Fund	69,992	69,135	68,920	67,436
Road Rock Fund	65,451	65,979	65,224	64,891
School districts	1,435,670	1,418,436	1,325,001	1,236,345
Library district	88,425	87,345	87,064	85,164
Ambulance district	116,263	114,843	114,472	111,983
Surtax - Cities	21,801	22,755	23,964	24,493
Hospital district	230,299	227,430	225,240	219,325
Nursing home district	138,591	134,643	69,340	67,862
Average School	200,068	186,457	206,591	210,141
Bear Creek Watershed district	2,006	2,118	2,048	2,087
Cities	124,112	128,607	127,307	135,545
County Employees' Retirement Fund	11,935	14,733	14,845	12,572
Tax Maintenance Fund	3,592	3,597	1,395	0
Commissions and fees:				
General Revenue Fund	49,111	48,527	46,877	45,503
Total	\$ 3,153,422	3,105,207	2,954,155	2,845,238

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	97.1	96.2	96.4	96.5 %
Personal property	94.2	93.9	93.9	93.7
Railroad and utilities	100.0	100.0	100.0	100.0

Scotland County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.0050	None	None
Capital improvements	0.0050	2009	None
Law Enforcement	0.0025	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Mike Stephenson, Presiding Commissioner	\$	18,798	18,250	16,372	15,896
Roger Riebel, Associate Commissioner		16,738	16,250	15,777	15,318
Dean Childress, Associate Commissioner		16,738	16,250	15,777	15,318
Betty Lodewegen, County Clerk		25,490	24,747	24,026	23,327
Kimberly Nicoli, Prosecuting Attorney		30,201	29,321		
Susan Henry, Prosecuting Attorney				27,377	26,579
Wayne Winn, Sheriff		31,145	30,237	29,357	28,502
LaMayra Brown, County Treasurer		23,668	22,979	15,966	15,501
Ginny Monroe, County Coroner		7,026	6,822	6,623	6,430
Paul Campbell, Public Administrator		12,516	12,152	11,798	11,454
Kathy Becraft, County Collector (1), year ended February 28 (29),	33,573	32,412	31,520	28,586	
James Ward, County Assessor (2), year ended August 31,		28,157	27,377	27,377	25,933

(1) Includes \$2,887, \$2,620, \$2,595, and \$2,675, respectively, of commissions earned for collecting city property taxes.

(2) Includes \$751, \$878, \$900, and \$900 annual compensation received from the state for year ended August 31, 2004, 2003, 2002, and 2001, respectively.

State-Paid Officials:

Anita Watkins, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
Karl DeMarce, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2005

Laclede County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Laclede that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Laclede County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. During the years ended December 31, 2004 and 2003, the SEFA schedule, prepared by the County Clerk, contained numerous errors and omissions totaling \$262,135 and \$114,586, respectively.
- The county did not always solicit bids or retain documentation for some purchases, including a 911 system upgrade, food for the jail, rock, asphalt, road equipment repair, a fuel truck, and grader blades. Further, the County Commission, Circuit Clerk, and Circuit Judge approved additional compensation to several county and state employees for services previously rendered. These payments appear to represent compensation in the form of a bonus, which is prohibited by the Missouri Constitution. Additionally, the county has failed to pay the Missouri Office of Prosecuting Attorneys (MOPS) for the Prosecuting Attorney Retirement Fund since November 2001, and as a result, owes MOPS \$13,113.
- Budgets for several county funds include plans to expend the entire cash balance, which is not a true estimate of the expenditures and cash balance. Also, the county has imposed a half-cent sales tax restricted for community development and has distributed these revenues to various entities within the county; however, documentation of how the monies were spent has not yet been obtained. The County Commission indicated that they have procedures in place to obtain this documentation, but have not reached this point in the process.
- Actions of the salary commission in approving an annual raise for the County Treasurer were not supported by a written legal opinion. Some county officials elected to take a salary less than the authorized amount and, as a result, the county has underpaid these officials. Also, minutes are not prepared to document matters discussed in closed meetings of the County Commission.
- Weaknesses existed in the office of the Public Administrator. Income tax refund and

YELLOW SHEET

property tax credit checks received by the Public Administrator on behalf of wards are often held for extended periods of time and not deposited timely to ensure wards remain eligible for Medicaid benefits. On August 18, 2005, a total of \$9,057 in checks were being held by the Public Administrator. There were numerous examples where checks were held up to one year before being deposited into the ward's bank account. In addition, one annual settlement filed by the Public Administrator erroneously included a \$36,000 certificate of deposit, settlements are not always filed timely, and a default charge of \$726 was paid from a ward's estate. Several of the Public Administrator's wards earn wages; however, the Public Administrator does not consistently report this income and does not have a court order detailing how wages should be accounted for properly. Additionally, duties are not adequately segregated and no supervisory review is periodically performed and documented.

- Sheriff Commissary procedures have not improved from the prior audit. Receipt slips are not reconciled to deposit amounts, voided receipt slips are not retained, and bank reconciliations are not performed monthly. Additionally, the Inmate Trust bank account balance is not reconciled to the total of the individual inmate balances plus any remaining commissary proceeds. As of January 2005, liabilities exceeded the balance of the Inmate Trust bank account by \$1,224. Further, accounting and bookkeeping duties are not adequately segregated. The Sheriff also cashed a check for \$700 from proceeds from the sale of advertising space on calendars and retained the cash for drug investigations. Such accountable fees should have been turned over to the county treasury.
- The County Collector incorrectly calculated the allocation of penalties collected on delinquent taxes, resulting in \$12,000 due from the General Revenue Fund to the County Employee's Retirement Fund (CERF).
- The Prosecuting Attorney does not always deposit bad check receipts timely and the composition of deposits is not reconciled to the composition of receipts recorded in the bad check system.
- The Circuit Clerk has not established formal procedures to ensure all accrued costs pertaining to criminal cases are adequately pursued. As of August 31, 2005, uncollected accrued case costs totaled over \$2.9 million. Also, the Circuit Clerk does not have procedures in place to follow up on old open items or outstanding checks, which totaled approximately \$60,000 and \$8,753, respectively, as of December 31, 2004.

Also included in the audit were recommendations related to the lack of written agreements, various Sheriff Funds handled outside the county disbursement process, cash management procedures for the receipt and distribution of federal project monies, a road maintenance plan, the Health Center, and the Developmentally Disabled Board.

All reports are available on our website: www.auditor.mo.gov

LACLEDE COUNTY, MISSOURI

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LACLEDE COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Laclede County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Laclede County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 1, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Laclede County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Rachel A. Simons, CPA
Audit Staff:	Monte Davault
	Amber Curbow
	Jason Ashley



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Laclede County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Laclede County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Laclede County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

LACLEDE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 772,465	3,877,454	3,685,406	964,513
Special Road and Bridge	63,625	1,319,060	1,257,529	125,156
Assessment	52,472	256,543	239,500	69,515
Law Enforcement Training	20,215	8,752	6,765	22,202
Prosecuting Attorney Training	694	2,127	0	2,821
Prosecuting Attorney Bad Check	101,507	47,525	59,284	89,748
Enhanced 911	319,068	450,888	411,281	358,675
Law Enforcement Sales Tax	1,187,001	1,839,920	1,540,233	1,486,688
Recorder's User Fee	24,814	22,738	19,026	28,526
Prosecuting Attorney Law Enforcement	611	9	0	620
Sheriff Discretionary	36,659	90,468	63,428	63,699
Peace Officers Standard Training	3,648	3,505	5,391	1,762
Shelter Abuse	8,608	31,850	29,270	11,188
Capital Improvement	411,506	13,270	0	424,776
Health Insurance	14,737	409,130	404,882	18,985
Election Services	8,717	23,188	3,618	28,287
Recorder Technical	26,373	10,856	0	37,229
Prosecuting Attorney Delinquent Tax	27,263	4,155	0	31,418
Circuit Interest	5,726	2,439	30	8,135
Law Library	96,396	19,881	10,037	106,240
Tax Maintenance	14,047	35,625	24,435	25,237
Juvenile Assessment	3,618	1,016	0	4,634
Sheriff Revolving	0	9,959	2,138	7,821
Developmentally Disabled Board	1,070	231,910	227,662	5,318
Health Center	205,819	622,141	595,545	232,415
Family Access	114	1	0	115
Time Payment	6	1,091	0	1,097
Total	\$ 3,406,779	9,335,501	8,585,460	4,156,820

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LACLEDE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 847,433	3,527,524	3,602,492	772,465
Special Road and Bridge	52,761	1,238,191	1,227,327	63,625
Assessment	32,509	256,501	236,538	52,472
Law Enforcement Training	24,025	5,784	9,594	20,215
Prosecuting Attorney Training	1,199	1,391	1,896	694
Prosecuting Attorney Bad Check	99,938	59,421	57,852	101,507
Enhanced 911	207,440	432,286	320,658	319,068
Law Enforcement Sales Tax	1,057,857	1,715,322	1,586,178	1,187,001
Recorder's User Fee	48,543	25,455	49,184	24,814
Prosecuting Attorney Law Enforcement	926	11	326	611
Sheriff Discretionary	25,301	49,904	38,546	36,659
Peace Officers Standard Training	9,270	2,966	8,588	3,648
Shelter Abuse	4,761	31,168	27,321	8,608
Capital Improvement	417,465	19,041	25,000	411,506
Health Insurance	19,239	354,529	359,031	14,737
Election Services	10,091	1,763	3,137	8,717
Recorder Technical	14,445	11,928	0	26,373
Prosecuting Attorney Delinquent Tax	25,133	2,130	0	27,263
Circuit Interest	3,886	2,688	848	5,726
Law Library	85,460	19,294	8,358	96,396
Tax Maintenance	96	31,907	17,956	14,047
Juvenile Assessment	2,748	870	0	3,618
Developmentally Disabled Board	21,208	230,789	250,927	1,070
Health Center	132,185	679,388	605,754	205,819
Family Access	112	2	0	114
Time Payment	0	20	14	6
Total	\$ 3,144,031	8,700,273	8,437,525	3,406,779

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2004			2003			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 9,229,738	9,330,254	100,516	8,500,738	8,698,121	197,383
DISBURSEMENTS	10,823,178	8,585,460	2,237,718	9,943,918	8,437,511	1,506,407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,593,440)	744,794	2,338,234	(1,443,180)	260,610	1,703,790
CASH, JANUARY 1	3,365,096	3,379,396	14,300	3,110,783	3,118,786	8,003
CASH, DECEMBER 31	1,771,656	4,124,190	2,352,534	1,667,603	3,379,396	1,711,793
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	304,000	320,661	16,661	272,500	330,355	57,855
Sales taxes	1,700,046	1,821,818	121,772	1,650,000	1,700,046	50,046
Intergovernmental	552,148	594,066	41,918	585,980	446,863	(139,117)
Charges for services	823,250	967,280	144,030	774,989	872,786	97,797
Interest	18,313	16,352	(1,961)	15,000	18,313	3,313
Other	103,311	109,736	6,425	108,036	110,230	2,194
Transfers in	47,541	47,541	0	48,931	48,931	0
Total Receipts	3,548,609	3,877,454	328,845	3,455,436	3,527,524	72,088
DISBURSEMENTS						
County Commission	109,080	104,597	4,483	112,150	106,083	6,067
County Clerk	107,536	105,568	1,968	107,536	106,803	733
Elections	105,370	95,715	9,655	27,870	27,694	176
Buildings and ground:	398,085	358,629	39,456	430,506	390,395	40,111
Employee fringe benefit:	170,000	127,176	42,824	154,600	149,632	4,968
County Treasurer	59,126	58,197	929	57,076	56,187	889
County Collector	96,249	89,320	6,929	96,249	96,249	0
Recorder of Deeds	100,340	99,766	574	100,340	98,102	2,238
Circuit Clerk	47,984	47,601	383	47,022	45,217	1,805
Associate Circuit Court	16,000	10,332	5,668	16,000	14,124	1,876
Court administrator	33,785	13,557	20,228	32,938	16,170	16,768
Public Administrator	74,080	72,445	1,635	73,100	72,778	322
Sheriff	453,804	437,312	16,492	474,367	447,012	27,355
Jail	618,600	610,280	8,320	602,800	602,731	69
Prosecuting Attorney	211,810	211,615	195	210,910	210,030	880
Juvenile Officer	105,314	56,720	48,594	104,547	78,493	26,054
County Coroner	25,100	23,815	1,285	25,300	19,810	5,490
Postage	45,350	45,350	0	46,350	39,003	7,347
Mail clerk	6,436	6,436	0	6,436	6,436	0
Public health and welfare service:	2,000	291	1,709	2,850	2,002	848
Insurance and bonds	45,000	45,787	(787)	50,000	40,935	9,065
University extension	38,200	38,200	0	37,430	37,430	0
Other	105,158	108,356	(3,198)	124,708	109,650	15,058
Debt service	343,000	352,443	(9,443)	321,930	320,231	1,699
Transfers out	516,000	565,898	(49,898)	524,500	509,295	15,205
Emergency Fund	106,242	0	106,242	104,000	0	104,000
Total Disbursements	3,939,649	3,685,406	254,243	3,891,515	3,602,492	289,023
RECEIPTS OVER (UNDER) DISBURSEMENTS	(391,040)	192,048	583,088	(436,079)	(74,968)	361,111
CASH, JANUARY 1	772,465	772,465	0	847,433	847,433	0
CASH, DECEMBER 31	381,425	964,513	583,088	411,354	772,465	361,111

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	19,400	19,573	173	18,400	2,469	(15,931)
Intergovernmental	1,354,950	946,383	(408,567)	928,310	876,726	(51,584)
Interest	1,000	1,256	256	430	1,297	867
Other	1,500	2,848	1,348	3,500	52,699	49,199
Transfers in	349,000	349,000	0	305,000	305,000	0
Total Receipts	1,725,850	1,319,060	(406,790)	1,255,640	1,238,191	(17,449)
DISBURSEMENTS						
Salaries	500,986	502,201	(1,215)	492,807	488,033	4,774
Employee fringe benefit:	88,500	66,817	21,683	78,600	77,196	1,404
Supplies	132,000	152,416	(20,416)	100,000	118,630	(18,630)
Insurance	19,100	15,968	3,132	17,000	19,020	(2,020)
Road and bridge materials	120,000	90,804	29,196	100,000	73,245	26,755
Equipment repairs	112,000	136,122	(24,122)	95,000	80,227	14,773
Rentals	1,500	1,475	25	1,500	1,002	498
Equipment purchase:	105,591	101,987	3,604	140,529	144,763	(4,234)
Construction, repair, and maintenance	489,930	23,288	466,642	75,310	63,813	11,497
Distribution to special road districts	70,600	64,573	6,027	70,600	63,318	7,282
Other	33,000	28,709	4,291	61,478	39,997	21,481
Transfers out	73,400	73,169	231	60,000	58,083	1,917
Total Disbursements	1,746,607	1,257,529	489,078	1,292,824	1,227,327	65,497
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,757)	61,531	82,288	(37,184)	10,864	48,048
CASH, JANUARY 1	63,625	63,625	0	52,761	52,761	0
CASH, DECEMBER 31	42,868	125,156	82,288	15,577	63,625	48,048
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	242,013	243,235	1,222	244,032	248,325	4,293
Interest	1,515	1,447	(68)	847	1,515	668
Other	6,600	11,861	5,261	6,170	6,661	491
Total Receipts	250,128	256,543	6,415	251,049	256,501	5,452
DISBURSEMENTS						
Assessor	225,032	210,648	14,384	238,574	208,876	29,698
Transfers out	30,000	28,852	1,148	29,325	27,662	1,663
Total Disbursements	255,032	239,500	15,532	267,899	236,538	31,361
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,904)	17,043	21,947	(16,850)	19,963	36,813
CASH, JANUARY 1	52,472	52,472	0	32,509	32,509	0
CASH, DECEMBER 31	47,568	69,515	21,947	15,659	52,472	36,813

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	5,431	8,418	2,987	7,330	5,415	(1,915)
Interest	369	334	(35)	170	369	199
Total Receipts	5,800	8,752	2,952	7,500	5,784	(1,716)
DISBURSEMENTS						
Sheriff	26,015	6,765	19,250	31,525	9,594	21,931
Total Disbursements:	26,015	6,765	19,250	31,525	9,594	21,931
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,215)	1,987	22,202	(24,025)	(3,810)	20,215
CASH, JANUARY 1	20,215	20,215	0	24,025	24,025	0
CASH, DECEMBER 31	0	22,202	22,202	0	20,215	20,215
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,260	2,102	842	1,400	1,377	(23)
Interest	14	25	11	25	14	(11)
Total Receipts	1,274	2,127	853	1,425	1,391	(34)
DISBURSEMENTS						
Prosecuting Attorney	1,500	0	1,500	2,000	1,896	104
Total Disbursements:	1,500	0	1,500	2,000	1,896	104
RECEIPTS OVER (UNDER) DISBURSEMENTS	(226)	2,127	2,353	(575)	(505)	70
CASH, JANUARY 1	694	694	0	1,199	1,199	0
CASH, DECEMBER 31	468	2,821	2,353	624	694	70
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	50,000	45,918	(4,082)	50,000	57,969	7,969
Interest	1,300	1,607	307	400	1,452	1,052
Total Receipts	51,300	47,525	(3,775)	50,400	59,421	9,021
DISBURSEMENTS						
Prosecuting Attorney	118,091	25,923	92,168	117,297	24,787	92,510
Transfers out	34,716	33,361	1,355	33,041	33,065	(24)
Total Disbursements:	152,807	59,284	93,523	150,338	57,852	92,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,507)	(11,759)	89,748	(99,938)	1,569	101,507
CASH, JANUARY 1	101,507	101,507	0	99,938	99,938	0
CASH, DECEMBER 31	0	89,748	89,748	0	101,507	101,507

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Charges for service:	423,000	445,122	22,122	378,812	427,906	49,094
Interest	4,000	5,766	1,766	1,102	4,380	3,278
Total Receipts	427,000	450,888	23,888	379,914	432,286	52,372
DISBURSEMENTS						
Salaries	226,543	219,731	6,812	209,030	207,841	1,189
Equipment	114,700	103,321	11,379	38,053	36,170	1,883
Telephone	53,860	45,367	8,493	53,860	38,606	15,254
Training	6,500	3,797	2,703	5,230	4,175	1,055
Uniforms	900	1,083	(183)	0	0	0
Transfers out	52,000	37,982	14,018	45,360	33,866	11,494
Total Disbursements:	454,503	411,281	43,222	351,533	320,658	30,875
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,503)	39,607	67,110	28,381	111,628	83,247
CASH, JANUARY 1	319,068	319,068	0	207,440	207,440	0
CASH, DECEMBER 31	291,565	358,675	67,110	235,821	319,068	83,247
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	1,700,000	1,821,483	121,483	1,650,000	1,700,003	50,003
Interest	15,000	18,437	3,437	5,000	15,319	10,319
Total Receipts	1,715,000	1,839,920	124,920	1,655,000	1,715,322	60,322
DISBURSEMENTS						
Bonds payment:	1,303,000	1,291,086	11,914	1,366,006	1,350,923	15,083
Payment reserve	924,000	0	924,000	679,485	0	679,485
Professional services:	5,000	0	5,000	5,000	3,589	1,411
Salaries and fringe benefit:	47,400	47,347	53	47,400	47,384	16
Utility and upkeep	232,000	197,945	34,055	200,000	180,182	19,818
Contingency	10,000	499	9,501	10,000	1,040	8,960
Transfers out	3,336	3,356	(20)	3,036	3,060	(24)
Total Disbursements:	2,524,736	1,540,233	984,503	2,310,927	1,586,178	724,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	(809,736)	299,687	1,109,423	(655,927)	129,144	785,071
CASH, JANUARY 1	1,187,001	1,187,001	0	1,057,857	1,057,857	0
CASH, DECEMBER 31	377,265	1,486,688	1,109,423	401,930	1,187,001	785,071
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Intergovernmental	3,981	3,981	0	0	3,870	3,870
Charges for service:	20,000	18,338	(1,662)	15,000	21,047	6,047
Interest	538	419	(119)	300	538	238
Total Receipts	24,519	22,738	(1,781)	15,300	25,455	10,155
DISBURSEMENTS						
Recorder	35,000	11,490	23,510	54,500	41,648	12,852
Transfers out	7,536	7,536	0	7,536	7,536	0
Total Disbursements:	42,536	19,026	23,510	62,036	49,184	12,852
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,017)	3,712	21,729	(46,736)	(23,729)	23,007
CASH, JANUARY 1	24,814	24,814	0	48,543	48,543	0
CASH, DECEMBER 31	6,797	28,526	21,729	1,807	24,814	23,007

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest	3	9	6	3	11	8
Total Receipts	3	9	6	3	11	8
DISBURSEMENTS						
Other	614	0	614	929	326	603
Total Disbursements	614	0	614	929	326	603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(611)	9	620	(926)	(315)	611
CASH, JANUARY 1	611	611	0	926	926	0
CASH, DECEMBER 31	0	620	620	0	611	611
<u>SHERIFF DISCRETIONARY FUND</u>						
RECEIPTS						
Intergovernmental	38,083	38,083	0	0	0	0
Charges for services	49,550	51,733	2,183	49,823	49,476	(347)
Interest	450	652	202	177	428	251
Total Receipts	88,083	90,468	2,385	50,000	49,904	(96)
DISBURSEMENTS						
Sheriff	118,310	63,428	54,882	75,301	37,156	38,145
Transfers out	5,789	0	5,789	1,390	1,390	0
Total Disbursements	124,099	63,428	60,671	76,691	38,546	38,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	(36,016)	27,040	63,056	(26,691)	11,358	38,049
CASH, JANUARY 1	36,016	36,659	643	25,301	25,301	0
CASH, DECEMBER 31	0	63,699	63,699	(1,390)	36,659	38,049
<u>PEACE OFFICERS STANDARD TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,917	3,460	543	3,247	2,883	(364)
Interest	83	45	(38)	77	83	6
Total Receipts	3,000	3,505	505	3,324	2,966	(358)
DISBURSEMENTS						
Training	6,648	5,391	1,257	12,594	8,588	4,006
Total Disbursements	6,648	5,391	1,257	12,594	8,588	4,006
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,648)	(1,886)	1,762	(9,270)	(5,622)	3,648
CASH, JANUARY 1	3,648	3,648	0	9,270	9,270	0
CASH, DECEMBER 31	0	1,762	1,762	0	3,648	3,648
<u>SHELTER ABUSE FUND</u>						
RECEIPTS						
Intergovernmental	24,000	20,670	(3,330)	37,848	22,321	(15,527)
Charges for services	8,500	10,753	2,253	4,500	8,533	4,033
Interest	300	427	127	10	314	304
Total Receipts	32,800	31,850	(950)	42,358	31,168	(11,190)
DISBURSEMENTS						
Domestic violence shelter	32,600	29,270	3,330	42,848	27,321	15,527
Total Disbursements	32,600	29,270	3,330	42,848	27,321	15,527
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	2,580	2,380	(490)	3,847	4,337
CASH, JANUARY 1	8,608	8,608	0	4,761	4,761	0
CASH, DECEMBER 31	8,808	11,188	2,380	4,271	8,608	4,337

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT RESERVE FUND</u>						
RECEIPTS						
Interest	6,900	6,270	(630)	700	7,041	6,341
Transfers in	7,000	7,000	0	17,000	12,000	(5,000)
Total Receipts	13,900	13,270	(630)	17,700	19,041	1,341
DISBURSEMENTS						
Capital expenditures	0	0	0	0	25,000	(25,000)
Total Disbursements	0	0	0	0	25,000	(25,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,900	13,270	(630)	17,700	(5,959)	(23,659)
CASH, JANUARY 1	411,506	411,506	0	417,465	417,465	0
CASH, DECEMBER 31	425,406	424,776	(630)	435,165	411,506	(23,659)
<u>HEALTH INSURANCE FUND</u>						
RECEIPTS						
Interest	5,000	5,037	37	100	5,428	5,328
Other	64,640	57,478	(7,162)	70,100	46,075	(24,025)
Transfers in	356,072	346,615	(9,457)	333,257	303,026	(30,231)
Total Receipts	425,712	409,130	(16,582)	403,457	354,529	(48,928)
DISBURSEMENTS						
Health insurance premium	421,000	404,882	16,118	407,112	359,031	48,081
Total Disbursements	421,000	404,882	16,118	407,112	359,031	48,081
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,712	4,248	(464)	(3,655)	(4,502)	(847)
CASH, JANUARY 1	14,737	14,737	0	19,239	19,239	0
CASH, DECEMBER 31	19,449	18,985	(464)	15,584	14,737	(847)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	15,000	15,000	0	0	0	0
Charges for services	4,000	7,999	3,999	1,300	1,610	310
Interest	100	189	89	40	153	113
Total Receipts	19,100	23,188	4,088	1,340	1,763	423
DISBURSEMENTS						
Election expense	21,000	3,618	17,382	4,000	3,137	863
Total Disbursements	21,000	3,618	17,382	4,000	3,137	863
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	19,570	21,470	(2,660)	(1,374)	1,286
CASH, JANUARY 1	8,717	8,717	0	10,091	10,091	0
CASH, DECEMBER 31	6,817	28,287	21,470	7,431	8,717	1,286
<u>RECORDER TECHNICAL FUND</u>						
RECEIPTS						
Charges for services	14,000	10,386	(3,614)	9,800	11,614	1,814
Interest	350	470	120	62	314	252
Total Receipts	14,350	10,856	(3,494)	9,862	11,928	2,066
DISBURSEMENTS						
Recorder	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,350	10,856	(3,494)	9,862	11,928	2,066
CASH, JANUARY 1	26,373	26,373	0	14,445	14,445	0
CASH, DECEMBER 31	40,723	37,229	(3,494)	24,307	26,373	2,066

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	9,000	2,439	(6,561)	7,000	2,688	(4,312)
Total Receipts	9,000	2,439	(6,561)	7,000	2,688	(4,312)
DISBURSEMENTS						
Equipment	9,000	30	8,970	10,000	848	9,152
Total Disbursements	9,000	30	8,970	10,000	848	9,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,409	2,409	(3,000)	1,840	4,840
CASH, JANUARY 1	5,726	5,726	0	3,886	3,886	0
CASH, DECEMBER 31	5,726	8,135	2,409	886	5,726	4,840
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	17,000	18,334	1,334	16,000	17,955	1,955
Interest	1,300	1,547	247	500	1,339	839
Total Receipts	18,300	19,881	1,581	16,500	19,294	2,794
DISBURSEMENTS						
Law library	114,696	10,037	104,659	101,960	8,358	93,602
Total Disbursements	114,696	10,037	104,659	101,960	8,358	93,602
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96,396)	9,844	106,240	(85,460)	10,936	96,396
CASH, JANUARY 1	96,396	96,396	0	85,460	85,460	0
CASH, DECEMBER 31	0	106,240	106,240	0	96,396	96,396
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	31,500	35,526	4,026	27,750	31,846	4,096
Interest	55	99	44	250	61	(189)
Total Receipts	31,555	35,625	4,070	28,000	31,907	3,907
DISBURSEMENTS						
Collector	24,460	24,435	25	19,500	17,956	1,544
Total Disbursements	24,460	24,435	25	19,500	17,956	1,544
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,095	11,190	4,095	8,500	13,951	5,451
CASH, JANUARY 1	14,047	14,047	0	96	96	0
CASH, DECEMBER 31	21,142	25,237	4,095	8,596	14,047	5,451
<u>JUVENILE ASSESSMENT FUND</u>						
RECEIPTS						
Charges for services	800	995	195	715	856	141
Interest	0	21	21	16	14	(2)
Other			0			0
Total Receipts	800	1,016	216	731	870	139
DISBURSEMENTS						
Other	4,418	0	4,418	3,464	0	3,464
Total Disbursements	4,418	0	4,418	3,464	0	3,464
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,618)	1,016	4,634	(2,733)	870	3,603
CASH, JANUARY 1	3,618	3,618	0	2,748	2,748	0
CASH, DECEMBER 31	0	4,634	4,634	15	3,618	3,603

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for services	9,000	9,880	880			
Interest	0	79	79			
Total Receipts	9,000	9,959	959			
DISBURSEMENTS						
Sheriff	9,000	2,138	6,862			
Total Disbursements	9,000	2,138	6,862			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	7,821	7,821			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	7,821	7,821			
<u>DEVELOPMENTALLY DISABLED BOARD FUND</u>						
RECEIPTS						
Property taxes	231,734	231,734	0	230,599	230,599	0
Intergovernmental	134	134	0	112	112	0
Interest	42	42	0	78	78	0
Total Receipts	231,910	231,910	0	230,789	230,789	0
DISBURSEMENTS						
Contract services	226,300	226,300	0	249,800	249,800	0
Insurance and bond	1,154	1,154	0	1,000	1,000	0
Office expenditures	208	208	0	127	127	0
Total Disbursements	227,662	227,662	0	250,927	250,927	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,248	4,248	0	(20,138)	(20,138)	0
CASH, JANUARY 1	1,070	1,070	0	21,208	21,208	0
CASH, DECEMBER 31	5,318	5,318	0	1,070	1,070	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	300,000	320,196	20,196	300,000	321,338	21,338
Intergovernmental	237,225	243,290	6,065	271,710	280,397	8,687
Charges for services	33,000	40,203	7,203	30,000	48,888	18,888
Interest	2,000	5,204	3,204	2,500	4,835	2,335
Other	10,520	13,248	2,728	13,800	23,930	10,130
Total Receipts	582,745	622,141	39,396	618,010	679,388	61,378
DISBURSEMENTS						
Salaries	447,583	441,311	6,272	448,596	418,722	29,874
Office expenditures	142,000	94,416	47,584	104,000	105,504	(1,504)
Equipment	16,000	7,125	8,875	12,000	12,476	(476)
Mileage and training	17,000	8,420	8,580	18,000	9,934	8,066
Other	13,000	6,283	6,717	27,700	22,838	4,862
Building project	35,013	35,013	0	30,000	30,000	0
Contingency	14,000	2,977	11,023	13,000	6,280	6,720
Total Disbursements	684,596	595,545	89,051	653,296	605,754	47,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,851)	26,596	128,447	(35,286)	73,634	108,920
CASH, JANUARY 1	192,162	205,819	13,657	124,182	132,185	8,003
CASH, DECEMBER 31	90,311	232,415	142,104	88,896	205,819	116,923

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LACLEDE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Prosecuting Attorney Delinquent Tax, Family Access and the Time Payment Funds for the years ended December 31, 2004 and 2003.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Capital Improvement Fund in 2003.

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Sheriff Discretionary Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2004 and 2003, did not include the Family Access Fund or the Time Payment Fund. The Health Center Board and the Developmentally Disabled Board published their financial statements separately from the county.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance, collateral securities held by the Board's custodial bank in the Board's name, or by insurance provided through a surety bond.

The Developmentally Disabled Board's deposits at December 31, 2004 and 2003, were entirely covered by the federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name.

3. Prior Period Adjustments

The Recorder Technical Fund's and Tax Maintenance Fund's cash balances of \$14,445 and \$96, respectively, at January 1, 2003, was not previously reported but have been added.

The Circuit Clerk Interest Fund's cash balance at January 1, 2003, as previously stated has been increased by \$3,188 to reflect a certificate of deposit held by the Circuit Clerk that was not previously reported.

Supplementary Schedule

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5153	\$ 32,282	0
		ERS045-4153	63,995	17,807
		ERS045-3153W	0	58,590
	Program Total		<u>96,277</u>	<u>76,397</u>
10.559	Summer Food Service Program for Children	ERS146-5131I	260	0
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	128,957	13,519
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640641	13,576	0
		ERO1640578	669	17,436
		ERO1640510	0	2,633
	Program Total		<u>14,245</u>	<u>20,069</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.007	Office for Domestic Preparedness Fiscal Year 200 State Homeland Security Grant Program	2003-MU-T3-0003	32,294	0
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2004-18	35,906	0
		SD-2003-08	0	47,323
	Program Total		<u>35,906</u>	<u>47,323</u>
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2003LBBX1896	5,789	0
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,093	700

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO-053(7)	12,654	32,456
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	7,200	4,640
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	1,108	1,461
39.110	Help America Vote Act	N/A	3,800	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3153A	650	1,700
		N/A	61,562	40,193
	Program Total		62,212	41,893
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH040022040	5,082	0
		DH060001006	1,500	0
		DH030510009	0	6,700
	Program Total		6,582	6,700
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	856	743
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grants	PGA067-5153S	570	0
		PGA067-4153S	2,170	525
		PGA067-2153S	0	1,820
		PGA067-3153C	0	565
	Program Total		2,740	2,910
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-50049	5,146	0
		ERS161-40001	14,267	3,434
		ERS161-30010	0	9,637
	Program Total		19,413	13,071

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4153S	6,793	0
		ERS146-4153S	19,465	6,488
		ERS146-3153M	0	19,629
		ERS175-3034F	0	7,213
		N/A	0	383
	Program Total		<u>26,258</u>	<u>33,713</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.042	Emergency Management Performance Grants	EMK-2004-GR-4003	584	0
		EMK-2003-GR-3003	0	3,000
	Program Total		<u>584</u>	<u>3,000</u>
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	0	6,000
	Total Expenditures of Federal Award:		\$ <u><u>458,228</u></u>	<u><u>304,595</u></u>

* These expenditures include awards made under CFDA number 83.552

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

LACLEDE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Laclede County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Laclede County, Missouri

Compliance

We have audited the compliance of Laclede County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Laclede County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Laclede County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Laclede County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-5153, ERS045-4154, ERS045-3153W
Award Years:	2004 and 2003
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity	
Identifying Number:	N/A
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	93.268
Program Title:	Immunization Grants
Pass-Through Entity	
Identifying Number:	N/A
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non- Profit Organizations, requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

During the years ended December 31, 2004 and 2003, the county's SEFA contained numerous errors and omissions. Programs totaling \$262,135 and \$114,586 for the years ended December 31, 2004 and 2003, respectively, were omitted from the county's SEFA and many of the programs did not agree to county expenditure records. Based upon the SEFA prepared by the County Clerk it appeared a single audit was not required; however, further review concluded that the county's federal expenditures exceeded the threshold amounts required for a single audit. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will continue to work to ensure all federal expenditures are reported on the schedule. We will omit the Health Center, as they will provide their own separate schedule.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LACLEDE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LACLEDE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LACLEDE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 1, 2005. We also have audited the compliance of Laclede County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 1, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Laclede County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are

required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

The county did not always properly solicit bids or document sole source vendors for certain purchases. Bonuses were paid to some county and state employees, and the county has not made the required payments to the Prosecuting Attorney Retirement Fund since November 2001. Additionally, the county did not obtain written agreements for monies distributed to the county library or the rental of county office space. Some county funds are processed by the Treasurer and by-pass the county's normal disbursement procedures. Further, the county has not established procedures to ensure minimal time lapses between its receipt of federal project monies and the distribution of those monies to the contractors.

- A. The county did not always solicit bids or retain bid documentation for some purchases. Although the County Commission indicated some items were purchased from sole source providers (i.e. aware of no other vendor providing the good or service, or no other vendor in the county provides the good or service), documentation for not properly bidding was not retained. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
911 system upgrade	\$ 95,300
Food for the jail (annually)	92,800
Rock and asphalt (annually)	82,500
Road equipment repair	24,300
Fuel truck	15,000
Grader blades	12,900

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The County Commission and other elected officials approved additional compensation to some employees for services already rendered.
1. Upon the request of the Circuit Clerk, the County Commission approved payments to two Circuit Clerk employees totaling \$2,000 in November 2004 from the General Revenue Fund. Further, in January 2005 the County

Recorder authorized payments and transferred \$3,000 to the General Revenue Fund from the Recorder User's Fee Fund for additional 2004 salary payments to his employees.

There is no indication in the payroll records that these payments were compensation for additional hours worked. Although the payments to these employees were processed through the county's payroll system with the appropriate tax withholdings, they appear to represent additional compensation in the form of a bonus for services previously rendered.

2. In January 2005, the Circuit Judge authorized the Prosecuting Attorney to make two payments from the Law Library fund of \$599 each to two state-paid Circuit Court secretaries for maintaining the law library in 2004. Time records were not maintained to document any extra work performed outside normal work hours to support these payments. Further, according to the Circuit Judge the amount was set at \$599 to avoid reporting the payments on IRS Form 1099-MISC which is required for all payments of \$600 or more.

These payments appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states "...a governmental agency deriving its power from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officials after the service has been rendered."

- C. The county has not made the required payments to the Missouri Office of Prosecuting Attorneys (MOPS) for the Prosecuting Attorney Retirement Fund since November 2001 and, as a result, owes MOPS \$13,113 as of September 2005. Section 56.807 requires counties to make monthly payments to the MOPS for the Prosecuting Attorney's Retirement Fund.
- D. The County Commission did not obtain written agreements for the distribution of funds to the county library or for office space rented to a consulting company.
 1. The county distributed \$25,000 to the Laclede County Library in 2004 for new building construction; however, a written agreement documenting the specific use of the funds, or services to be provided was not obtained. Without a written agreement that clearly indicates the governmental purpose being provided there is no assurance monies are being spent properly.
 2. A written agreement was not prepared to specify the details of a rental agreement between the County Commission and a local consulting company. The county rents office space in the county annex building to a consulting company providing probation and parole services for \$800 a month. If office space is available, the county should ensure the rental rate is comparable to other similar space, and obtain a written agreement to specify the rights and

consideration involved including the length of the lease, conditions under which the lease may be canceled, and rental rates.

Written agreements are necessary to quantify the services to be performed and the consideration to be paid for the services, provide a means for the county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires all contracts to be in writing.

- E. Beginning in 2001, expenditures from various Sheriff's funds are disbursed directly by the County Treasurer rather than handled through the county's regular disbursement process which involves the county's purchasing agent, the County Clerk, and the County Commission. These funds include the Law Enforcement Training, Sheriff Discretionary, Peace Officers Standards Training and Sheriff Revolving Funds. Monies received by these funds include civil and criminal fees, court fees, and in 2004, grant funds totaling \$37,799. Further, the county is ultimately responsible to ensure that adequate internal controls are exercised over these grant funds.

While expenditures from some of these funds are at the Sheriff's discretion, by not processing expenditures through the county's implemented disbursement procedures, the Treasurer has accepted additional responsibility for any disbursements from these funds. It would be more appropriate to handle all the disbursements through the county's expenditure process currently in place.

- F. The county has not established cash management procedures to ensure minimal time lapses between its receipt of federal project monies and the distribution of such monies to contractors. The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. We noted that each of the four reimbursements received by the county in 2004 and 2003 were held for various time periods prior to disbursement. One payment totaling \$21,878 was held for 24 business days. Three other payments totaling \$23,232 were held for 5 to 8 business days. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section .300(c) of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the Missouri Department of Transportation (MoDOT) Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain

documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances.

- B. The Circuit Clerk, County Recorder, and the Circuit Judge discontinue the practice of paying employee bonuses.
- C. Pay \$13,113 to the Missouri Office of Prosecution Services and make monthly payments as required by state law.
- D. Written agreements should be prepared which specifically address the services to be provided and/or compensation to be paid. Additionally, procedures should be developed to adequately monitor the terms of the agreement.
- E. Work with the Sheriff and County Treasurer to ensure all expenditures, including grant funds, are processed through the county's regular disbursement process.
- F. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S REPOSE

The County Commission provided the following responses:

- A. *Most of these expenditures were either sole source or emergency purchases and in the future we will ensure these type of purchases are documented in the Commission minutes.*
- B. *Bonuses will not be paid to county employees, as per the Constitution.*
- C. *The Prosecuting Attorney paid the balance due from the Prosecuting Attorney Bad Check Fund.*
- D. *Written agreements will be obtained.*
- E. *We will consider your recommendation.*
- F. *We will do a better job of monitoring when monies are received and subsequent payments to contractors.*

The Sheriff provided the following responses:

- A. *Food for the jail is purchased from several different vendors to ensure the lowest price. Monthly sales and specials are utilized. In the future we will retain this documentation. Due to seasonal changes in food prices, a yearly bid on individual types of food would not be practical. This would also require a yearly menu to ensure all ingredients for the year were bid. A tri-monthly bid from several vendors would not be practical.*
- E. *These are funds to be spent at my discretion.*

The Circuit Judge provided the following response:

- B. *In December 2004, the Laclede County Bar Association conducted their yearly business meeting. At the meeting there was discussion and many concerns related to the upkeep of the county law library. The law library throughout the course of a year received numerous updates and new materials. All law libraries require attention throughout the year to keep current materials in their proper places and dispose of out-dated materials. It is a time consuming undertaking. It was the Bar Association's concern that someone is designated to take care of the law library and make sure that it stays current and uncluttered. In the past this has been a problem for our law library. A law library that is not updated or that is cluttered with pocket parts is not useful.*

In 488.429, RSMo the statute provides in part, ". . . and said fund shall be applied and expended under the direction and order of the judges of the circuit court, en banc, of any such county for the maintenance and upkeep of the law library maintained by the bar association in any such county". This use of the law library money is clearly appropriate pursuant to the statute. The personnel who received this money are state employees and were directed to work in the library on their personal time. It is clear that they have been careful to follow the directive.

You also referenced the amount. Originally, the Bar Association recommended that the personnel receive as compensation, approximately \$1,200 per person on a yearly basis. This was discussed and there was a concern related to the additional paperwork and the process of IRS Form 1099. Ultimately the Bar Association and the personnel agreed to a lesser amount of \$599. The parties agreed that this amount represents a fair and appropriate amount for the work involved.

Lastly, you have referred to this expenditure as a bonus. I must respectfully disagree. The clear intent of all parties involved was to compensate two qualified people to provide a necessary service for the law library. It is clear that the law library has benefited from their efforts and the employees were fairly compensated.

Pursuant to your recommendations I have directed the two people involved to document the extra work performed outside normal work hours to support these payments. This directive will take effect immediately.

The Circuit Clerk provided the following response:

B. *The money was budgeted for the employees' salary.*

The Recorder provided the following response:

B. *We will discontinue paying bonuses.*

The Treasurer provided the following response:

E. *I will meet with the Commissioners and the Sheriff to work out a solution.*

2. County Budgets and Sales Tax Revenue
--

Several county funds budgeted to use all available resources and did not accurately reflect the anticipated cash balance. In addition, the county has not yet followed up on sales tax revenues restricted for community development, that has been distributed to various entities within the county.

A. The approved budget document for several county funds did not adequately reflect the anticipated financial condition for the two years ended December 31, 2004. For some funds, expenditures were budgeted to use substantially all available resources. Actual cash balances of funds projecting a zero cash balance were as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
Law Enforcement Training	\$ 22,202	20,215
Prosecuting Attorney Bad Check	89,748	101,507
Sheriff Discretionary	63,699	N/A
Peace Officers Standard Training	1,762	3,648
Law Library	106,240	96,396
Juvenile Assessment	4,634	N/A

Given the large balances of some of these funds, the county has not developed plans for how these funds will be used and the budgets do not properly reflect the spending plans.

In addition, the Sheriff Discretionary Fund's budget for 2003 projected a zero cash balance; however, the budget was amended to increase expenditures by \$1,390 without increasing revenues, resulting in a deficit balance.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures, and ending cash balance. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management

planning tool and as a control over expenditures. Further, Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. Deficit budgeting must be avoided to ensure the county operates within its available means.

- B. The county has distributed sales tax revenues to various entities within the county and has not yet obtained documentation of how the monies were spent. Beginning in January 2005, the county imposed a half cent general sales tax restricted for county development, which according to the ballot includes providing funding for law enforcement, road construction and maintenance, emergency management and disaster preparedness services, federal election requirements, and economic development.

Entities within the county applied with the County Commission for a portion of the sales tax revenue indicating how the monies would be spent for county development. Based upon the applications, the County Commission approved funding amounts for each entity. Through October 2005, the county has distributed \$146,738 to various political subdivisions and nonprofit organizations, and \$906,735 to the county General Revenue and Road and Bridge Funds. These distributions were computed based on the ratio of funding and sales tax revenue to date. The County Commission indicated that they will request documentation from each entity on how these sales tax monies were spent. As of November 23, 2005, the County Commission has not yet received completed documentation on how the funds were used. Since the County Commission intends on distributing additional sales tax revenues to these entities, documentation should be obtained at least annually to ensure county sales tax monies are spent in accordance with the applications submitted.

WE RECOMMEND the County Commission:

- A. Ensure county budgets reasonably estimate receipts and disbursements to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending balances.
- B. Obtain documentation, at least annually, from each entity receiving the community development sales tax revenue to ensure these monies are spent on approved items in accordance with the applications submitted.

AUDITEE'S REPONSE

The County Commission provided the following responses:

- A. *The funds listed are special funds spent at the discretion of the Sheriff and Prosecuting Attorney; however, we will continue to work with these officials when approving those budgets.*
- B. *We have procedures now in place to obtain documentation from these entities; however, we have not reached that point in the process.*

The Sheriff provided the following response:

- A. *In a lawsuit between the prior Sheriff and the County Commission to force the release of discretionary funds, this was recommended to counter the County Clerk's and the Commissioner's refusal to amend the budget for unforeseen emergency purchases. The P.O.S.T. required classes change yearly, not with the budget cycle, and would require budget revisions. There is not a list of schools, to include location and cost, from which budget could be drawn.*

The Circuit Clerk provided the following response:

- A. *The Juvenile Assessment Fund is only paid out by court order. I budget the entire fund balance so the monies would be available if court ordered Juvenile Assessment funds need to be paid out.*

The Prosecuting Attorney provided the following response:

- A. *My office has been told in the past that the county will not amend the budget during the year. Accordingly, we budget the full amount of the Prosecuting Attorney Bad check Fund and the Law Library Fund so that the office can meet unexpected expenditures without the county having to amend the budget. While it may decrease the effectiveness of the budget as a management tool, I believe budgeting the full amount of the funds avoids conflict among county offices and ensures that vendors are paid on time.*

3. Official's Salaries and Closed Minutes
--

A written legal opinion was not obtained regarding the County Treasurer's salary increase, and some county officials waived a salary increase and, as a result, were underpaid. Also, minutes are not maintained for closed session meetings of the County Commission.

- A. Actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion. The County Treasurer's salary was increased \$13,180 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in November 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the County Treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years and there was no written documentation supporting whether the meeting complied with Section 50.333. As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- B. Some county officials elected to take a salary less than the authorized amount and, as a result, the county has underpaid these officials. In 1999, the Salary Commission voted to adjust officials' salaries based on any assessed valuation increases at the beginning of an official's term. In 2003, county officials received salary increases based on an increased assessed valuation and statutory salary schedules; however, the Assessor, Recorder of Deeds and Coroner declined this annual salary increase for 2003, but then accepted the increase in 2004. The Associate County Commissioners declined the salary increase for 2003 and 2004, but accepted the increase at the beginning of their new term in 2005. Additionally, the Presiding Commissioner accepted the salary increase in 2003, but later declined the increase for 2004. There is no documentation indicating why the salary was declined in one year, but not the other years. As a result of these reduced salary amounts, the county has underpaid the Assessor (\$2,000), Recorder of Deeds (\$2,000), Coroner (\$1,000), Associate County Commissioners (\$2,640 each), and the Presiding Commissioner (\$1,320) based on the salary schedules applicable to those officeholders. The county should review this situation and consider paying the officials' the unpaid salary.

In *Reed v. Jackson County*, 142 SW2d 862, 865 (Mo 1940) the Missouri Supreme Court stated, "To permit public officers elected or appointed to receive by agreement or otherwise, a less compensation for their services than fixed by law, would be contrary to "public policy" of the state." Further, the Laclede County Salary Commission has the authority to set salaries of the county's elected officials. Section 50.333.8 RSMo, states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment.

- C. Minutes are not prepared to document matters discussed in closed meetings. The County Commission occasionally holds closed session meetings, and while the regular meeting minutes disclose the reason for entering into closed session, minutes are not maintained for the closed portion of the meetings.

Section 610.021, RSMo, allows the County Commission to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

WE RECOMMEND the County Commission:

- A. Review the situation to ensure the actions taken were in accordance with state law.
- B. Review this situation and consider paying the salary due to the officials.
- C. Ensure minutes are prepared and retained for all closed meetings.

AUDITEE'S REPOSE

The County Commission provided the following responses:

- A. *This is another example of a poorly written, poorly timed law that was passed by the legislation and acted on.*
- B. *Due to previous litigation, the midterm raises were not accepted. Because of the financial status of the county, some officials chose to waive assessed valuation increases against the verbal advice of the Prosecuting Attorney.*
- C. *Closed meeting minutes are now maintained.*

The Treasurer provided the following response:

- A. *All salary adjustment decisions are made by the Laclede County Salary Commission. The Salary Commission met, discussed the issue, voted and approved it.*

4. Road Maintenance Plan

A formal maintenance plan for county roads and bridges has not been prepared annually. While the County Commission indicated that they discuss road maintenance throughout the year, no plan is documented. During each of the years ended December 31, 2004 and 2003, Special Road and Bridge Fund disbursements exceeded \$1.2 million. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan could be included in the budget message and be approved by the County Commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition, the County Commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S REPONSE

The County Commission provided the following response:

We are currently working on a plan for 2006.

Checks received on the behalf of wards are held and not deposited for extended periods of time to ensure wards remain eligible for Medicaid benefits. The cash balances reported on annual settlements are not adequately compared to bank and accounting records, annual settlements are not always filed timely, and a default charge was paid on one estate for late payment of funeral expenses. Additionally, Form 1099-MISC was not issued as required, and payroll checks earned by wards are not handled and reported consistently. Further, accounting duties are not adequately segregated and there are no documented supervisory reviews.

The Public Administrator handled estates worth approximately \$1.3 million during the two years ended December 31, 2004. The Public Administrator is the court appointed personal representative for wards of the Circuit Court-Probate Division. She is responsible for properly receiving, disbursing, and accounting for the assets of those individuals.

- A. Income tax refund and property tax credit checks received by the Public Administrator on behalf of wards are held for extended periods of time and not deposited timely. On August 18, 2005 we counted a total of \$9,057 in state and federal income tax checks and property tax credit checks held by the Public Administrator. These checks dated as far back as April 8, 2005, over 4 months earlier. In addition, a review of various ward's estates noted numerous examples where checks were held up to one year before being deposited. According to the Public Administrator, checks are often held (for future legal expenses and county fees) so a ward's estate assets remain below Medicaid eligibility limits to ensure the ward remains eligible for Medicaid benefits. A log is maintained by the Public Administrator indicating the date these checks are received, to help ensure the check is deposited prior to the check becoming void (after one year). Although the Public Administrator indicated checks were only held for Medicaid eligible wards, we noted three instances where tax refund checks were held for over six months for wards who were not eligible for Medicaid.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, Section 208.210(1), RSMo, requires recipients to notify county welfare offices if they possess property which affects their right to receive benefits. Further, Section 208.210(2), RSMo, provides, "...if during the life, or upon the death, of any person who is receiving or has received benefits, it is found that the recipient or his spouse was possessed of any property or income in excess of the amount reported that would affect his needs or right to receive benefits, or if it be shown such benefits were obtained through misrepresentation, nondisclosure of material facts, or through mistake of fact, the amount of benefits, without interest, may be recovered from him or his estate by the division of family services as a debt due the state".

- B. One annual settlement (of fifteen cases reviewed) filed by the Public Administrator with the probate court included a certificate of deposit valued at approximately \$36,000 which belonged to a different ward of the Public Administrator. This certificate of deposit was included on annual settlements for two wards. Although the Public Administrator and the probate court indicated that they compare the amounts reported on the annual settlements to bank and accounting records, this error was not detected. As a result, the cash balance of one estate was overstated by approximately \$36,000. For settlements to accurately present the activity and status of a particular case, cash balances should be compared to bank account balances.
- C. The Public Administrator does not always file annual settlements for her estates in a timely manner. For example, an annual settlement due in May 2005 has not been filed with the probate court as of November 2005.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely annual settlements are necessary to allow the court to properly oversee the administration of these estates.

- D. Our review of the expenses of the various estates identified the following:
 - 1. Funeral expenses totaling \$7,992 for one estate included a default charge of \$726 which was paid by the Public Administrator. These expenses were incurred in June 2002 but not paid until March 2003. Funds were available to pay these charges when they were due; however, it appears arrangements were not made with the funeral home to avoid the default charge until funds were released by the court. Further, the Public Administrator indicated that default charges are not typically paid and this was paid in error.
 - 2. Compensation paid from an estate to an employee of the Public Administrator's office for cleaning was not reported on Form 1099-MISC. The Public Administrator's clerk is a county employee and assists the Public Administrator with bookkeeping and other duties, as necessary. The Public Administrator issued a check from the estate's bank account to the clerk for \$913 for cleaning a house, which time records indicate was performed outside her regular duties. However, a Form 1099-MISC was not issued for the compensation.

Sections 6041 and 6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non employees.

- E. The Public Administrator has several wards that are employed and earn a paycheck; however, this income is not reported and accounted for consistently for each ward.

For example, one ward (of 5 reviewed) was allowed to keep her entire paycheck and the Public Administrator obtained a court order from the judge indicating the income did not have to be reported on her annual settlement. However, the Public Administrator did not have court orders for the other four wards. For these four wards she deposited the payroll checks and then issued a check to the ward for half of the check amount to be used for spending money. Wage amounts reported on income tax returns exceeded wages reported on the annual settlements for three of the four wards compared. For example, five paychecks earned by one ward, totaling \$1,050 were not deposited by the Public Administrator or reported on the annual settlement. According to the Public Administrator these five checks were cashed and retained by the ward.

To ensure all wards are treated equitably and ensure the Judge is in agreement with the handling of income, court orders should be obtained indicating how earned income should be accounted for and disbursed to the ward. Additionally, the Public Administrator's responsibility to report wages on the annual settlements should be determined and documented by the court.

- F. Accounting duties are not adequately segregated and a supervisory review is not performed and documented. All accounting duties, including receiving, recording, disbursing monies, and reconciling the bank accounts are performed by the accounting clerk. While the Public Administrator indicated she periodically reviews ward files, accounting records, and bank reconciliations, these reviews are not documented.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, the Public Administrator should continue to periodically review the accounting records and bank reconciliations, comparing monies received with deposits, and document such review. The failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

WE RECOMMEND the Public Administrator:

- A. Discontinue the practice of holding checks and contact the Department of Social Services, Family Support Division to determine whether any monies are due to the state. In addition, monies should be deposited intact daily or when accumulated receipts exceed \$100.
- B. And the Probate Court compare annual settlement account balances to bank and accounting records to ensure annual settlements are accurate prior to filing.
- C. And the Probate Court ensure settlements are filed timely.
- D.1. Make arrangements as necessary to avoid default charges until funds are released by the court in decedent estates.
- 2. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.
- E. Obtain court orders indicating how earned income should be accounted for and disbursed to the ward and determine what wages are to be reported on the annual settlements.
- F. Adequately segregate accounting duties or continue to periodically perform and document reviews of the accounting records and bank reconciliations.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *The action to retain these funds was for the benefit of the wards and for the county. The Public Administrator does not retain any of these fees for herself. The county fees do not go away just because someone does not have the money to pay them, they accumulate. It is the taxpayers of Laclede County, as well as my wards, that I am looking out for. We were in the process of discontinuing the practice of holding checks; however, the tax returns were filed electronically and the funds were received before planned. It will not happen next year. The \$9,057 has been deposited and credited to each ward's account.*
- B. *The \$36,000 mistake was taken care of in court on December 8, 2005. This is the first time in six years that I know of that this attorney's office made a mistake on a settlement. I did not catch it, and the probate court did not catch it. We would have caught it with the next settlement, or the next time the Public Administrator's bond was due, or before any disbursements were made from the estate.*

- C. *Except for the one noted above with the \$36,000 mistake, I am not aware of any others that have not been filed in a timely manner. If I cannot get a settlement done on time, then I ask for a continuance, which the court usually grants because they know that my office is understaffed. I work 12 to 15 hour days just to get the work done.*
- D1. *The claim for the default charge was filed and the court approved it. The attorney's office did not know to object to the default charge, and it slipped by. Paying default charges are typically not allowed. We will monitor all claims for any future problems.*
2. *We will issue 1099's in the future. In this particular estate, the house had a lot of cash in it, so it was very important to have someone in there that was an honest individual that could collect the money before someone else entered the home to steal it. The judge was very aware of everything and aware of the money that was recovered.*
- E. *I did not change the way payroll checks had been handled by the prior Public Administrator because I wanted things to be consistent in the lives of these wards who are mentally ill and don't always handle change well. I did not hire an attorney to petition the court to get permission to pay one-half of the amount of the payroll checks to the wards. The court sees it on their settlements where we deposited the money, and then paid half of it back to them. The court has not questioned me about this practice since the court is aware these wards are indigent, and we should not have to pay an attorney to tell us what is the right thing to do.*

The example cited above with \$1,050 in payroll checks not accounted for represents a ward under a limited guardian/conservatorship. I may have been in error in managing this estate in the beginning because I didn't understand the limitations of a limited conservatorship. According to court documents I was to give the ward all the left over money at the end of the month. It didn't make sense for me to take all his payroll checks and then turn around and give him all the money at the end of the month. I consulted with my attorney, and the ward's family, and it was later decided that the ward's mother become his guardian and conservator. So, by allowing him to cash some of his payroll checks was an order of the limited conservatorship. The other wards mentioned above just cashed their paychecks because they knew they could get away with it at the time. This will happen, and it is out of my control. The only reason we got a court order for the one ward to keep her payroll checks was because she wanted to spend all her money. The court order was a way to show her that she can have those funds to blow, but the bulk of her estate will be protected from unnecessary spending and expenses. Now when she wants to go shopping, if she blows her payroll check, she knows there will not be more money until she gets paid again.

The court has approved the annual settlements of all these wards each year. The Judge and I will discuss this recommendation.

- F. *I continually monitor the wards accounts, but there is no way for me to document my review of the computerized records. I do an annual review when I review and sign the annual settlements. As I stated above, this office is understaffed. I have requested additional funds for more help, and have been turned down by the County Commission. For the past six years I have been working 12 to 15 hour days--that is the workload of two people. I cannot*

take on any more duties than what I am currently doing. We are a team and work as a team. I do not and cannot micromanage someone who knows their job and does a good job. We are not perfect and do make mistakes, but those mistakes are usually caught and corrected. No monies are unaccounted for. I have honest employees who would not steal from these wards, and in fact have in the past given of themselves through time and money to help them. The ward's estate are protected by the county and estate bonds if this was ever an issue.

The Probate Judge provided the following responses:

A. This issue was first brought to my attention in late August 2005. In my August 30, 2005 written response to your questions, I stated that the Public Administrator had deposited the checks your office had identified. The Probate Court has requested the Public Administrator follow the recommendation of the Auditor and this practice has already been implemented.

B&C. The Probate Court follows Sections 473.450 and 473.543 RSMo, concerning the filing of settlements. However, it appears a mistake was made in regards to the file you reviewed. On December 8, 2005 the attorney for the Public Administrator on the estate in question filed the necessary documents to correct any errors. I provided you with a copy of those documents on December 8, 2005. I anticipate receiving the settlement on December 29, 2005.

Additionally, I believe your office is encouraging the Public Administrator and Probate Court to have a better record of the continuances granted. As I indicated, it is my practice to log those continuances on the Court's docket sheet. I intend to prepare separate written orders when a more lengthy continuance is needed on a particular case. For example, more time is usually needed when a ward dies and a decedent estate file must be opened. The Probate Court will continue to follow the law and the recommendations of the Auditor concerning the filing of the annual settlements.

D. The Probate Court would intend to implement a policy on the handling of payroll checks by the Public Administrator. On cases involving wards that are employed, the Court's file would contain a written order that states how the monies are to be handled by the Public Administrator. I will review each file with the Public Administrator as soon as possible to ensure an order is in each file.

6.

Sheriff Accounting Controls and Procedures

Several deficiencies were noted in the internal controls and accounting procedures used by the Sheriff's department regarding the commissary process. Receipts are not deposited timely, bank reconciliations are not performed, and a balance is not maintained in the checkbook register. The inmate balances are not reconciled to the commissary bank account balances and the profits and losses from the sale of commissary items are not tracked. Also, accounting duties for the civil and bond accounts and the commissary bank account are not adequately segregated and seized property records need improvement.

A. The Sheriff's department received approximately \$70,000 per year during 2004 and 2003 in personal monies for inmates to purchase food and personal items from the commissary. The inmate and commissary monies are maintained in the same bank account (Inmate Trust Account). Prior to May 2005, commissary services were purchased by the Sheriff's department from local vendors based on inmate orders. At that time, the Sheriff's department began using an independent vendor to fill commissary orders.

1. Receipt slips issued for monies received from inmates are not reconciled to amounts deposited, deposits are not made timely or intact, and voided receipt slips are not retained. For example, the receipt ledger for commissary monies received from July 3, 2005 through July 18, 2005, totaled \$3,164, but only \$3,024 was deposited. Based upon our review of the receipt ledger, the \$140 difference appears to represent cash receipts. Additionally, several other cash receipts recorded on the receipt ledger were voided during this time period, but the voided receipt slips were not retained. As a result, it is unclear if all funds received were accounted for properly.

To properly safeguard cash receipts and reduce the risk of loss, theft, or misuse of funds, all commissary monies received should be deposited intact daily or when accumulated receipts exceed \$100 and composition of deposits should be reconciled to the composition of receipt slips. In addition, all copies of voided receipt slips should be retained.

2. Bank reconciliations are not performed monthly and a balance is not maintained in the checkbook register. Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.
3. The Inmate Trust Account is not reconciled to the total of the individual inmate balances and any remaining commissary proceeds. Inmate balances are maintained on computer files, but the balances have not been reconciled to the total in the bank account. To reconcile, the Sheriff's department must maintain records to account for the commissary activity (sales, purchases, and any residual profit). As of January 2005, the Inmate Trust Account bank balance was \$5,730; however, the inmate balances totaled \$6,954, resulting in liabilities exceeding the bank balance by \$1,224. According to the Sheriff, the additional liability is the result of unauthorized purchases made from the commissary account for additional items for indigent and trustee prisoners, of which he was unaware were being purchased at the time. Reconciliation between receipts, disbursements, and individual inmate balances are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.

4. The Sheriff does not have a system for tracking the profit and loss from the sales of commissary items and all monies earned from the sale of commissary items are retained in the commissary account. The Sheriff currently uses an independent vendor for purchasing commissary items for inmates, of which the Sheriff receives a 25% profit. To adequately account for the commissary account, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. The profits from the commissary account should be deposited into the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

B. Accounting and bookkeeping duties are not adequately segregated. The bookkeeper responsible for the bond and civil accounts and the jailer responsible for the commissary account are responsible for receipting, recording, and depositing monies received and preparing and signing checks. There is no independent review of the accounting records and reconciliations.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. If proper segregation cannot be achieved due to the limited staff available, the Sheriff should at least compare bank deposits to receipts.

C. The Sheriff has custody of 4 vehicles and 1 RV that are not listed on any seized property records. In addition, at least one seized property item on the Sheriff's records was not in the location indicated. The Sheriff maintains records over seized property related to various court cases. One handgun we reviewed was not in the location the seized property listing indicated, but was later located in a Sheriff deputies' filing cabinet. Although the evidence tag on the handgun indicated the deputy took custody of this gun, the seized property records did not indicate the handgun was removed from the seized property room.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. All seized property items and the applicable case numbers should be properly recorded on evidence property forms.

D. In 2005, the Sheriff received a check for \$700 representing proceeds from the sale of advertising space on calendars. This check was cashed and the cash was retained and used by the Sheriff for various drug investigations. However, these monies represent county funds and should be turned over to the County Treasurer. If the Sheriff needs cash for investigative work, the funds should be requested from the County Treasurer through the county's budget process.

There is no authority for the Sheriff to maintain control over county monies and expend such monies without the authorization of the County Commission. The

Sheriff should ensure any future calendar sale proceeds are remitted to the County Treasurer.

- E. The Sheriff's department does not maintain documentation of the number of prisoner meals served or periodically calculate the cost per meal. As noted in MAR 1., the Sheriff does not solicit bids for food purchased for prisoner meals, and without calculating the cost per meal prepared, the Sheriff cannot ensure the cost is reasonable. Further, some Sheriff department employees are provided meals at no cost from the jail, and the county's personnel policy does not address whether employees of the Sheriff's department are to be provided meals by the county.

Adequate records of prisoner meals served are necessary to ensure that county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, a written personnel policy addressing meals provided to employees is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.

Conditions similar to Parts A-C. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A.1. Deposit all inmate and commissary monies intact daily or when accumulated receipts exceed \$100, reconcile receipts and deposits (in total and by composition), and retain all copies of voided receipt slips.
2. Prepare monthly bank reconciliation and maintain a check register with a running balance.
3. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
4. Develop records to adequately track profits and losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Ensure all items, including vehicles, are included on the seized property listing. Further, maintain a complete and accurate listing of all seized property and ensure the listing is updated when the location of an item is changed.
- D. Turn over calendar commissions to the County Treasurer. Cash needed for investigative work should be requested from the County Treasurer through the county's budget process.

- E. Maintain documentation of prisoner meals served, cost per meal, and review whether sheriff department employees should be provided meals at the county's expense and if necessary, update the county personnel policy.

AUDITEE'S REPOSE

The Sheriff provided the following responses:

- A. *I assigned an employee to handle the commissary account. I chose this employee because of her previous experience with bookkeeping. Just prior to the audit this employee was replaced, at her request, and a new employee assigned. At that time I learned of numerous management decisions, which had been made without my knowledge or consent. I also learned that the records were not current and monies being expended without my authorization. Numerous changes have been made to reverse the unauthorized decision. Until November 2005, Keefe was paying 10%. The monies made from the Commissary sales are used to purchase Indigent Packs for prisoners and other items as needed to benefit the prisoners. It is not practical to make deposits on a daily basis. Deposits will be made as often as practical. Profit and loss records and expenditures for prisoner needs will be maintained. Those responsible for these functions have been advised.*
- B. *The Civil and Bond accounts have always been reviewed by an independent person. A clerk who has no funds under her control has now been assigned to check the bond, civil, and commissary accounts monthly. A clerk without financial responsibilities has been assigned to monitor the monthly accounts reconciliation. These reviews will be documented.*
- C. *The weapon was removed from evidence for court and the record was not properly maintained. The deputy has been told to properly maintain the records. Vehicles seized are listed in the narrative and vehicle sections of the reports and have not been listed as evidence. Seized vehicles will now be listed in the evidence record. Vehicles will now be listed under evidence.*
- D. *The Calendar funds were used for the DARE program. With the termination of the DARE program the funds were placed in a fund which is used for drug investigations. There is a record of all expenditures from this fund. This will be discussed with the Commissioners.*
- E. *There is a log kept by the kitchen of all prisoner meals served. The formula we use to compare meal costs is money spent, divided by prisoner days X 3 meals a day. Using this formula we checked our costs with surrounding counties last year and had the lowest average cost per meal. This unwritten policy to allow meals to employees was discussed with the Commissioners.*

Amounts collected for penalties were incorrectly distributed and bids were not solicited as required by state law. Additionally, as a result of misappropriated monies in 2002 and 2001 some taxes shown as unpaid on the delinquent tax books, have actually been paid and the tax books should be adjusted. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2005 and 2004, the County Collector collected property taxes totaling approximately \$14.9 million and \$14.0 million, respectively.

- A. The County Collector incorrectly calculated the allocation of penalties collected on delinquent taxes, resulting in errors in amounts distributed. The County Collector collects a seven percent additional commission on all delinquent and back tax payments. Two-sevenths of the amount collected is to be paid into the General Revenue Fund, three-sevenths into the County Employees' Retirement Fund (CERF), and two-sevenths into the Collector's Tax Maintenance Fund. Since August 2002, errors have been made on the Collector's spreadsheet used to compute this distribution, resulting in approximately \$12,000 due from the General Revenue Fund to CERF.

Additionally, the Collector inflates surtax collections for schools prior to computing commissions and withholdings paid to the General Revenue and Assessment funds, respectively. For the fiscal year ended February 28, 2005, the Collector erroneously used the same ratio to inflate all school districts resulting in approximately \$3,700 due back to the school districts from the General Revenue and Assessment Funds.

These errors may have been detected had test calculations and a more adequate review of the distribution records been performed.

- B. The County Collector did not solicit bids as required. The Collector receives a 2% fee on all delinquent tax collections for additional administration and operation costs of the office. These funds are deposited into a Tax Maintenance Fund, held by the Collector, and expended at the Collector's discretion. In 2004, the Collector spent approximately \$10,600 from the Tax Maintenance Fund for computer hardware and maintenance. Section 50.660, RSMo, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.
- C. As a result of misappropriated monies in 2002 and 2001, some taxes shown as unpaid on the delinquent tax books, have actually been paid and the tax book is

overstated. In 2002, the Collector identified several taxpayers that had paid tax receipts, but were shown as delinquent in the property tax system. Approximately \$4,102 was identified as taxes paid, but not recorded, deposited, or distributed to taxing jurisdictions. The Collector has turned over documentation to the Prosecuting Attorney, charges were filed in July 2003, and a trial has been set in 2006. The Collector has adjusted the tax book for \$1,391 related to personal property taxes, but has not adjusted the tax books for the remaining \$2,711 in real estate taxes. As a result, the delinquent tax book remains overstated. The Collector should review the delinquent tax books and take necessary steps to ensure the tax book is not overstated.

WE RECOMMEND the County Collector:

- A. Recalculate commissions and withhold from or make adjustments to the various political subdivisions' future distributions to correct the errors noted. In the future, the County Collector should ensure adequate reviews of monthly distributions are performed, and make the appropriate adjustments to future disbursements to correct errors.
- B. Solicit bids for all purchases in accordance with state law.
- C. Obtain a court order from the County Commission to adjust the tax books accordingly, and along with the Prosecuting Attorney continue to attempt to recoup the misappropriated taxes.

AUDITEE'S RESPONSE

The Collector provided the following responses:

- A. *The Collector's office agrees with the finding and corrected the matter, with the assistance of the State Auditor's office, before the completion of the audit.*
- B. *This was the first audit conducted since the Tax Maintenance Fund was established in 2002. The Collector's office did follow the published bid process when purchasing the item known to exceed the minimum amount. While I agree this is the law, it does inhibit any additional purchases from the same vendor for 90 days and we feel it is redundant to publish for bids after the fact.*
- C. *I have done everything possible to aid in the prosecution of this misappropriation. The case is tied up in the legal system. The State Auditor was one of the first agencies notified by the Collector's office when the matter was identified.*

8. Prosecuting Attorney Controls and Procedures
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Bad check receipts are not always deposited timely and deposits are not reconciled to

receipts recorded in the bad check system. The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2004 and 2003 of approximately \$326,000 and \$387,000, respectively.

- A. Bad check receipts are not deposited timely, as deposits are made approximately once or twice a week and frequently exceed \$3,200. For example, a cash count identified \$3,349 of bad check receipts on hand dating back to July 20, 2005, but were not deposited until 6 business days later on July 28, 2005.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- B. The composition of deposits is not reconciled to the composition of receipts recorded in the bad check system. As a result, there is no assurance that receipt composition is deposited intact. To ensure all receipts are properly accounted for, the composition of recorded receipts should be reconciled to the composition of bank deposits.

WE RECOMMEND the Prosecuting Attorney:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Reconcile deposits to the bad check receipt reports.

AUDITEE'S REPOSE

The Prosecuting Attorney provided the following response:

A&B. We will implement immediately.

9. Circuit Clerk Accounting Procedures

Improvement is needed in pursuing accrued case costs, disbursing open items (liabilities), and following up on outstanding checks. The Circuit Clerk's office handles receipts in the form of cash and checks for court costs, fines, and bonds which are deposited into the Circuit

and Associate Court Fee Accounts. Records maintained by the Circuit Clerk indicate receipts were approximately \$1.4 million during each of the years ended December 31, 2004 and 2003.

- A. Formal procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal cases are adequately pursued. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. In addition, the Circuit Clerk maintains an electronic spread sheet for cases where amounts are still due and provides this to Probation and Parole officers. The Circuit Clerk relies on Probation and Parole officers to ensure individuals are making payments to the court as required.

As of August 31, 2005, uncollected accrued case costs totaled over \$2.9 million. Several cases reviewed had outstanding balances due and payments had not been made as required by the court orders. Additional follow up efforts were not documented and appropriate action has not been taken by the court to collect these costs from the defendants. Examples include:

- One case with accrued boarding costs totaling \$19,100 has not been paid; however, the court has discharged the defendant's probation. There is no evidence in the case file of further efforts by the Circuit Clerk to pursue monies due.
- One case with accrued medical costs totaling \$24,982 has not been paid, and no further effort by the Circuit Clerk to pursue monies due is documented in the case file.

Various statutes including Sections 483.550, 488.020 and 546.870 RSMo, provide guidance on collecting accrued case costs. The court does not always use various options available to collect unpaid monies, including periodic rebillings, show cause orders, and requesting the Circuit Judge to issue warrants. Ineffective monitoring of cases with accrued costs and the failure to utilize available options in a timely manner can result in lost revenues to the County.

- B. The Circuit Clerk does not have procedures in place to follow up on old open items (liabilities). The Circuit Clerk maintains individual bank accounts for Circuit and Associate division cases. Open items listings are prepared for these accounts on a monthly basis; however, some open items have been held for several years. As of December 31, 2004, approximately \$60,000 of open items relate to court cases dating back to 1999 and prior.

The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo and Sections

447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- C. The Circuit Clerk has not established procedures to periodically follow up on outstanding checks. At December 31, 2004, the circuit and associate court bank accounts had 102 outstanding checks totaling \$8,753 that were over 6 months old with some dating back to August 2000. One of these checks was issued to an insurance company on December 31, 2002 for \$4,816. Although the Circuit Clerk has made some attempt to locate the payees of the old outstanding checks, these checks have not been reissued or disposed of as unclaimed fees. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Circuit Clerk should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Circuit Clerk should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

WE RECOMMEND the Circuit Clerk:

- A. Establish adequate procedures to monitor and collect accrued costs.
- B. Adopt procedures to periodically follow up on old open items, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Attempt to locate the payees of the old outstanding checks, reissue checks if possible and any remaining unclaimed amounts should be disbursed in accordance with state law. Further, establish procedures to routinely investigate and reissue checks outstanding for a considerable time.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *I disagree that this office has not pursued the collection of these unpaid court costs. I believe it is the responsibility of the probation and parole officers to ensure funds are collected. This office has procedures in place to track all amounts due, and this information is provided to the probation and parole officers. Additionally, for defendants who are sentenced to the DOC, a bill of costs has been sent to the state and a portion of the amount due is collected from the state. The \$2.9 million has not been reduced for the amount received from the state. We continue to reflect this as due in an effort to re-coup these costs for the state.*

As of November 2005, the Circuit Clerk's office has converted to the Statewide Judicial Information System. This system will allow us to print a variety of reports documenting accrued costs, and we are now eligible to participate in the Missouri State Offset Program and the Missouri Debt Collection Program for the collection of accrued costs.

- B. *The open items have been greatly reduced, and will further be reduced as put into the JIS system. The system can track what has been paid out and what has not. The open items for cases 1999 and prior have been reduced to \$7,147.30. The remainder open items should be for deposits on pending civil cases or bonds held in criminal cases. We are also working on reducing open items dated from 2000 to current.*
- C. *We have followed up on the outstanding checks, by contacting the payee by letter and requesting them to respond within 30 days or the check would be turned over to unclaimed funds. The outstanding checks were voided and reissued if requested or turned over to unclaimed funds. We will, each month, check for outstanding checks beyond six months old and follow-up by the same procedure.*

10. Health Center Accounting Controls and Procedures

Receipt slips are not issued for some monies received, time sheets are not always signed by employees or their supervisors, and the capital asset listing is incomplete. Also, beginning cash balances on the Health Center's budget were understated.

- A. Receipt slips are not issued for all monies received and cash receipts are not deposited intact. Receipt slips are only issued upon request for adult vaccines and donations and, as a result, there is no detailed accounting record to document fluctuations of receipts. Amounts recorded for adult vaccines and donations, decreased from approximately \$15,100 to \$6,500 (57% decrease) from 2003 to 2004; however, the Health Center Administrator could not adequately explain this fluctuation. Additionally, personal checks are periodically cashed with health center receipts and varying amounts of cash receipts are withheld from each deposit for a change fund. In addition, checks are restrictively endorsed when the deposit is prepared, rather than immediately upon receipt.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. To ensure all receipts are deposited intact, the method of payment received should be recorded on the receipt slips, and the composition of receipt slips should be reconciled to the composition of deposits. In addition, the practice of cashing personal checks should be discontinued and a change fund should be set up and maintained at a constant amount.

- B. Time sheets are not always signed by employees or their supervisors. Time sheets are prepared by the employee and while the Health Center Administrator indicated they are reviewed for accuracy, this review is not documented. Without employee and supervisory review of time sheets and a signature to indicate the review, the board cannot be assured that the time records are accurate. Time sheets should be prepared by the employee, and approved by the applicable supervisor to provide additional assurance that all information recorded is accurate.

- C. The listing for the Health Center's capital assets lacks the necessary information for some assets, such as make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Further, several assets were not added to the listing, including a laptop computer. Property items were not always properly numbered, tagged, or otherwise identified, an annual inventory of all capital assets is not conducted, and the asset additions are not periodically reconciled to the asset purchases.

Adequate capital assets records are necessary to secure better internal controls over property and provide a basis for determining insurance coverage. Inventories and proper tagging of property are necessary to ensure asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the health center. If properly performed, an annual inventory could help detect items not recorded on the inventory records.

- D. Accrued interest on certificates of deposit (CDs) is not recorded in the accounting records, and as a result, interest revenue reported on the Health Center's budget was understated for 2004 and 2003. The Health Center Administrator only records interest earned on CDs when a CD is cashed in rather than recording interest periodically as reported by the bank. Accumulated interest has not been recorded in years past and has not been included in the beginning cash balance of the Health Center's budget. As a result, beginning cash balances reported on the Health Center's budget were understated \$13,657 and \$8,003, for the years ended December 31, 2004 and 2003, respectively.

Budgets should include all interest income to fairly present the Health Center's financial position. To be of maximum benefit to the Board of Trustees and to adequately inform the public, the budgets should accurately reflect beginning available resources, anticipated revenues and expenditures, and actual revenues and expenditures.

Adjustments have been made to the audited financial statements to correct these errors.

WE RECOMMEND the Health Center Board of Trustees:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits. In addition, receipts should be deposited intact and the practice of cashing personal checks should be discontinued.
- B. Ensure timesheets are signed by all employees and approval of the timesheet

documented.

- C. Maintain capital asset records with a detailed description of each item to include acquisition/disposition dates, make, model, serial number, cost, property tag numbers, and method of disposition. In addition, ensure property tags are affixed to all assets, perform annual physical inventories of Health Center property, and ensure fixed asset additions are periodically reconciled to the fixed asset purchases.
- D. Report all interest earned on CDs as interest income in the year earned and reconcile the budgets to the bank account balances to ensure beginning cash balances are accurately reflected.

AUDITEE'S RESPONSE

The Health Center Board provided the following responses:

- A. *A pre-numbered receipt form will be developed and utilized for our deposit record. Monies will be counted and entered onto this form at the end of each workday. These forms will then be used for accountability of deposits. Implementation date: January 01, 2006. No personal checks will be accepted for cashing purposes. In regards to the decrease of adult vaccine and donation income from 2003 to 2004; the Missouri Department of Health & Senior Services began offering adult Hepatitis A & B vaccine at no charge to the client in 2004. Prior to this, these vaccines were ordered as requested and charged to the client. Likewise, our donation income relies solely on what the clients wish to give for services provided. During the 2004 influenza season, we received only a minimal supply of vaccine; therefore, causing our largest donation revenue to be extremely low. All checks will be restrictively endorsed upon immediate receipt.*
- B. *While not documented on the time sheet, employee work time is reviewed by the time keeper, prior to payroll completion. The "Laclede County Health Department Employee Time Sheet" has been revised to include a staff and time-keeper signature of review. Implementation date January 01, 2006.*
- C. *The updated capital asset record has been finalized, with copy provided to auditor on-site, prior to November 28, 2005. This record consists of: Item Description, Serial Number, Site Location, Tag Number, Purchase Date/Price, and Method of Disposition. Also included is a total asset value of equipment. This record is now maintained in both paper and electronic version for easier update and review.*
- D. *Interest earned on un-cashed CD's will be included as interest income on the annual budget, submitted to the county/state.*

11. Developmentally Disabled Board Budgetary Procedures
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The Developmentally Disabled board amended their budgets for the two years ended December 31, 2004 so that budgeted amounts would agree to all actual line item revenues

and expenditures. An amendment was submitted on January 13, 2005 for the 2004 budget to increase revenues by \$1,230 and decrease expenditures by \$4,000, and the 2003 budget amendment was submitted January 20, 2004 to increase revenues and expenditures \$5,673 and \$49,000, respectively.

Section 50.622 RSM, allows budget amendments if additional sources of revenue are received which could not be estimated when the budget was adopted, and requires the Developmentally Disabled board to follow the same procedures required for adopting the original budget, including holding a public hearing. By amending the budget so that it would reflect no variances in the revenue and expenditure categories, the effectiveness of the budget as a management tool was decreased. To be of maximum benefit to the board and the taxpayers, a complete and accurate budget is needed which reflects anticipated revenues and expenditures and the related variances between those estimates and the board's actual financial activity.

WE RECOMMEND the Developmentally Disabled Board discontinue amending the budget after the year end to agree budgeted amounts to actual revenues and expenditures. Further, when budget amendments are necessary, they should be made prior to incurring the actual expenditures.

AUDITEE'S RESPONSE

The Developmentally Board provided the following response:

A similar error was discovered in the 2002 audit. At that time I understood the budget was to be amended and show actual receipt and expenditures of the S.B. 40 Board. I now know this was incorrect. I have asked the County Clerk to assist me with preparation of the 2006 budget.

About five years ago Circuit Judge Mary Dickerson ruled the tax levy passed by the voters was intended to fund a Sheltered Workshop for the handicapped. Since Laclede Industries is the only such facility in the county all the funds derived from the tax levy are to go to Laclede Industries, less operating expenses of the S.B. 40 Board. Less than two percent (2%) of the tax revenue is used by the S.B. 40 Board for such things as liability insurance, publishing legal notices, office supplies and postage. I have looked at the budget as an estimate. It is impossible to exactly estimate revenues from the tax levy; therefore, funds to the workshop will vary. I am sure with the help of the County Clerk these past mistakes will not occur in the coming years.

Follow-Up on Prior Audit Findings

LACLEDE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Laclede County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures

- A. Bids were not always solicited for purchases in accordance with state law.
- B. The County Commission obtained legal services without soliciting proposals or documenting their basis for their decision. Additionally, an advance fee for legal services was paid without adequate supporting documentation.
- C. Mid-term salary increases for two associate commissioners were determined to be unconstitutional. In 1999, the Associate Commissioner's salaries were each increased, and based on the Supreme Court ruling the salary increase amounts should be repaid.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Document the basis for selection of providers of professional services and enter into written agreements for such services and determine whether the advance fee was appropriate.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. Although no advance payment of fees was noted, written agreements for services were not always obtained. See MAR finding number 1.

- C. Partially implemented. The County Commission determined that the former Associate Commissioners were each overpaid \$10,763; however, agreed upon a reduced amount of \$3,073 each to be repaid to the county. Based upon a written legal opinion from the County Prosecuting Attorney, the County Commission agreed to offset the excess compensation for mileage incurred by the former Associate Commissioners that was not previously reimbursed (\$1,200). In addition, the County Commission agreed to offset the repayment further for a salary increase allowance of 3 percent per year (\$6,490). The former Associate Commissioners repaid the county in March 2002.

2. County Budgets and Financial Reporting

- A. The budget for several county funds did not reasonably estimate receipts and disbursements.
- B. The Sheriff Discretionary Fund projected a negative cash balance at December 31, 1999.
- C. Expenditures of federal awards were not accurately tracked, resulting in an inaccurate SEFA.
- D. The annual published financial statements of the county did not include all county funds.

Recommendation:

The County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- B. Ensure projected expenditures are not incurred in excess of available monies.
- C. Prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A&B. Not implemented. See MAR finding number 2.
- C. Not implemented. See finding number 04-1.

- D. Partially implemented. Financial statements were published for all county funds except the Prosecuting Attorney Delinquent Tax, Time Payment and Family Access Funds. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Procedures

- A. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer and County Collector were insufficient during January 2001.
- B. Unclaimed fees were turned over to the General Revenue fund rather than being remitted to the state.

Recommendation:

The County Commission:

- A. Ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository bank of the need for additional collateral securities to be pledged.
- B. Review the county's procedures for turning over unidentified amounts to state Unclaimed Property.

Status:

- A. Implemented. The County Treasurer and County Collector's deposits were adequately covered by collateral securities pledged by the county's depository bank for the two years ended December 31, 2004.
- B. Implemented. The Treasurer receipts jury duty checks back into the General Revenue Fund, but all other unclaimed monies are remitted to the state.

4. Property Tax Books and Contracts

- A. The County Clerk did not prepare the current or back tax books as required by state law.
- B. The County Collector and the county's contract with cities' to collect taxes did not specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties were to be distributed.

Recommendations:

The County Commission:

- A. Ensure the current and back tax books are prepared by the County Clerk in accordance with state law.
- B. And the Collector amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.

Status:

- A. Implemented. The County Clerk enters the tax levies and prints current and back tax books from the property tax system.
- B. Implemented. The Collector obtained a new contract with the city of Lebanon that specifically defines a 7% penalty on delinquent taxes. The contract allocates 2% to the county and 5% to the Collector however, penalties are not distributed to CERF or the Tax Maintenance Fund. In addition, a city ordinance was passed outlining the penalty amounts.

5. Sheriff Accounting Controls and Procedures

- A.1. Monies received from inmates were not deposited on a timely basis or intact and a reconciliation between receipts and deposits was not performed. Money orders received from inmates were sometimes cashed from other commissary receipts, and monies on hand were used to purchase items for the commissary.
- 2. Monthly bank reconciliations were not prepared and a check register with a running balance was not maintained. In addition, there were no procedures to routinely follow up on old outstanding checks..
- 3. Records were not maintained for the commissary account and individual prisoner and commissary balances were not reconciled to the total of the monies in the bank account.
- 4. Accounting duties were not adequately segregated and supervisory reviews were not performed and documented.
- 5. Prenumbered receipt slips were not issued for all monies received and copies of voided receipt slips were not retained.

- B.1. A written contract between the telephone company providing telephone services to county prisoners and the Sheriff was not reviewed and approved by the County Commission.
- 2. Telephone commissions were not always turned over to the County Treasurer for deposit into the General Revenue Fund. In addition, monies were being disbursed without County Commission approval.
- C. Seized property items were not always marked with prenumbered property tags and the seized property listing did not appear complete.
- D. Accounting duties relating to civil fees and bond receipts were not adequately segregated, and supervisory reviews were not performed and documented.

Recommendations:

The Sheriff:

- A.1. Deposit all inmate and commissary monies intact daily or when accumulated receipts exceed \$100. In addition, a reconciliation between receipt and deposits (in total and by composition) should be performed. Receipts should not be used for cashing money orders or purchasing items for the commissary.
- 2. Prepare monthly bank reconciliations and maintain a check register with a running balance. In addition, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Procedures should be adopted to routinely follow up on old outstanding checks.
- 3. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
- 4. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- 5. Issue prenumbered official receipt slips for all monies received and retain all copies of voided receipt slips.
- B.1. Work with the County Commission and obtain a written contract between the telephone company and the County Commission.
- 2. Turn over all future telephone commissions to the County Treasurer for deposit into the General Revenue Funds and disburse monies only when approved by the County Commission.

- C. Mark all seized property with prenumbered property tags and identify the property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.
- D. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

A1-5.

&D. Not implemented. See MAR finding number 6.

B1. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Implemented. Telephone commissions are remitted to the General Revenue Fund monthly.

C. Partially implemented. Seized property inventory records are maintained; however, records are not always updated for additions and dispositions. See MAR finding number 6.

6. Court Accounting Controls and Procedures

A. Criminal cost reimbursement requests were not prepared and submitted to the state in an orderly and/or timely basis.

B. Copy monies were not receipted and remitted to the County Treasurer each month, but were used for various office expenses.

C. Procedures were not established to routinely follow up on old open items.

Recommendations:

The Circuit Clerk:

A. Prepare and submit criminal cost reimbursement requests to the state on an orderly and/or timely basis.

B. Ensure all copy monies are receipted, deposited to the Circuit Clerk's fee account, and remitted to the County Treasurer at least monthly.

C. Establish procedures to routinely follow up on older open items and dispose of them in accordance with state law.

Status:

A&B. Implemented. The Circuit Clerk prepares and submits criminal cost reimbursements to the state monthly and copy monies are periodically receipted and deposited and are remitted to the County Treasurer monthly.

C. Not implemented. See MAR finding number 9.

7. Health Center

A. The Health Center Board did not have a written depository agreement with its bank.

B. The health center's certificates of deposits were not adequately covered by collateral securities in January 2000.

C. Established leave policies were not always followed when the Health Center Board allowed one employee to take annual and sick leave beyond his accumulated balance.

D. Budgets prepared by the board did not adequately reflect the board's anticipated financial condition for the two years ended December 31, 2000.

Recommendations:

The Health Center Board:

A. Enter into a written depository agreement with any bank which holds board monies.

B. Monitor bank balances to ensure the bank pledges adequate securities at all times in accordance with state law.

C. Follow established leave policies or review and amend those policies as warranted.

D. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget document presents a reasonable estimate of the board's financial plan and ending cash balance.

Status:

A,B
&C. Implemented.

D. Partially implemented. The Health Center does not report accrued interest earned on certificates of deposit. As a result, the beginning cash balance was understated for the two years ended December 31, 2004. See MAR finding number 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LACLEDE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1849, the county of Laclede was named after Pierre Laclede, founder of St. Louis. Laclede County is a county-organized, third-class county and is part of the Twenty-Sixth Judicial Circuit. The county seat is Lebanon.

Laclede County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 712 miles of county roads and 25 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 24,323 in 1980 and 32,513 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	210.9	206.2	201.7	181.7	78.0	36.7
Personal property		84.2	84.6	84.1	86.9	30.8	13.7
Railroad and utilities		16.7	15.5	16.0	17.5	8.2	6.3
Total	\$	311.8	306.3	301.8	286.1	117.0	56.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Laclede County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.0606	.0840	.0840	.0644
Health Center Fund		.1000	.1000	.1000	.1000
Developmentally Disabled Board Fund *		.0663	.0662	.0655	.0650

* The county also collected and distributed property taxes, levied at \$.0655, .0625, .0600, and .0600, directly to Laclede Early Education Program (LEEP) in 2004, 2003, 2002, and 2001, respectively.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	100,451	96,025	94,972	92,528
General Revenue Fund		278,615	324,960	320,662	254,659
Special Road and Bridge Fund		1,190,130	1,041,045	961,906	1,092,187
Assessment Fund		181,662	135,205	130,215	131,944
Health Center Fund		330,658	316,976	313,379	304,894
Developmentally Disabled Board		240,681	229,465	226,862	220,329
LEEP		204,751	188,110	177,123	171,149
School districts		10,298,840	9,837,724	9,249,683	8,984,268
Library district		449,684	429,866	421,126	406,799
Ambulance district		7,875	8,345	8,073	8,118
Fire protection district		184,734	183,150	174,566	169,684
Whispering Oaks NID		10,131	10,314	9,659	10,719
Lake Shore NID		6,566	8,376	7,062	6,723
Downtown Business		22,591	23,624	22,283	22,406
Refunds		95,483	913	1,421	10,245
Cities		883,743	811,200	786,901	752,121
County Clerk		28,821	27,405	28,350	25,093
Tax Sale Surplus		10,598	3,987	8,360	6,278
Tax Maintenance		39,172	28,525	14,705	0
County Employees' Retirement		72,490	61,127	57,969	55,974
Commissions and fees:					
General Revenue Fund		255,195	236,852	220,746	213,861
County Collector		16,516	13,421	13,326	11,956
Total	\$	14,909,387	14,016,615	13,249,349	12,951,935

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
Real estate		92.8	90.7	91.3	91.3 %
Personal property		89.4	88.5	90.2	88.9
Railroad and utilities		100.0	100.0	100.0	100.0

Laclede County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement*	.0050	2004	None	

* The law enforcement sales tax expired in 2004; however, a general sales tax (\$.0500), restricted for community development, passed with collection beginning January 1, 2005 and expiring in 2008.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Lowell Morgan, Presiding Commissioner		30,380	31,700	30,380	30,380
Joe Pickering, Associate Commissioner		28,380	28,380	28,380	28,380
Glenn Raef, Associate Commissioner		28,380	28,380	28,380	28,380
Lynn Stowe, Recorder of Deeds (1)		45,000	43,000	N/A	N/A
Glenda Mott, County Clerk		45,000	45,000	43,000	43,000
Jon Morris, Prosecuting Attorney		55,000	55,000	51,000	51,000
Richard Wrinkle, Sheriff		50,000	50,000	48,000	48,000
Jean Cook, County Treasurer		45,000	45,000	31,820	31,820
Louis Bealer, County Coroner		16,000	15,000	15,000	15,000
Sherry Shamel, Public Administrator		45,000	45,000	43,000	43,000
Steve Pickering, County Collector (2), year ended February 28 (29),	61,516	58,421	58,326	54,956	
Johnny North, County Assessor (3), year ended August 31,		45,756	43,900	43,900	43,900
Robert Shotts, County Surveyor (4)		N/A	N/A	N/A	N/A

- (1) The Laclede County Commission approved separating the offices of the Recorder of Deeds and the Circuit Clerk. The newly elected Recorder of Deeds took office in January 2003.
- (2) Includes \$16,516, \$13,421, \$13,326 and \$11,956, respectively, of commissions earned for collecting city property taxes.
- (3) Includes \$765 in annual compensation received from the state in 2004. Includes \$900 annual compensation received from the state in 2003, 2002, and 2001.
- (4) Compensation on a fee basis.

State-Paid Officials:

Wanda Tyre, Circuit Clerk	47,900	47,300	N/A	N/A
Lynn Stowe, Circuit Clerk and Ex Officio Recorder of Deeds	N/A	N/A	47,300	47,300
Greg Kays, Associate Circuit Judge	96,000	96,000	96,000	96,000
Christine Hutson, Associate Circuit Judge	N/A	4,000	96,000	96,000
Larry Winfrey, Associate Circuit Judge	96,000	92,000	N/A	N/A



Claire McCaskill

Missouri State Auditor

December 2005

St. Clair County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like St. Clair, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of St. Clair County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Health Center disbursements have exceeded receipts for three of the four years ended December 31, 2004. As of December 31, 2004 and 2003 the Health Center had a negative cash balance. Because of its poor financial condition and cash flow, the Health Center has had significant problems paying its bills on time. The Health Center has routinely used tax anticipation note (TAN) proceeds to fund normal operating expenses, including payroll. Without the use of the TAN proceeds, the Health Center would likely have been unable to operate.

The Health Center paid off outstanding liabilities in February 2005 through a financing arrangement guaranteed by the U.S. Department of Agriculture. Under the arrangement, a related Not For Profit (NFP) entity obtained a twenty-year \$180,000 loan from a local bank, guaranteed by the U.S. Department of Agriculture. The loan proceeds were used to purchase the Health Center's Osceola building from the Health Center's Board of Trustees. The Health Center concurrently entered into a twenty-year lease-purchase arrangement under which the Health Center is leasing its former building back from the NFP and making monthly payments of \$1,679. The monthly payments are then being used by the NFP to repay the guaranteed loan and fund required reserve accounts.

While this financing arrangement has allowed the Health Center to pay off prior liabilities, such long term financing is usually reserved for capital improvements, rather than immediate cash flow problems. While the Health Center indicated that their intent is to pay off the loan as soon as possible, there are no written plans and no documentation of any projections made to see when this would be feasible.

- Health Center procedures related to budgets, receipting and depositing, capital assets, and write-offs of accounts receivable are in need of improvement. Invoices were not always noted as paid or otherwise canceled upon payment and acknowledgement of receipt of goods or services is not required. In addition, the

YELLOW SHEET

Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes nor are minutes being maintained for closed meetings.

- In the Sheriff's Department, accounting duties are not adequately segregated, the composition of receipts is not compared to the composition of deposits and receipts are not always deposited timely or intact. Controls and procedures over preparing monthly listings of open items (liabilities) for the inmate account are not adequate. Procedures for the billing of prisoner board are lacking and the Sheriff's Department does not bid food purchases for the jail.

In addition, Sheriff's Department employees have accumulated significant compensatory and holiday time balances. According to Sheriff's Department records, compensatory time balances for the 74 deputies and jail employees totaled approximately 4,850 hours as of May 31, 2005. Two employees had balances over 250 hours and three other employees had balances over 200 hours. According to Sheriff's Department records, holiday time balances for deputies and jail employees totaled approximately 3,400 hours as of March 31, 2005 with ten employees having balances in excess of 100 hours.

Also included in the audit were recommendations related to records and procedures for handling bad checks in the Prosecuting Attorney's Office, the county's capital assets, monitoring of fuel usage in county vehicles, preparation of the Schedule of Expenditures of Federal Awards, and the lack of written agreements with road districts for monies passed through to them.

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ST. CLAIR COUNTY, MISSOURI

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ST. CLAIR COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of St. Clair County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of St. Clair County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with

accounting principles generally accepted in the United States of America, the financial position of St. Clair County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 4, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of St. Clair County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 4, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Gek Mui Melinda Tan
	Cara Hoff
	Alvin L. Cochren, Jr.
	Christopher L. Holder



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of St. Clair County, Missouri

We have audited the financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of St. Clair County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of St. Clair County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of St. Clair County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 4, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

ST. CLAIR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,080,506	3,649,475	3,530,454	1,199,527
Special Road and Bridge	239,751	1,198,365	1,171,242	266,874
Assessment	20,425	113,142	117,551	16,016
Law Enforcement Training	1,439	4,982	2,448	3,973
Prosecuting Attorney Training	2,027	1,002	0	3,029
Lake Patrol	16,277	36,614	32,525	20,366
Recorder's Maintenance	51,843	13,534	8,051	57,326
Sheriff's Commissary	14,024	19,906	20,481	13,449
Prosecuting Attorney Administrative Cost	5,505	5,945	554	10,896
Tax Maintenance	6,697	11,062	2,215	15,544
Election Services	3,621	21,054	3,100	21,575
Sheriff Drug	1,001	0	500	501
Sheriff Civil Fees	12,563	17,339	12,239	17,663
Local Emergency Planning Commission	9,157	4,859	4,734	9,282
Domestic Violence	204	394	423	175
Kaufmann Bridge	0	18,941	18,941	0
Health Center	(11,062)	898,045	931,169	(44,186)
Circuit Clerk Interest	13,927	6,992	3,722	17,197
Law Library	4,120	3,469	4,120	3,469
Sheriff's Revolving	0	3,282	0	3,282
Total	\$ 1,472,025	6,028,402	5,864,469	1,635,958

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ST. CLAIR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 729,566	3,597,525	3,246,585	1,080,506
Special Road and Bridge	245,955	940,301	946,505	239,751
Assessment	12,456	126,057	118,088	20,425
Law Enforcement Training	3,850	5,644	8,055	1,439
Prosecuting Attorney Training	1,202	855	30	2,027
Lake Patrol	25,334	35,274	44,331	16,277
Recorder's Maintenance	56,748	18,573	23,478	51,843
Sheriff's Commissary	6,437	18,033	10,446	14,024
Prosecuting Attorney Administrative Cost	1,512	4,249	256	5,505
Tax Maintenance	134	10,492	3,929	6,697
Election Services	5,275	746	2,400	3,621
Sheriff Drug	1,001	0	0	1,001
Sheriff Civil Fees	9,004	13,668	10,109	12,563
Local Emergency Planning Commission	7,642	9,154	7,639	9,157
Domestic Violence	150	383	329	204
Black Jack Bridge	1,527	23,988	25,515	0
Health Center	7,413	924,245	942,720	(11,062)
Circuit Clerk Interest	13,537	3,964	3,574	13,927
Law Library	4,005	4,135	4,020	4,120
Total	\$ 1,132,748	5,737,286	5,398,009	1,472,025

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,886,810	6,025,120	138,310	5,223,669	5,737,286	513,617
DISBURSEMENTS	6,609,421	5,864,469	744,952	5,791,575	5,398,009	393,566
RECEIPTS OVER (UNDER) DISBURSEMENTS	(722,611)	160,651	883,262	(567,906)	339,277	907,183
CASH, JANUARY 1	1,471,830	1,472,025	195	1,128,743	1,132,748	4,005
CASH, DECEMBER 31	749,219	1,632,676	883,457	560,837	1,472,025	911,188
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	318,691	321,083	2,392	318,295	315,038	(3,257)
Sales taxes	270,000	266,807	(3,193)	230,000	229,255	(745)
Intergovernmental	162,581	191,045	28,464	51,170	160,422	109,252
Charges for services	2,512,604	2,725,296	212,692	2,401,700	2,755,455	353,755
Interest	46,000	60,447	14,447	20,000	47,176	27,176
Other	68,700	80,677	11,977	56,400	84,792	28,392
Transfers in	32,680	4,120	(28,560)	36,900	5,387	(31,513)
Total Receipts	3,411,256	3,649,475	238,219	3,114,465	3,597,525	483,060
DISBURSEMENTS						
County Commissioner	91,553	87,491	4,062	86,459	84,406	2,053
County Clerk	114,770	105,240	9,530	99,952	92,734	7,218
Elections	86,590	60,368	26,222	30,020	14,646	15,374
Buildings and grounds	212,660	44,612	168,048	105,330	41,467	63,863
County Treasurer	54,989	52,318	2,671	46,409	45,782	627
County Collector	98,925	91,897	7,028	93,603	85,668	7,935
Recorder of Deeds	68,239	61,678	6,561	64,554	57,495	7,059
Circuit Clerk	20,000	10,079	9,921	19,921	14,256	5,665
Court administration	17,119	6,371	10,748	16,725	5,028	11,697
Public Administrator	24,428	25,649	(1,221)	16,922	16,469	453
Sheriff	291,011	287,681	3,330	267,131	275,875	(8,744)
Jail	2,080,067	2,080,488	(421)	1,896,074	1,943,609	(47,535)
Prosecuting Attorney	106,222	92,980	13,242	98,173	91,108	7,065
Juvenile Officer	44,915	30,129	14,786	44,057	28,201	15,856
County Coroner	14,619	14,391	228	14,402	10,869	3,533
Public Defender	1,990	2,156	(166)	1,605	1,605	0
Emergency Management	3,000	494	2,506	3,000	397	2,603
Insurance	6,500	5,322	1,178	6,500	5,399	1,101
University Extension	36,900	36,900	0	36,048	36,048	0
Homeless Challenge	75,000	77,796	(2,796)	0	77,796	(77,796)
Emergency Shelter	5,000	20,505	(15,505)	0	5,251	(5,251)
Public health and welfare service	800	800	0	800	800	0
Debt service	265,462	265,462	0	265,465	265,462	3
Other	80,927	54,647	26,280	69,000	21,214	47,786
Transfers out	54,621	15,000	39,621	55,400	25,000	30,400
Emergency Fund	101,000	0	101,000	88,805	0	88,805
Total Disbursements	3,957,307	3,530,454	426,853	3,426,355	3,246,585	179,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(546,051)	119,021	665,072	(311,890)	350,940	662,830
CASH, JANUARY 1	1,080,506	1,080,506	0	729,566	729,566	0
CASH, DECEMBER 31	534,455	1,199,527	665,072	417,676	1,080,506	662,830

Exhibit B

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	278,500	277,310	(1,190)	244,131	273,379	29,248
Intergovernmental	822,404	828,856	6,452	620,500	630,910	10,410
Charges for service	7,000	8,826	1,826	3,000	7,174	4,174
Interest	16,000	16,873	873	16,000	15,315	(685)
Other	60,476	66,500	6,024	11,400	13,523	2,123
Total Receipts	1,184,380	1,198,365	13,985	895,031	940,301	45,270
DISBURSEMENTS						
Salaries	300,000	286,393	13,607	289,890	275,616	14,274
Employee fringe benefit	109,550	96,870	12,680	87,300	84,325	2,975
Supplies	86,000	88,911	(2,911)	83,700	64,363	19,337
Insurance	34,000	17,758	16,242	34,000	21,446	12,554
Road and bridge materials	147,000	65,203	81,797	155,000	119,222	35,778
Equipment repairs	30,000	46,137	(16,137)	40,000	18,177	21,823
Rentals	5,000	0	5,000	1,000	0	1,000
Equipment purchases	150,000	131,839	18,161	150,000	137,270	12,730
Construction, repair, and maintenance	285,879	254,479	31,400	53,500	44,421	9,079
CART payments to special road district	180,000	181,074	(1,074)	175,000	177,639	(2,639)
Other	6,750	2,578	4,172	6,750	4,026	2,724
Transfers out	28,560	0	28,560	33,000	0	33,000
Total Disbursements	1,362,739	1,171,242	191,497	1,109,140	946,505	162,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,359)	27,123	205,482	(214,109)	(6,204)	207,905
CASH, JANUARY 1	239,751	239,751	0	245,955	245,955	0
CASH, DECEMBER 31	61,392	266,874	205,482	31,846	239,751	207,905
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	92,840	95,258	2,418	92,916	98,697	5,781
Interest	900	1,661	761	2,050	1,101	(949)
Other	3,850	1,223	(2,627)	2,700	1,259	(1,441)
Transfers in	54,621	15,000	(39,621)	55,400	25,000	(30,400)
Total Receipts	152,211	113,142	(39,069)	153,066	126,057	(27,009)
DISBURSEMENTS						
Assessor	155,384	117,551	37,833	152,211	118,088	34,123
Total Disbursements	155,384	117,551	37,833	152,211	118,088	34,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,173)	(4,409)	(1,236)	855	7,969	7,114
CASH, JANUARY 1	20,425	20,425	0	12,456	12,456	0
CASH, DECEMBER 31	17,252	16,016	(1,236)	13,311	20,425	7,114

Exhibit B

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,571	571	1,000	1,294	294
Charges for services	3,000	3,294	294	3,000	3,032	32
Interest	100	117	17	200	118	(82)
Transfers in	0	0	0	0	1,200	1,200
Total Receipts	4,100	4,982	882	4,200	5,644	1,444
DISBURSEMENTS						
Sheriff	5,000	2,448	2,552	8,000	8,055	(55)
Total Disbursements	5,000	2,448	2,552	8,000	8,055	(55)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	2,534	3,434	(3,800)	(2,411)	1,389
CASH, JANUARY 1	1,439	1,439	0	3,850	3,850	0
CASH, DECEMBER 31	539	3,973	3,434	50	1,439	1,389
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	800	886	86	800	778	(22)
Interest	80	116	36	0	77	77
Total Receipts	880	1,002	122	800	855	55
DISBURSEMENTS						
Prosecuting Attorney	1,800	0	1,800	1,800	30	1,770
Total Disbursements	1,800	0	1,800	1,800	30	1,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(920)	1,002	1,922	(1,000)	825	1,825
CASH, JANUARY 1	2,027	2,027	0	1,202	1,202	0
CASH, DECEMBER 31	1,107	3,029	1,922	202	2,027	1,825
<u>LAKE PATROL FUND</u>						
RECEIPTS						
Intergovernmental	37,000	36,165	(835)	36,324	34,766	(1,558)
Interest	1,000	449	(551)	0	508	508
Total Receipts	38,000	36,614	(1,386)	36,324	35,274	(1,050)
DISBURSEMENTS						
Salaries and fringe benefit:	23,738	21,671	2,067	21,336	20,096	1,240
Office expenditure:	1,000	17	983	1,000	746	254
Equipment	10,500	9,396	1,104	22,000	22,277	(277)
Mileage and training	500	500	0	500	0	500
Other	3,000	941	2,059	3,000	1,212	1,788
Total Disbursements	38,738	32,525	6,213	47,836	44,331	3,505
RECEIPTS OVER (UNDER) DISBURSEMENTS	(738)	4,089	4,827	(11,512)	(9,057)	2,455
CASH, JANUARY 1	16,277	16,277	0	25,334	25,334	0
CASH, DECEMBER 31	15,539	20,366	4,827	13,822	16,277	2,455

Exhibit B

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S MAINTENANCE FUND</u>						
RECEIPTS						
Intergovernmental	3,498	3,498	0	6,423	6,423	0
Charges for services	8,200	7,444	(756)	7,500	9,554	2,054
Interest	1,500	2,592	1,092	1,300	2,596	1,296
Total Receipts	13,198	13,534	336	15,223	18,573	3,350
DISBURSEMENTS						
Recorder of Deeds	16,075	8,051	8,024	27,262	23,478	3,784
Total Disbursements	16,075	8,051	8,024	27,262	23,478	3,784
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,877)	5,483	8,360	(12,039)	(4,905)	7,134
CASH, JANUARY 1	51,843	51,843	0	56,748	56,748	0
CASH, DECEMBER 31	48,966	57,326	8,360	44,709	51,843	7,134
<u>SHERIFF'S COMMISSARY FUND</u>						
RECEIPTS						
Charges for services	14,000	19,222	5,222	6,000	17,627	11,627
Interest	0	684	684	0	406	406
Total Receipts	14,000	19,906	5,906	6,000	18,033	12,033
DISBURSEMENTS						
Sheriff	20,000	20,481	(481)	6,000	10,446	(4,446)
Total Disbursements	20,000	20,481	(481)	6,000	10,446	(4,446)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,000)	(575)	5,425	0	7,587	7,587
CASH, JANUARY 1	14,024	14,024	0	6,437	6,437	0
CASH, DECEMBER 31	8,024	13,449	5,425	6,437	14,024	7,587
<u>PROSECUTING ATTORNEY ADMINISTRATIVE COST FUND</u>						
RECEIPTS						
Charges for services	4,050	5,568	1,518	5,000	4,050	(950)
Interest	200	377	177	0	199	199
Total Receipts	4,250	5,945	1,695	5,000	4,249	(751)
DISBURSEMENTS						
Prosecuting Attorney	5,000	554	4,446	5,000	256	4,744
Total Disbursements	5,000	554	4,446	5,000	256	4,744
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	5,391	6,141	0	3,993	3,993
CASH, JANUARY 1	5,505	5,505	0	1,512	1,512	0
CASH, DECEMBER 31	4,755	10,896	6,141	1,512	5,505	3,993

Exhibit B

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	10,000	10,462	462	4,000	10,171	6,171
Interest	200	600	400	25	321	296
Total Receipts	10,200	11,062	862	4,025	10,492	6,467
DISBURSEMENTS						
County Collector	10,200	2,215	7,985	4,025	3,929	96
Total Disbursements	10,200	2,215	7,985	4,025	3,929	96
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	8,847	8,847	0	6,563	6,563
CASH, JANUARY 1	6,697	6,697	0	134	134	0
CASH, DECEMBER 31	6,697	15,544	8,847	134	6,697	6,563
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	21,844	20,779	(1,065)	2,000	530	(1,470)
Interest	150	275	125	150	216	66
Total Receipts	21,994	21,054	(940)	2,150	746	(1,404)
DISBURSEMENTS						
County Clerk	7,500	3,100	4,400	7,200	2,400	4,800
Total Disbursements	7,500	3,100	4,400	7,200	2,400	4,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,494	17,954	3,460	(5,050)	(1,654)	3,396
CASH, JANUARY 1	3,621	3,621	0	5,275	5,275	0
CASH, DECEMBER 31	18,115	21,575	3,460	225	3,621	3,396
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Transfers in	2,000	0	(2,000)	0	0	0
Total Receipts	2,000	0	(2,000)	0	0	0
DISBURSEMENTS						
Sheriff	2,500	500	2,000	0	0	0
Total Disbursements	2,500	500	2,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0	0	0	0
CASH, JANUARY 1	1,001	1,001	0	1,001	1,001	0
CASH, DECEMBER 31	501	501	0	1,001	1,001	0
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	10,000	16,517	6,517	10,000	13,155	3,155
Interest	0	822	822	0	513	513
Total Receipts	10,000	17,339	7,339	10,000	13,668	3,668
DISBURSEMENTS						
Sheriff	15,000	12,239	2,761	10,000	8,909	1,091
Transfers out	0	0	0	0	1,200	(1,200)
Total Disbursements	15,000	12,239	2,761	10,000	10,109	(109)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	5,100	10,100	0	3,559	3,559
CASH, JANUARY 1	12,563	12,563	0	9,004	9,004	0
CASH, DECEMBER 31	7,563	17,663	10,100	9,004	12,563	3,559

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ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,200	4,430	2,230	4,000	8,822	4,822
Interest	0	429	429	0	332	332
Total Receipts	2,200	4,859	2,659	4,000	9,154	5,154
DISBURSEMENTS						
Office expenditure:	4,080	4,380	(300)	4,080	6,475	(2,395)
Mileage and training	3,000	354	2,646	3,000	1,164	1,836
Total Disbursements	7,080	4,734	2,346	7,080	7,639	(559)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,880)	125	5,005	(3,080)	1,515	4,595
CASH, JANUARY 1	9,157	9,157	0	7,642	7,642	0
CASH, DECEMBER 31	4,277	9,282	5,005	4,562	9,157	4,595
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	100	394	294	330	383	53
Total Receipts	100	394	294	330	383	53
DISBURSEMENTS						
Domestic violence shelte	100	423	(323)	330	329	1
Total Disbursements	100	423	(323)	330	329	1
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(29)	(29)	0	54	54
CASH, JANUARY 1	204	204	0	150	150	0
CASH, DECEMBER 31	204	175	(29)	150	204	54
<u>BLACK JACK BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental				0	23,988	23,988
Total Receipts				0	23,988	23,988
DISBURSEMENTS						
Engineering				0	24,109	(24,109)
Miscellaneous				0	9	(9)
Transfers out				0	1,397	(1,397)
Total Disbursements				0	25,515	(25,515)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	(1,527)	(1,527)
CASH, JANUARY 1				1,527	1,527	0
CASH, DECEMBER 31				1,527	0	(1,527)
<u>KAUFFMAN BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	18,941	18,941	0			
Total Receipts	18,941	18,941	0			
DISBURSEMENTS						
Engineering	18,941	18,941	0			
Total Disbursements	18,941	18,941	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

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ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	172,000	168,160	(3,840)	158,000	166,564	8,564
Intergovernmental	116,200	124,261	8,061	125,700	124,292	(1,408)
Charges for service	544,000	421,847	(122,153)	526,350	466,325	(60,025)
Interest	1,000	279	(721)	1,000	550	(450)
Tax anticipation note	136,000	150,000	14,000	140,000	133,370	(6,630)
Credit card cash advance	0	7,000	7,000	5,500	16,900	11,400
Other	21,800	26,498	4,698	11,000	16,244	5,244
Total Receipts	991,000	898,045	(92,955)	967,550	924,245	(43,305)
DISBURSEMENTS						
Salaries	590,200	524,805	65,395	510,431	581,664	(71,233)
Office expenditures	27,500	28,863	(1,363)	43,000	26,934	16,066
Equipment	15,700	4,029	11,671	36,500	12,839	23,661
Mileage and training	19,000	18,015	985	17,475	17,859	(384)
Tax anticipation note - including interest	130,000	161,456	(31,456)	140,000	144,162	(4,162)
Credit card cash advance - including interest	17,000	4,372	12,628	0	24,796	(24,796)
IRS back payments	38,000	50,700	(12,700)	15,000	9,000	6,000
Program costs	117,600	100,428	17,172	159,525	115,843	43,682
Other	24,000	38,501	(14,501)	45,250	9,623	35,627
Total Disbursements	979,000	931,169	47,831	967,181	942,720	24,461
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,000	(33,124)	(45,124)	369	(18,475)	(18,844)
CASH, JANUARY 1	(11,201)	(11,062)	139	7,413	7,413	0
CASH, DECEMBER 31	799	(44,186)	(44,985)	7,782	(11,062)	(18,844)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	3,500	6,992	3,492	1,500	3,964	2,464
Total Receipts	3,500	6,992	3,492	1,500	3,964	2,464
DISBURSEMENTS						
Circuit Clerk	7,000	3,722	3,278	8,150	3,574	4,576
Total Disbursements	7,000	3,722	3,278	8,150	3,574	4,576
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	3,270	6,770	(6,650)	390	7,040
CASH, JANUARY 1	13,871	13,927	56	13,537	13,537	0
CASH, DECEMBER 31	10,371	17,197	6,826	6,887	13,927	7,040

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ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	4,600	3,415	(1,185)	3,900	4,057	157
Interest	0	54	54	105	78	(27)
Total Receipts	4,600	3,469	(1,131)	4,005	4,135	130
DISBURSEMENTS						
Law library	57	0	57	0	30	(30)
Transfers out	0	4,120	(4,120)	4,005	3,990	15
Total Disbursements	57	4,120	(4,063)	4,005	4,020	(15)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,543	(651)	(5,194)	0	115	115
CASH, JANUARY 1	4,120	4,120	0	0	4,005	4,005
CASH, DECEMBER 31	8,663	3,469	(5,194)	0	4,120	4,120

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

ST. CLAIR COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Sheriff's Revolving Fund for the year ended December 31, 2004.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2003
Sheriff's Commissary Fund	2004 and 2003
Sheriff Civil Fees Fund	2003
Local Emergency Planning Commission Fund	2003
Domestic Violence Fund	2004
Black Jack Bridge Fund	2003
Law Library Fund	2004 and 2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tax Maintenance Fund	2003
Sheriff Drug Fund	2003
Domestic Violence Fund	2003
Law Library Fund	2003
Sheriff's Revolving Fund	2004

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements)*, and

Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustments

The Special Road and Bridge Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$1,527 to reflect the balance of the Black Jack Bridge Fund, which is now reported separately.

The Tax Maintenance Fund's cash balance at January 1, 2003, as previously stated has been increased by \$134 to reflect the cash balance per the County Treasurer.

The Sheriff's Commissary Fund's cash balance of \$6,437 at January 1, 2003, was not previously reported but has been added.

4. Subsequent Event

In February 2005, the Health Center entered into a twenty year lease agreement with a not-for-profit (NFP). The terms of the agreement called for the NFP to obtain a USDA guaranteed bank loan of \$180,000 to be used to purchase the health center building from the Health Center Board. The agreement also required the NFP to lease the health center building back to the Health Center Board for payments totaling the principal and interest due on the twenty year loan and any operating costs incurred.

Schedule

ST. CLAIR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ST. CLAIR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by St. Clair County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-01. Payroll Tax Withholdings

The Health Center did not remit payroll tax withholdings totaling \$52,228 to the State of Missouri or federal government as required by state and federal regulations.

Recommendation:

All tax withholdings be remitted in accordance with state and federal regulations.

Status:

Not implemented. Similar problems were noted in the current audit. While the Health Center had paid the \$52,228 plus penalties and interest to the IRS by February 2004, they did not remit approximately \$28,000 due in payroll taxes for the fourth quarter of 2004 until February 2005. See Management Advisory Report finding number 1.

02-02. Internal Control Over Financial Reporting

Because of a limited number of available personnel, it was not always possible to adequately segregate certain incompatible duties so that no one employee had access to both physical assets and the related accounting records, or to all phases of a transaction.

Recommendation:

The prior independent auditor indicated they realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, their professional standards require that they bring this lack of segregation of duties to the county's attention in the report.

Status:

The County Clerk's office prepares disbursement checks for county funds and has a system in place to reconcile disbursements and fund balances with the County Treasurer's records on a monthly basis.

02-03. Cash Reconciliations

The Health Center did not perform cash reconciliations of bank accounts to the general ledger.

Recommendation:

All accounts be reconciled to the general ledger in a timely manner.

Status:

Implemented. The current Health Center Administrator starting doing this reconciliation in June 2004.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

ST. CLAIR COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 4, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of St. Clair County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Health Center's Financial Condition
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As similarly noted in prior audit reports, the financial condition of the Health Center remains weak. Health Center disbursements have exceeded receipts for three of the four years ended December 31, 2004. As a result, the Health Center's financial condition has continued to decline over the past several years. As of December 31, 2004 and 2003 the Health Center had a negative cash balance. The following table shows receipts, disbursements, and ending cash balances for the four years ended December 31, 2004:

		2004	2003	2002	2001
Cash Balance, January 1,	\$	(11,062)	7,413	15,013	10,717
Receipts		898,045	924,245	898,133	845,593
Disbursements		931,169	942,720	905,733	841,297
Cash Balance, December 31,	\$	(44,186)	(11,062)	7,413	15,013

In addition, the Health Center had the following liabilities at December 31, 2004:

Tax anticipation note (TAN)	\$	127,290
Accounts payable *		72,261
Medicare paybacks		9,636
Physician services		20,000
Payroll taxes payable (4th quarter – taxes only)		28,001
Credit card cash advance		19,237
	\$	<u>276,425</u>

* Includes \$7,796 in Accounts Payable that was approximately four years old.

Because of its poor financial condition and cash flow, the Health Center has had significant problems paying its bills on time. For example, the Health Center made payments to the Internal Revenue Service (IRS) totaling \$59,700 during the two years ended December 31, 2004 for taxes and penalties relating to 2001. The Health Center again fell behind making their payroll tax distributions to the IRS during the third quarter of 2004 and the distributions for the fourth quarter of 2004 were not made until February 2005. The Health Center had to pay interest and penalties of \$4,568 as a result of the above late payments. The Health Center has also incurred additional interest charges on the other outstanding bills noted in the table above and more than one medical supply company started requiring the Health Center to pay cash on delivery.

In addition, the Health Center also used cash advances taken by the former Health Center Administrator on her personal credit card of \$7,000 in 2004, \$16,900 in 2003, and \$18,500 in 2002. The Health Center made the final payment on these cash advances in February 2005, paying total interest charges of \$10,036. The cash advances were used to provide cash

flow to pay for current operating expenses, specifically payroll. While the board approved the cash advances in 2002, and approved the 2003 transactions after the fact, the board did not approve the 2004 cash advance.

The Health Center has routinely used TAN proceeds to fund normal operating expenses, including payroll. TANs are a form of short-term loan intended to be repaid with property tax receipts later in the year. Without the use of the TAN proceeds, the Health Center would likely have been unable to operate. The following schedule shows the TAN balances and the payments of principal and interest over the last four years:

		2004	2003	2002	2001
Beginning Balance TAN	\$	133,370	140,000	85,000	115,000
TAN proceeds		150,000	133,370	140,000	85,000
TAN payments - principal		156,080	140,000	85,000	115,000
- interest		5,376	4,162	4,976	3,686
		161,456	144,162	89,976	118,686
Ending Balance TAN	\$	127,290	133,370	140,000	85,000

During January 2005 the Health Center paid off the prior outstanding TANs and obtained a new TAN of \$50,000.

The Health Center consolidated and paid off the above items and other outstanding liabilities in February 2005 through a financing arrangement guaranteed by the U.S. Department of Agriculture. A not-for-profit (NFP) was formed for the purpose of assisting the Health Center. The boards of the Health Center and NFP are interlocking, with the members of the Health Center board serving on the NFP board also. Under the arrangement, the NFP obtained a twenty-year \$180,000 loan from a local bank, guaranteed by the U.S. Department of Agriculture. The loan proceeds were used to purchase the Health Center's Osceola building from the Health Center's Board of Trustees, thereby providing funds for the Health Center to pay off outstanding liabilities. The Health Center concurrently entered into a twenty-year lease-purchase arrangement under which the Health Center is leasing its former building back from the NFP and making monthly payments of \$1,679. The monthly payments are then being used by the NFP to repay the guaranteed loan and fund required reserve accounts.

While this financing arrangement has allowed the Health Center to pay off prior liabilities, such long term financing is usually reserved for capital improvements, rather than immediate cash flow problems. The Health Center has basically refinanced its building for a period of twenty years to provide cash to pay ongoing and accumulated operating expenses. Based on terms of the loan, this financing arrangement could cost the Health Center approximately

\$156,000 in interest payments over the life of the loan assuming the interest rate remains the same. The interest rate is currently 6.75 percent and can fluctuate after the first five years. While the Health Center indicated that their intent is to pay off the loan as soon as possible, there are no written plans and no documentation of any projections made to see when this would be feasible.

Some of the steps taken to cut costs by the Health Center have been to reduce employees' work weeks to 32 hours, beginning in December 2004, and to shut down its Appleton City office in August 2004. The Health Center sold the Appleton City building in August 2005 for \$10,000.

The Board of Trustees should review discretionary disbursements to ensure efficient use of resources available to the Health Center and ensure receipts from all sources are maximized. In addition, the board needs to ensure an effective system of accounting and administrative controls are in place, including an effective financial reporting system and procedures to monitor budgeted and actual activity. The recommendations contained in the following MAR, if implemented, will help establish these controls and procedures.

WE AGAIN RECOMMEND the Health Center Board of Trustees take the necessary steps to improve the financial condition of the Health Center and develop a plan to pay off the loan as soon as possible, seek additional revenue sources, and reduce operating costs to maintain a balance sufficient to service operations. In addition, ensure that disbursements are made timely to avoid accruing interest and penalties on late payments.

AUDITEE'S RESPONSE

The Chairperson of the Health Center Board of Trustees provided the following response:

The Health Center Board of Trustees now has a plan that will retire the debt of the not-for-profit corporation no later than three years from the date the debt was incurred.

The 2005 tax receipts anticipated, approximately \$170,000 per calendar year, will retire the \$50,000 tax anticipation loan incurred immediately preceding the completion of negotiations for the USDA guaranteed loan. The \$50,000 relieved the Health Center of any debt except for the loan guaranteed by the USDA. The balance of the tax receipts (approximately \$100,000) will be placed in an interest bearing Certificate of Deposit.

The Health Center will operate in a manner that results in no increased debt. Those departments within the Health Center that fail to create an income sufficient to meet expenses will be reviewed with an eye toward reducing staff; streamlining operations; decreasing expenses; and/or reallocating resources.

The roof of the Health Center building, furnace and air conditioning system, etc. may very well require repair and replacement, thus part of the reserve may necessarily be utilized to meet those needs. However, the tax receipts anticipated for 2006 will be available to place in reserve and, along with that of 2007, used to retire the USDA guaranteed loan.

2.**Health Center's Accounting Controls**

Health Center procedures related to budgets, receipt slips, deposits, capital assets, and write-offs of accounts receivable are in need of improvement. Invoices were not always noted as paid or otherwise canceled upon payment and acknowledgement of receipt of goods or services is not required. In addition, the Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes nor are minutes being maintained for closed meetings.

- A. Budgets prepared by the Health Center were not accurate and complete. During 2003 and 2004, actual receipts and disbursements were not correctly stated. Receipts were overstated by approximately \$61,000 for 2003 and understated by \$37,000 for 2004. Disbursements were overstated by approximately \$27,000 in 2003 and \$49,000 in 2004. The errors were caused by the actual per budget numbers being obtained from the Health Center's computer financial reports, which included non-cash transactions.

The Board of Trustees did not adequately review the budgets to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors. In addition, a periodic comparison of budgeted versus actual receipts and disbursements is not performed. Instead, the Health Center Administrator stated that they monitor the bank balance to ensure that they can pay the bills month to month. If the bank balance is insufficient, the Health Center Administrator will hold checks that have been issued and not distribute them until there are sufficient funds in the bank account.

To be of maximum assistance to the Health Center and to adequately inform the public, the budget should accurately reflect the financial activity of the Health Center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures. A periodic comparison of budgeted versus actual receipts and disbursements is necessary to properly monitor the Health Center's financial condition.

- B. Our review of cash controls revealed the following:
1. Receipt slips are not issued for some monies received. Receipt slips are only issued to patients who pay in person. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slip should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits.

2. Monies received are not always deposited intact and are not deposited in a timely manner. For example, 10 receipts totaling \$350 were received on October 9 and 10, 2003 and not deposited until October 14, 2003. Also, checks and money orders are not restrictively endorsed immediately upon receipt. In addition, the current Health Center Administrator would substitute a personal check for cash receipts to maintain a personal change fund for Health Center patients. Untimely deposits and the commingling of personal monies with official monies, combined with the lack of receipt slips for some monies, as noted above, lessens the assurance that all monies received have been accounted for properly.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Invoices were not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To help ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the county.
- D. The Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes. Although there is an occasional reference to a specific disbursement being approved for payment, the board minutes usually only make a general reference that disbursements are approved for payment. Expenditures made from Health Center funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the Health Center. To adequately document the Board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval prior to the checks being issued, and retained with the official minutes.
- E. The Health Center does not require acknowledgment of receipt of goods or services to be noted on the invoices. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs of the Health Center.
- F. The Health Center Board does not adequately review or approve write offs of accounts receivable. When the Health Center receives a remittance from a contracted insurance company, Medicare or Medicaid indicating the amount being paid and the amount to be written off due to contractual discounts or program payment limits, the billing clerks post the payments and write off the remaining balance without board approval. In addition, when the Health Center has an accounts receivable that the Administrator determines most likely would not be collected, she instructs the billing clerks to write off the balance, without board approval. The

Health Center Board should review and document approval of all write offs of accounts receivable to ensure these actions are proper.

- G. The Health Center has not established formal policies and procedures for capital assets, including procedures to update property records, and number, tag or otherwise identify property items. Also, annual physical inventories have not been performed. While a list of some assets is maintained, the listing has not been updated since 1996 and does not include an adequate description of each property item including purchase price or value. Written authorization is not obtained from the Health Center Board for the disposition of capital assets.

Adequate capital assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure capital asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets. Further, the Health Center needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the capital asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the Health Center.

- H. Minutes are not being maintained for closed meetings. In addition, the open meeting minutes do not always document the specific reason for closing the meeting and the actions taken by the board in closed meetings. Section 610.020, RSMo was amended in August 2004 to require minutes to be maintained for closed meetings. Section 610.022, RSMo, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session.

Conditions A – E were noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure that the budget is prepared accurately to reflect the financial activity of the health center and a comparison of budgeted and actual receipts and disbursements to date be presented each month.
- B.1. Require that prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips account for properly. In addition, the method of payment should be recorded on the receipt slips and the composition of receipt slips should be reconciled to deposits.
2. Deposit all monies intact daily or when accumulated receipts exceed \$100, restrictively endorse checks and money orders immediately upon receipt, and if a change fund is needed, maintain it on an imprest basis.
- C. Ensure invoices are properly canceled upon payment.

- D. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- E. Ensure all invoices contain an indication of receipt of goods or services.
- F. Establish procedures for the Board to review and approve all write offs of accounts receivables.
- G. Maintain property records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property items should be performed periodically and all capital asset purchases and additions should be recorded as they occur. In addition, capital asset purchases should be reconciled to additions on the inventory records. Formal procedures should be established related to the handling and approval of capital asset dispositions.
- H. Ensure minutes are prepared, approved, and retained for all closed meetings and that the open board minutes document the reasons for closing the meeting. Publicly disclose the final disposition of applicable matters discussed in closed session.

AUDITEE'S RESPONSE

The Chairperson of the Health Center Board of Trustees provided the following responses:

- A. *The budget will be prepared to accurately reflect the financial activity of the Health Center and a comparison of budgeted and actual receipts and disbursements to date will be presented to the Board of Trustees each month.*
- B. *During the audit, the recommendation concerning receipt slips was made and immediately implemented. The new receipt slips reflect the method of payment, i.e. cash or check, and the receipts are reconciled to deposits. Deposits are now made daily or when accumulated receipts exceed \$100; checks or money orders are now endorsed upon receipt. A change fund is needed and is now being maintained in the manner recommended.*
- C. *Invoices are now properly cancelled upon payment.*
- D. *The Board now approves all expenditures of Health Center funds. Approved disbursements are listed and included in Board meeting minutes.*
- E. *All invoices now contain a notation of receipt of goods or services.*
- F. *The Board will establish a procedure whereby write-offs of Medicare and Medicaid charges are provided for their review and edification. We anticipate no other types of write-offs being necessary in the future.*

- G. *A physical inventory of all property has now been accomplished. The Administrator is currently researching old files in order to obtain purchase dates and amounts of items. Procedures will be established to ensure any capital asset purchases are included in the inventory records. Disposition procedures of capital assets will be prepared and followed.*
- H. *Minutes of closed meetings are now being prepared and the open meeting minutes document the reasons for closing the meeting. The results of the closed meeting and final disposition of applicable matters will be publicly disclosed.*

3. Prosecuting Attorney's Records and Procedures

Procedures for segregation of duties, issuing receipt slips, and preparing monthly reports have not been established. Other controls and procedures regarding the timely processing and the subsequent disposition of bad check complaints have not been established.

The Prosecuting Attorney received bad check related restitution and fees totaling approximately \$34,000 and \$21,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Accounting duties are not adequately segregated. Currently, all accounting duties, including receiving and recording bad check complaints and payments, transmitting monies, and preparing and processing all correspondence, are primarily performed by one secretary with no documented independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of transmitting monies. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting records, compare monies received with transmittals, and ensure recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Receipt slips are not issued for monies received. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received, and the numerical sequence should be accounted for properly. In addition, to ensure all receipts are transmitted to the proper party, the receipt slips should be reconciled to the transmittals to the County Treasurer and merchants.
- C. The Prosecuting Attorney does not prepare monthly reports of bad check fees collected. Section 50.370, RSMo, requires county officials to prepare and file with the County Commission monthly reports of fees collected.
- D. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these

complaints, has not been established. Currently, St. Clair County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. While the complaint form information is entered into a computer file, the lack of a sequential complaint control number lessens the ability to account for bad check complaint forms or to ensure all bad check complaint forms are entered on the computer system for processing.

In addition, unpaid bad checks were not always filed with the court in a timely manner. Of the 24 bad check complaints we reviewed, we found 20 which had not been paid. Of these 20, we found 15 in which charges had not been filed with the court as of August 1, 2005 even though the ten-day letters had been sent at least two to ten months prior to that date. In the five cases where charges were filed with the court, only one was filed timely. For example, the Prosecuting Attorney issued a letter on December 9, 2004 giving the bad check writer ten days to repay a bad check filed with the office on November 15, 2004 but did not file charges against the bad check writer until April 20, 2005.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition. In addition, procedures should be established to ensure bad check complaints are filed in a timely manner with the court.

- E. The money orders received for restitution of bad checks are forwarded directly to the vendor. The Prosecuting Attorney does not obtain documentation from the merchant to document their receipt of the restitution. In addition, copies of the money orders were not always made for the case file. We contacted nine merchants in an effort to confirm specific payments had been transmitted as noted in the Prosecuting Attorney's records. Two of the merchants did not have any record of receiving the specific restitution payments. Also, while reviewing the individual case files, we found a money order payable to a merchant dated October 11, 2003 which had never been forwarded.

To reduce the risk of loss, theft or misuse of funds, the Prosecuting Attorney should receive documentation for all restitution monies forwarded to merchants or should issue the payments by official check after depositing restitution monies in an official bank account.

Conditions A – D were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips. In addition, the receipt slips should be reconciled to transmittals to the County Treasurer and merchants.
- C. Prepare monthly reports of bad check fees collected.
- D. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office. In addition, establish procedures to adequately follow-up on bad check complaints received and file applicable complaints with the Circuit Clerk in a timely manner.
- E. Obtain documentation from the vendor when the restitution is turned over to them or issue restitution payments to vendors by official check.

AUDITEE'S RESPONSE

- A. *There is one full time staff member, therefore, segregating accounting duties is not optional as there is no funding for additional staff. We do not accept cash money or checks, we ONLY accept money orders made payable to the parties due payment.*

We now prepare a report (report is generated by the Dennis Jones bad check program) for MOPS turn over to the County Treasurer with names, dates and amount to assist in verifying accountability of the money orders.

- B. *The bad check program generates a receipt number automatically for each payment. Copies of each money order are placed in the file.*

We keep a book with a copy of the letters to each recipient showing the date, name, date of payment, amount of payment and date of each bad check that we have collected for that recipient and date mailed to the recipient.

- C. *A report is generated monthly by the Dennis Jones bad check program showing the bad check fees collected. Account information is available to the County Commission at any time it is requested. Additionally, it is not clear that RSMo. 50.370 applies.*

- D. *All bad checks were timely filed within the statute of limitations, but not withstanding, the Dennis Jones bad check program enables this office to run reports for timely filing for complaints that have not been paid within the required time frame. Additionally, a hand written ledger showing the name, date and number of bad checks for each person to which a letter is mailed is checked weekly to avoid time deadlines for filing complaints.*

- E. *Each money order is copied and included in every file.*

One merchant was contacted and verified the specific restitution had been received after the date your office contacted them. The other merchant has not been reached by telephone; therefore, a certified letter will be mailed to this merchant requesting verification of the specific restitution.

A copy of the letter to each merchant/individual is kept in a book showing what was sent to each, date mailed etc. which is then verified by the money orders corresponding to each letter.

4. Sheriff's Records and Procedures
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Accounting duties are not adequately segregated, the composition of receipts is not compared to the composition of deposits and receipts are not always deposited timely or intact. Controls and procedures over preparing monthly listings of open items (liabilities) and billing for prisoner board are not adequate. The Sheriff's Department does not bid food for the jail.

The Sheriff's Department received monies for boarding of prisoners, civil and criminal process fees, gun permits, bonds, and other miscellaneous receipts totaling approximately \$360,000 and \$245,000 during the years ended December 31, 2004 and 2003, respectively. The Sheriff is also responsible for seized property and providing meals to county prisoners. The Sheriff also maintains a separate inmate checking account to handle personal inmate monies and operate a commissary for inmates. The Sheriff's Department handled inmate account receipts of approximately \$199,000 and \$207,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Accounting duties are not adequately segregated. One clerk maintains the fee account and another clerk maintains the inmate account. Each clerk is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records for the account which each maintains. The Sheriff indicated that he reviews the bank reconciliations on a quarterly basis; however, he does not document his reviews. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.
- B. The composition (cash, check, and money order) of receipt slips is not compared to the composition of deposits for either the fee account or the inmate account. For three of 32 deposits reviewed, the composition of the deposits did not agree to the composition of receipt slips. There were two instances in which the receipt slips

indicated one method of payment and the deposit slip and deposit information from the bank showed a different method of payment. The other instance was a payment made partially in cash and partially by money order but the amount received in each type was not noted on the receipt slip. To adequately safeguard against loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of bank deposits.

- C. Receipts are not always deposited intact on a timely basis. A cash count performed on May 19, 2005 showed over 3 days of undeposited inmate account receipts, totaling approximately \$1,300 including approximately \$500 in cash. Our review of deposits indicates that they normally average approximately 40% cash. Separate deposit slips were prepared for each day's receipts but they were all taken to the bank on the same date. In addition, receipt slips are issued when service fees for garnishments are received; however, the monies are not deposited until the garnishment is ready to be served which was, in one instance, over two months later. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- D. Upon incarceration, any monies in the custody of an inmate are deposited into the Inmate Fund bank account. This account is also used to operate a commissary for inmates. Records are maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available account balance. When an inmate purchases commissary items or prepaid phone cards, the purchase amount is deducted from that inmate's account balance. Vendor invoices for commissary items and prepaid phone cards are paid from this bank account. Commissions from the sale of commissary items and prepaid phone cards are paid to the County Treasurer periodically for deposit into the General Revenue Fund and the Sheriff's Commissary Fund.

Monthly listings of open items (liabilities) are not reconciled to the checkbook balance. Included within the balance of the Sheriff's inmate checking account are commissions earned on sales not yet turned over to the County Treasurer, monies due the commissary vendor for purchases, and the total of the individual inmate balances. The individual inmate account balances are maintained on computer system, but the clerk indicated that she does not normally print a summary open items listing of the individual account balances. At our request, the Sheriff's Department prepared a listing of individual inmate account balances as of December 31, 2004. The reconciled bank account balance of \$6,237 exceeded the total amount on the listing by approximately \$764. There are a number of reconciling items that this does not take into consideration.

- Old outstanding inmate refund checks are periodically added back to the checkbook balance total but not to the individual inmate account balances on the computer; nor is a running balance of such items maintained for reconciliation purposes.

- Invoices for prepaid telephone cards are paid from the inmate bank account. The cost of a phone card is then taken from the individual inmate's account balance when an inmate buys a phone card. The clerk does not keep an inventory of these cards and does not know how many were still on hand as of December 31, 2004. A thousand cards had been purchased for \$7,000 during the first week of December 2004.
- Commissions from the sale of phone cards and commissary items are periodically paid over to the County Treasurer. The clerk keeps track of these transactions in a commissary ledger. Our review of this ledger revealed there were no entries for September 2004 for either phone cards or commissary sales. The confirmation we received from the phone company indicates that the Sheriff's Department purchased phone cards in September 2004 and there would have been \$3,000 in commissions in the account once all the cards had been purchased by inmates. Because of the missing entries, these commissions were not turned over to the county. In addition, we noted the Sheriff's Department made duplicate payments totaling \$2,812 to the phone company for two invoices. Commissions of \$1,200 related to the two invoices were also turned over to the County Treasurer twice. A combination of these items contributes to the difference between the checkbook balance and the monthly open items.

To ensure that all inmate monies are properly recorded and deposited, the balance in the inmate bank account should be reconciled monthly to the individual inmate balances. Any monies remaining unclaimed should be disposed of in accordance with state law. A running inventory (perpetual inventory) should be maintained of the prepaid telephone cards. Loss, misuse, or theft of the telephone cards may go undetected without adequate inventory records. In addition, a physical inventory count should be made periodically and reconciled to the inventory balances.

- E. The Sheriff's Department houses prisoners for other entities (primarily the federal government and counties) in the county jail and bills for these services. Our review of these billings indicated the following areas where improvements are needed:
1. The county houses prisoners for various political subdivisions but only has a written contract with the United States Department of Justice. During 2004 and 2003, the county received approximately \$42,000 and \$83,000, respectively, in prisoner board payments from other political subdivisions without having written contracts with those entities.

Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

2. At the end of each month, an employee in the Sheriff's Department prepares the bills for the various agencies. A copy of the billing is put in a file of unpaid billings. When payment is received, the billing is put in a file of all payments received during the month. The Sheriff has not established procedures for follow up collection efforts for unpaid prisoner board payments and there appeared to be no follow up on bills that were not paid after the first billing. This may have resulted from incomplete documentation being included on the billing files. Bills written off because the other entity refused to pay or that will remain uncollected for other reasons were not indicated on the files. In addition, when we reviewed the billings for April 2005 in July 2005, the billing had not yet been sent out to the only county being billed for that month.

To adequately account for all prisoner board billings due and to maximize county revenues, adequate summary records of amounts due should be maintained. In addition, the Sheriff should establish written procedures for monitoring and collecting delinquent billings. Such procedures should consist of periodically identifying billings with past due balances and following up on the payment status of these billings.

- F. During the two years ended December 31, 2004 and 2003, the county spent approximately \$171,000 and \$157,000, respectively, on food costs for the jail. The county did not solicit bids for food purchased for the jail. The county utilized two main suppliers for these food purchases. While the Sheriff's Department personnel indicated that price lists were obtained from the vendors every few months, no documentation was maintained. In addition, the decision of which vendor to use for specific items was made at the time the price lists were obtained every few months, although the prices may have changed in the meantime when the actual purchases were made. The invoice prices were also not agreed to the price lists on which the purchase decision had been made.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Various approaches for soliciting bids for food purchases are appropriate. Whichever approach is used, complete documentation of bids should always be retained as evidence of the Sheriff's established purchasing procedures, as well as compliance with statutory requirements.

Conditions A – D and F were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Reconcile the composition of receipt slips to the composition of bank deposits.
- C. Deposit all monies intact daily or when receipts exceed \$100.
- D. Prepare a listing of individual inmate balances and reconcile the listing to the balance in the inmate account monthly and investigate any difference. Any monies remaining unclaimed should be disposed of in accordance with state law. Ensure perpetual inventory records are maintained for phone cards and are periodically reconciled to a physical inventory.
- E.1. Ensure all agreements entered into by the county are in writing.
- 2. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed in a timely manner and the file maintained on these billings is accurate and complete. Written procedures should also be established and implemented for pursuing or writing off collections of delinquent amounts.
- F. Solicit bids for jail food in accordance with state law and maintain documentation of bids.

AUDITEE'S RESPONSE

- A. *One deputy takes care of deposits and paperwork for the jail and one takes care of this for the Sheriff's Office. Spot checks of each other's work is done but will be done more frequently. I will do spot checks monthly. All spot checks will be initialed.*
- B. *Receipt numbers shall be shown on the deposit slips and checked that deposits and receipts match.*
- C. *An attempt to make deposits daily is in effect and will continue.*
- D. *An inventory of inmate phone cards shall be kept. Payments to the County Treasurer monthly has already been established. I will look at breaking the inmate account out from the commissary account to pay bills from the commissary activity. I am also researching the unrecorded commissions and duplicate payments noted and will make sure these errors are addressed.*
- E.1. *I will speak to the County Commission about having them set up a written contract.*
- 2. *A file of agencies that have not paid is kept at this time but a log will now be kept of those who pay and those who do not.*

- F. *Monthly price sheets are now used to purchase food. These sheets will be kept and checked to ensure the proper pricing is obtained. There is no large food supplier in the immediate area and advertising in the local newspaper is not feasible for the quantity purchased.*

5. Leave Balances for Sheriff's Department Employees

The County Commission and Sheriff are not adequately monitoring and controlling the compensatory and holiday time balances of employees in the Sheriff's Department.

- A. Sheriff's Department employees have accumulated significant compensatory and holiday time balances. The Fair Labor Standards Act (FLSA) provides that employees regularly engaged in public safety activities are allowed to accumulate a maximum of 480 hours of compensatory time. Hours in excess of this maximum are to be paid or be taken off by the employee in the next pay period. According to Sheriff's Department records, compensatory time balances for the 74 deputies and jail employees totaled approximately 4,850 hours as of May 31, 2005. While none of the employees had balances in excess of the 480 hour maximum, two employees had balances over 250 hours and three other employees had balances over 200 hours. According to Sheriff's Department records, holiday time balances for deputies and jail employees totaled approximately 3,400 hours as of March 31, 2005 with ten employees having balances in excess of 100 hours. Compensatory and holiday hours which have accumulated, multiplied by these employees' hourly salary rate, results in a liability to the county of approximately \$89,000.

Because the accumulated compensatory and holiday time balances represent a significant liability to the county, the County Commission and Sheriff should better control the compensatory and holiday time being earned by the Sheriff's Department employees and work on a plan for reducing the prior accruals.

- B. While the County Clerk's office maintains records of compensatory time, annual, and sick leave for all offices, they do not maintain records of holiday time earned by Sheriff's Department employees. Instead the Sheriff's Department is responsible for maintaining these records.

Without centralized records, the County Commission cannot ensure that employees' holiday leave balances are accurate and excessive leave time is not being accumulated. Centralized leave records also aid in determining final compensation for employees leaving county employment.

WE RECOMMEND:

- A. The County Commission and Sheriff develop and implement a plan to reduce the county liability for compensatory and holiday time by allowing time off or paying for

accumulated compensatory time and work to better control additional compensatory time being earned.

- B. The County Commission ensure centralized leave records for holiday time for the Sheriff's Department employees are maintained and ensure those records reconcile to the employees' time sheets.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Commission agrees that the balances need to be monitored and reduced and will work with the Sheriff to develop such a plan.*
- B. *The County Commission agrees and the County Clerk's Office is in the process of implementing this recommendation.*

The Sheriff provided the following response:

- A. *I have placed 24-hour coverage on the schedule for patrol deputies and this has relieved some compensatory time. I try to have the compensatory time utilized as quickly as possible, normally during the winter months. The jail division compensatory time stays at a higher rate due to the required number of staff to run the facility and lack of staff for relief shifts. I will attempt to obtain more staff through the County Commission to help alleviate compensatory time.*

6. Capital Asset Records and Vehicle Procedures
--

Records and procedures relating to county property need improvement. Vehicle and fuel usage logs were also not maintained.

- A. Although the county maintains a list of county property, it is not complete and procedures have not been established to ensure its accuracy. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections.
- The County Clerk does not periodically reconcile equipment purchases with additions to the capital asset records and property records are not always updated at the time of purchase.
 - A physical inventory has not been performed since 2001. In lieu of doing a physical inventory, the County Clerk's office gives a copy of the property listing to each office annually. The offices are expected to notify the County Clerk's office if the listing is not correct. However, this procedure has not

been effective in ensuring the property records are correct. For example, instead of reviewing and making changes to the County Clerk's listing, the Collector gave a copy of her inventory records to the County Clerk's office. The Collector's records included a copier purchased during 2003 that was not on the County Clerk's records. No one in the County Clerk's office compared the two listings and as a result the copier was not added to the County Clerk's list of county property.

- Property records do not always include the necessary information for some assets, such as serial number and purchase price or value. Also, property items were not always properly numbered, tagged, or otherwise identified.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

- B. The county owns numerous vehicles that are used for law enforcement and road and bridge purposes. Records of fuel usage are not adequately reviewed and gallons of fuel purchased are not reconciled to gallons dispensed.

During the two years ended December 31, 2004, the county expended about \$112,000 for fuel for the approximately five pickups and dump trucks and a number of other pieces of heavy equipment used by the Road and Bridge Department. Procedures provide for the Road and Bridge employees to record the mileage or hour reading and the amount of fuel put into the vehicle or piece of equipment on the day's timesheet. At the end of the month, the R&B supervisor prepares a fuel usage report which is submitted to the County Commission which simply reports the number of gallons of gas or diesel used in four categories of equipment but the information regarding odometer or operating hour readings with which to review the reasonableness of the fuel usage is not included.

During the two years ended December 31, 2004, the county expended about \$59,000 for fuel for the approximately nine vehicles used by the Sheriff's Department. The fuel taken from the Sheriff's Department tank is recorded in the dispatch log. The Sheriff indicated he periodically compares the amount of fuel recorded with the amount of fuel that has been purchased but this review is not documented.

To ensure the reasonableness and propriety of fuel usage and expenditures, the fuel usage records should contain all necessary information, be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on account and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concern associated with county property. In addition, annual physical inventories of all county property should be performed, all capital assets purchases and additions should be recorded as they occur, capital asset purchases should be reconciled to additions on the inventory records, and all capital assets should be tagged or identified as county-owned property.
- B. Ensure the various fuel usage records are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.

AUDITEE'S RESPONSE

- A. *The County Commission agrees and will make sure records are updated timely and will work with other officials to identify all items that need to be included in the property records. The County Clerk also indicated that they would continue to provide property lists to all officials each year for verification and ensure any changes are posted timely.*
- B. *The County Commission agrees and indicated they have already developed new fuel usage records and will periodically review them for reasonableness. The County Commission also indicated they would consider ways to periodically compare fuel purchases to fuel on hand in the unmetered bulk tanks.*

7. Schedule of Expenditures of Federal Awards
--

Procedures to prepare schedules of expenditures of federal awards should be improved to ensure the accuracy of these schedules. Section .310(b) of Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county's procedures to track federal financial assistance for the preparation of the SEFA are not adequate, and as a result, the county's SEFA contained several omissions. The SEFA for the year ended December 31, 2004, did not include expenditures totaling approximately \$186,000 related to one road construction grant the county received. In addition, some grants and the value of vaccines received by the Health Center were also not included.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Commission and County Clerk prepare complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other offices properly track and report federal awards for which they are responsible.

AUDITEE'S RESPONSE

The County Commission and County Clerk agree and will work with other applicable officials to ensure this recommendation is implemented.

8.**Written Agreements**

Payments were made to road districts without proper written contracts. During the two years ended December 31, 2004, the county distributed a portion of its County Aid Road Trust (CART) revenues to six special road districts within the county based upon the number of miles. Payments of CART revenues totaling approximately \$360,000 were made from the Special Road and Bridge Fund to the special road districts during this period. Written statements were obtained from the special road districts regarding how these monies were to be used; however, such statements do not constitute proper contracts. In addition, the county did not require the special road districts to provide an accounting of how the monies were actually spent.

There appears to be no statutory authority for the County Commission to make these distributions to the special road districts without some type of contractual agreement. Written contracts would help ensure that monies distributed to other entities are expended in compliance with constitutional and statutory provisions and as intended by the County Commission and provide a means for the county to monitor compliance with the terms of the agreement.

WE RECOMMEND the County Commission enter into and monitor proper written contracts, which specifically state what services are to be provided to the county.

AUDITEE'S RESPONSE

The County Commission agrees and indicated they will develop such contracts.

Follow-Up on Prior Audit Findings

ST CLAIR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by St. Clair County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures and County Officials' Compensation

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases.
- B. The county did not return a federal overpayment received in October 1999 until May 2001.
- C. County officials received a cost of living adjustment (COLA); however, the salary commission minutes did not clearly document the approval of the COLA.
- D. Associate County Commissioners received a mid-term salary increase in accordance with Section 50.333.13, RSMo, enacted in 1997. In May 2001 the Missouri Supreme Court challenged the validity of that statute and held that this section of statute violated Article VII, Section 13 of the Missouri Constitution.

Recommendations:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. In the future, ensure any overpayments be remitted to the appropriate party on a timely basis.
- C. Ensure all salary commission minutes clearly document all decisions made.
- D. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

A. Partially implemented. Improvements were noted in the county's bidding procedures. For most purchases reviewed, bids were received and bid awards were documented in the commission minutes; however, sole source or emergency procurements were not always documented. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented.

D. Not implemented. The County Commission responded in the prior report that they were not going to pursue reimbursement of the salary amounts at that time due to possible litigation costs. However, they indicated at the time they would review the issue on a statewide basis. This issue was discussed with the County Commissioner during the current audit and they still do not plan to take any action to obtain repayment from the Associate Commissioners. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Public Administrator's Fees

The Public Administrator deferred payment to himself until 2000 for some of the fees earned in 1999 and 1998.

Recommendation:

The Public Administrator and Associate Circuit Judge ensure fees are paid to the Public Administrator during the calendar year earned and approved. In addition, the Public Administrator should contact the IRS to ensure these fees are properly reported.

Status:

Implemented. While the prior Public Administrator is no longer in office and it is unclear whether the IRS was contacted, the current Public Administrator pays out fees as soon as they are approved.

3. Prosecuting Attorney's Records and Procedures

A. Receipt slips were only issued upon request.

B. Cashiers checks and money orders received were not restrictively endorsed immediately upon receipt.

C. The Prosecuting Attorney's secretary occasionally reduced the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney.

- D. The Prosecuting Attorney did not prepare monthly reports of bad check fees collected.
- E. Accounting duties were not adequately segregated and there was no documentation of supervisory review.
- F. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of the complaints, had not been established.

Recommendations:

The Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
- B. Restrictively endorse cashiers checks and money orders immediately upon receipt.
- C. Approve reductions of bad check fees charged.
- D. Prepare monthly reports of bad check fees received as required by state law.
- E. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- F. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.

Status:

A&

D-F. Not implemented. See MAR finding number 3.

B. Implemented.

C. Not implemented. Our testing noted only one instance where a reduction of bad check fees was not approved by the Prosecuting Attorney. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Sheriff's Records and Procedures

- A.1. The total inmate account balance had not been reconciled to the individual inmate account balances since December 1998.
- 2. The method of payment was not always indicated on the inmate receipt slips.
- 3. Accounting duties were not adequately segregated.
- B. Receipts were not deposited in a timely manner.
- C.1. The county did not solicit bids for food purchased for the jail.
- 2. The jail did not maintain perpetual inventory records for all food.
- 3. Records to document the number and the average cost of meals served to inmates were not retained.
- 4. Sheriff department employees were provided meals at no cost from the jail.
- D. Dispatchers and jailers who handle monies were not bonded.

Recommendations:

The Sheriff:

- A.1. Prepare a listing of individual inmate balances and reconcile the listing to the balance in the inmate account monthly and investigate any difference. Any monies remaining unclaimed should be disposed of in accordance with state law.
- 2. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- 3. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C.1. Solicit bids for jail food in accordance with state law and maintain documentation of bids.
- 2. Ensure the jail maintains a perpetual inventory of food.
- 3. Ensure records are retained by the jail to account for the number and average cost of meals served to inmates.
- 4. Review whether sheriff department employees should be provided meals at county expense and if necessary, update the county personnel policy.

D. Acquire a bond for all employees handling assets.

Status:

A,B&

C.1. Not implemented. See MAR finding number 4.

C.2.,

C.3

&D. Implemented.

C.4. Implemented. The Sheriff's Office no longer provides meals for employees.

5. Health Center's Financial Condition

The Health Center's financial condition had been declining over the past several years.

Recommendation:

The Board of Trustees take the necessary steps to improve the financial condition of the Health Center and develop a plan to allow the Health Center to repay their liabilities.

Status:

Not implemented. The Board indicated that only essential personnel had been replaced after the resignation of a large number of staff in 2000; however, the Health Center Fund's cash balance and financial position has continued to be poor. See MAR finding number 1.

6. Health Center's Accounting Controls

A.1. Numerous bookkeeping errors were noted including items not being posted accurately to the general ledger and misclassifications of revenues and expenditures.

2. Incorrect cash balances had been reported to the board.

3. The accounts payable listing presented to the board was not accurate.

B.1. Actual receipts for the year ended December 31, 2000 were understated by \$249,429.

2. The cash reconciliations in the budget were inaccurate and did not agree to the book balances maintained by the Health Center.

3. Significant misclassifications were noted in the Health Center's receipts and disbursements.
- C. Monthly bank reconciliations were not prepared for the Health Center's three bank accounts.
- D. Receipts were not always deposited intact.
- E. Receipt slips were not issued for monies received.
- F.1. The Health Center indicated that they had billed for some services provided since April 2000; however, the accounts receivable listing had not been updated to reflect those billings, and the Health Center was unable to determine the balance of accounts receivable in December 2000.
2. The balance of accounts receivable over 120 days old was more than \$130,000 in April 2000.

Recommendations:

The Board of Trustees:

- A. Ensure financial reports are prepared in a complete and accurate manner and presented to the board in a timely manner.
- B. Ensure the budget is prepared accurately to reflect the financial activity of the Health Center. In addition, reasonable estimates of anticipated receipts, disbursements, and available resources should be included to assist the board in planning for the ensuing year.
- C. Prepare complete and accurate bank reconciliations on a monthly basis.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- E. Require prenumbered receipt slips to be issued for all monies received. In addition, the method of payment should be recorded on the receipt slips and the composition of receipts should be reconciled to deposits.
- F. Take immediate steps to update the accounts receivable records and bill the appropriate parties. In addition, proper follow-up procedures for the collection of delinquent accounts should be developed and pursued to ensure all charges are collected on a timely basis.

Status:

A,C

&F. Implemented.

B,D

&E. Not implemented. See MAR finding number 2.

7. Health Center Expenditures

- A. The former Board of Trustees did not monitor the compensatory time accrued by employees. Some employees accrued and were paid for compensatory time and vacation leave in excess of the maximum hours allowed.
- B. Invoices were not noted as paid or otherwise canceled upon payment.
- C. The Health Center approved payments to vendors without requiring or retaining adequate supporting documentation.
- D. The Board of Trustees did not review or approve invoices for payment.
- E. Acknowledgment of receipt of goods or services was not noted on the invoices.
- F. Health Center personnel did not monitor amounts received or expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services was not periodically calculated and monitored.

Recommendations:

The Board of Trustees:

- A. Monitor the compensatory time accrued by employees to ensure that they are in compliance with state law. In addition, the board should ensure compliance with the leave policy.
- B. Ensure invoices are properly cancelled upon payment.
- C. Ensure adequate documentation is received and maintained to support all expenditures.
- D. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- E. Require evidence of receipt of goods or services on each invoice before approving payment.
- F. Ensure CFP expenditures are in compliance with the contract and contact the Missouri Department of Health to resolve this situation.

Status:

A&C. Implemented.

B,D

&E. Not implemented. See MAR finding number 2.

F. Not implemented. We contacted the Missouri Department of Health and they indicated that they had not followed up on the audit finding since an overpayment was not noted and the Department did not contract with the Health Center in subsequent years to provide CFP services. The Health Center has not handled any CFP monies since 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ST. CLAIR COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of St. Clair was named after General Arthur St. Clair of the Revolutionary War. St. Clair County is a county-organized, third-class county and is part of the Twenty-Seventh Judicial Circuit. The county seat is Osceola.

St. Clair County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 490 miles of county roads and 217 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 8,622 in 1980 and 9,652 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	52.5	50.6	48.6	47.4	34.4	12.4
Personal property		20.7	20.9	21.0	20.3	8.4	6.9
Railroad and utilities		7.0	7.0	7.1	7.7	5.6	6.5
Total	\$	80.2	78.5	76.7	75.4	48.4	25.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

St. Clair County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.3470	.3276	.3298	.3158
Special Road and Bridge Fund *		.2860	.2852	.2852	.2820
Health Center Fund		.2100	.2100	.2100	.2100

* The county retains all tax proceeds from areas not within road districts. The county has seven road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 24,482	23,739	23,175	22,559
General Revenue Fund	290,663	268,063	263,768	248,862
Special Road and Bridge Fund	280,371	274,795	264,694	252,785
Assessment Fund	49,973	38,867	37,523	36,144
Health Center Fund	169,230	164,473	160,577	156,298
Special road districts	177,544	167,209	166,001	163,013
School districts	2,735,761	2,674,833	2,563,311	2,465,545
Library district	133,029	128,614	125,379	121,754
Hospital district	119,959	119,115	116,135	113,979
Fire protection districts	60,748	10,498	9,699	9,851
Tax Sale Overplus Fund	62,518	14,390	6,268	3,724
Tax Maintenance Fund	11,336	10,080	4,064	0
Surtax	19,312	16,844	17,137	17,223
Cities	12,545	11,736	11,077	16,818
Prosecuting Attorney				
Administrative Cost Fund	100	120	90	100
County Clerk	1,948	1,786	1,753	1,385
County Employees' Retirement	28,373	26,640	25,333	23,304
Commissions and fees:				
General Revenue Fund	68,877	65,366	63,023	58,477
County Collector	73	33	34	120
Total	\$ 4,246,842	4,017,201	3,859,041	3,711,941

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	91.8	91.0	90.8	91.1 %
Personal property	91.2	90.8	90.6	91.1
Railroad and utilities	100.0	100.0	97.3	100.0

St. Clair County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Jay Knight, Presiding Commissioner		25,627	25,075		
L. Wayne Scott, Presiding Commissioner				24,684	24,684
Dale Atchison, Associate Commissioner		23,521	23,026	22,664	22,664
Leola Bland, Associate Commissioner		23,521	23,026	22,664	22,664
Pat Terry, Recorder of Deeds (1)		35,304	34,544		
Donna Houston, County Clerk		35,657	34,889	34,340	34,340
Marc Reed, Prosecuting Attorney		42,999	42,073		
Michael C. Dawson, Prosecuting Attorney				41,409	41,409
Ron Snodgrass, Sheriff		40,498	39,969	39,340	39,340
Gail Ingle, County Treasurer		35,304	34,544	25,412	25,412
C. Randy Sheldon, County Coroner		9,864	9,652	9,500	9,500
Laurie Stinnett, Public Administrator (2)		18,798	14,449	14,079	10,100
Sharon K. Foster, County Collector (3), year ended February 28 (29),	35,868	35,050	34,466	22,924	
Irene Wilson, County Collector (4), year ended February 28,				11,447	
Gladys Smith, County Assessor (5), year ended August 31,		36,448	11,761		
Bill Crabtree, County Assessor (6), year ended August 31,			23,426	35,240	35,240

(1) St. Clair county voters approved separating the offices of the Recorder of Deeds and the Circuit Clerk in 2002. The newly elected Recorder of Deeds took office in January 2003.

(2) Includes fees received from probate cases.

(3) Includes \$73, \$33, \$34, and \$30, respectively, of commissions earned for collecting city property taxes.

(4) Includes \$90 of commissions earned for collecting city property taxes.

(5) Includes \$751 and \$428 annual compensation received from the state in 2004 and 2003, respectively.

(6) Includes \$450, \$900, and \$900 annual compensation received from the state in 2003, 2002, and 2001, respectively.

State-Paid Officials:

Barbara Taber, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	37,446
James O. Naylor, Circuit Clerk and Ex Officio Recorder of Deeds				9,854
Michael C. Dawson, Associate Circuit Judge	96,000	92,000		
Raymond T. Huesemann, Associate Circuit Judge		4,000	96,000	96,000

The county entered into a lease agreement with a not-for-profit corporation (NFP) in July 2000 and amended this agreement in July 2001. The terms of the agreement called for the NFP to obtain a USDA guaranteed bank loan of \$1,000,000 for the purpose of constructing a jail addition and for the NFP to lease the jail back to the county for payments totaling the principal and interest due on the twenty year loan and any operating cost incurred. The remaining principal and interest due on the lease-purchase agreement at December 31, 2004 was \$936,259 and \$930,015, respectively.



Claire McCaskill
Missouri State Auditor

December 2005

STATEWIDE

Fleet Management
Follow-Up



Additional opportunities exist to reduce transportation and fleet costs and improve management of fleet operations by the Office of Administration (OA), the Departments of Conservation and Transportation, and state universities

This audit is a follow-up on our 2001 report titled *Audit of State Fleet Management* (Report no. 2001-94). We assessed the progress OA has made in implementing our recommendation to improve the management and oversight of the state's vehicle fleet. We also determined whether opportunities exist to improve the fleet management programs at the Departments of Conservation and Transportation. In addition, we reviewed selected universities' fleet management programs.

OA takes positive action implementing SAO recommendation

OA implemented our previous recommendation and issued a statewide vehicle policy in January 2002. OA's policy included minimum requirements needed for a vehicle management program. OA established a fleet management system to identify the number of state vehicles and requires agencies to provide fleet management data to OA. Audit efforts at the Departments of Insurance, Agriculture, and Economic Development disclosed those departments are following OA's fleet management policies. (See page 4)

State spent \$72 million over a 5-year period on employee mileage reimbursements

During fiscal years 2001 through 2005, the state reimbursed employees approximately \$72 million for using personal vehicles for business purposes. Three agencies (Departments of Corrections, Health and Senior Services, and Social Services) accounted for \$40 million (56 percent) of that amount. (See page 8)

Requiring the use of OA's trip optimizer and reducing vehicle assignment criteria could reduce mileage reimbursement costs

OA established the trip optimizer to help employees determine the most cost-effective mode of transportation. However, OA has not required agencies to use it. Auditors found 240 employees drove over 15,000 miles and had been reimbursed \$1.6 million during fiscal year 2005. If those employees had been provided access to state vehicles, the state could have saved \$670,000, or \$3.3 million over a 5-year period. Auditors also found reducing vehicle assignment mileage criteria could save the state as much as \$3.3 million a year in mileage reimbursement costs. OA is considering establishing a centralized vehicle pool, and acquiring additional vehicles through a lease-purchase program, to help offset mileage reimbursement costs. (See page 9)

Increasing replacement mileage criteria could reduce fleet costs

Auditors noted increasing the minimum replacement mileage criteria for fleet vehicles could reduce fleet costs. For example, if vehicles are replaced at 135,000 miles instead of 105,000 miles, the state could reduce fleet costs by about \$2 million. Auditors also noted purchasing surplus vehicles can reduce fleet costs. (See page 13)



Claire McCaskill
Missouri State Auditor

YELLOW SHEET

OA policies have not required agencies to consider surplus vehicles or justify purchase of SUVs

OA has not established a policy requiring agencies to justify why an agency chose to buy new vehicles instead of buying from surplus property. In addition, OA's vehicle policy has not established criteria to be met or required additional justification, prior to the purchase of sports utility vehicles (SUVs). OA data for 2004 showed SUVs cost the state approximately \$0.34 per mile compared to \$0.199 per mile for mid-size sedans. (See pages 14 and 16)

Conservation, Transportation, and state university fleet programs could be enhanced

Auditors found the Departments of Conservation and Transportation, and state university fleet programs could also be enhanced by establishing policies, or formal guidance, addressing employee use of the least costly mode of transportation, and the procurement of surplus vehicles and SUVs. In addition, policies and guidance have not always addressed vehicle replacement criteria, vehicle assignments and/or minimum mileage use requirements, and use of vehicle mileage logs and/or the method for tracking vehicle usage. (See pages 22 and 31)

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Abbreviations

CSR	Code of State Regulations
M&R	Maintenance and Repair
MoDOT	Missouri Department of Transportation
OA	Office of Administration
RSMo	Missouri Revised Statutes
SAM II	Statewide Advantage for Missouri II
SAO	State Auditor's Office
SUV	Sports Utility Vehicle



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Agency and University Management
and
Michael Keathley, Commissioner
Office of Administration
Jefferson City, MO 65102

This report is a follow-up on our 2001 report titled *Audit of State Fleet Management* (Report no. 2001-94), and related issues. We assessed the progress the Office of Administration (OA) has made in implementing our recommendation to improve the management and oversight of the state's vehicle fleet. We also assessed whether opportunities exist to improve the Departments of Conservation (Conservation) and Transportation (MoDOT), and selected universities' fleet management programs.

OA implemented our recommendation and established a statewide policy for fleet management. However, additional opportunities exist to reduce transportation and fleet costs and improve management of fleet operations by OA, as well as by Conservation, MoDOT, and three universities reviewed. We have made recommendations which could reduce costs and further improve management of fleet programs reviewed.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattell. Key contributors to this report included Robert Spence, M. Monia, and Malcolm Nyatanga.

Claire McCaskill
State Auditor

Introduction

During our previous review of fleet management¹ we found (1) the state did not know how many vehicles it owned, (2) fleet vehicles had been underutilized, (3) nearly half of agencies reviewed had not established vehicle replacement policies, and (4) fleet management had been left up to individual agencies and/or divisions of agencies.

Our report also disclosed the need for a standardized approach to ensure the state's investment in vehicles has been effectively and efficiently managed. We recommended the Office of Administration's (OA) Commissioner establish a statewide fleet management policy and include the following requirements:

- minimum mileage use requirements,
- vehicle replacement policies, including replacement thresholds by vehicle type,
- vehicle purchasing and budgeting procedures,
- preventive maintenance, including maintenance schedules,
- allowable and unallowable uses and the records required to account for such use,
- justification for assigning vehicles to individuals, and
- justification for commuting.

OA Takes Positive Action Implementing SAO Recommendation

In September 2001, we released our audit on fleet management. As a result of our recommendations, OA established the Fleet Management Advisory Committee (Fall 2001) consisting of representatives from all state agencies. Committee objectives included providing input to OA on fleet management issues such as tracking systems and vehicle policies. OA issued a statewide vehicle policy in January 2002.

In July 2002, subsequent to our review, the General Assembly authorized OA to create a fleet management position to institute and supervise a state vehicle tracking system. Through this system, each agency tracks the cost of owning and operating state vehicles. The General Assembly gave OA's fleet manager the authority to suspend any agency's fleet purchasing authority if the agency does not comply with OA requirements. The fleet manager is also required to issue an annual report on the status of the state vehicle fleet along with any recommendations for improvements and changes necessary for more efficient fleet management.²

¹ *Audit of State Fleet Management*, SAO, September 25, 2001 (Report No. 2001-94).

² This report is due by the end of January each year.

The legislation also required OA to establish guidelines determining the most cost-effective and reasonable mode of travel for single trips using the following options: passenger rail, vehicle rental, fleet checkout, and reimbursement for personal car use.

The General Assembly also gave the commissioner authority to issue policies governing the acquisition, assignment, use, replacement and maintenance of state vehicles for state agencies.

Our follow-up review disclosed OA implemented our recommendation by issuing a statewide administrative vehicle policy in January 2002. The policy included minimum requirements needed for a vehicle management program. OA also established a fleet management system to identify the number of state vehicles and requires agencies to provide fleet management data to OA. Review efforts at the Departments of Agriculture, Economic Development, and Insurance disclosed those departments are following OA's fleet management policies. Review efforts also disclosed opportunities exist to reduce transportation and fleet costs, and improve OA's management of the fleet. (See Chapter 2 for further discussion.)

Scope and Methodology

To determine whether recommendations made in our prior report had been implemented, we reviewed OA's state vehicle policy, and state laws governing state fleet management. We also reviewed policies and procedures and discussed program specifics with OA officials, as well as agency and university fleet managers and officials.

We conducted work at the Departments of Agriculture, Economic Development, and Insurance to determine whether those agencies had implemented OA vehicle fleet guidance. We also conducted work at the Missouri Department of Conservation (Conservation), the Missouri Department of Transportation (MoDOT), and the University of Missouri,³ Missouri State University,⁴ and Northwest Missouri State University (Northwest) to determine the adequacy of these entities' vehicle fleet policies.

To determine agency mileage reimbursements to employees, we analyzed mileage reimbursement data from the state financial system⁵ for fiscal years 2001 through 2005. We also determined which agencies accounted for the majority of the reimbursements and if the six agencies reviewed tracked and

³ The University of Missouri system includes four campuses.

⁴ Formerly known as Southwest Missouri State University.

⁵ Data obtained from system known as Statewide Advantage for Missouri II (SAM II).

analyzed the data. The six agencies included the Departments of Agriculture, Corrections, Economic Development, Health and Senior Services, Insurance, and Social Services.

To determine whether agencies use the most cost-effective mode of transportation, we reviewed OA and agency fleet vehicle policies to determine whether a policy on mileage reimbursement had been included. We used OA's "trip optimizer"⁶ to assist in our determination of when it is more cost-effective to rent a vehicle, pay employees mileage reimbursement, or to use a state vehicle. We also interviewed agency officials at selected agencies and universities to determine whether these organizations required employees to use the most cost-effective mode of transportation for state travel.

To determine whether potential savings could occur by reducing OA's 15,000 mile criteria for vehicle assignments, we reviewed OA data showing the mileage point where OA determined it is cost-efficient to assign a vehicle to a state employee rather than continue paying mileage reimbursement. We then compared this point to OA's existing criteria of 15,000 miles per year and estimated potential savings in mileage reimbursement if OA lowered its criteria to that mileage point.

To determine the adequacy of pool vehicles to meet agency needs, we analyzed OA fleet usage data for 19 agencies/departments for fiscal year 2004. From that data, we determined 11 met OA's fleet usage criteria of 15,000 miles per year. We then determined mileage reimbursements made to those 11 agencies over a 5-year period (2001-2005). We also determined the number of pool vehicles available to the 11 agencies. We discussed potential need for additional vehicles with agency personnel and discussed low-cost purchase strategies with OA officials.

To determine whether potential savings could occur by increasing OA's minimum vehicle replacement criteria of 7-years/105,000 miles, we reviewed OA data on maintenance and repair (M&R) costs. We determined when M&R costs started to increase materially in relation to vehicle mileage.

To determine whether OA required agencies to purchase surplus vehicles as replacement vehicles, we reviewed 303 vehicle purchases made by agencies during fiscal year 2004, and OA's purchase approval procedures. We also

⁶ OA's "trip optimizer" provides employees with cost information regarding different modes of transportation.

determined savings achieved by those agencies purchasing surplus vehicles by comparing the cost of surplus federal vehicles sold to state agencies to break-even value amount for selected purchases.

To determine the adequacy of OA's vehicle purchase pre-approval procedures, we tested 305 vehicle purchase requests for fiscal year 2004 and assessed the adequacy of OA's approval methodology.

To determine the adequacy of OA's procedures used to approve agency purchases of sports utility vehicles (SUVs), we reviewed OA's approval of SUV purchases for fiscal year 2004.

We performed data reliability tests on OA's fleet management system and university fleet management data, and found no material errors in the data.

We requested comments on a draft of our report from the Commissioner of the Office of Administration, the Directors of Conservation and MoDOT, and appropriate university officials. Agencies mentioned in the report, but did not have any recommendations directed to them, were also given an opportunity to respond to the report draft. We conducted our work between November 2004 and July 2005.

Opportunities Exist to Reduce Mileage Reimbursement and Fleet Costs

Opportunities exist to more efficiently manage state employee transportation costs. State agencies have not always considered the cost-benefit of reducing employee mileage reimbursements by requiring state employees to use OA's "trip optimizer," or reducing vehicle assignment criteria. OA is considering establishing a centralized vehicle pool and acquiring additional vehicles to help offset vehicle mileage reimbursement costs. In addition, fleet costs could be reduced by increasing vehicle replacement mileage criteria, requiring agencies to consider buying surplus vehicles before purchasing new vehicles, improving OA procedures used to approve vehicle purchases, and requiring agencies to adequately justify SUV purchases.

\$72 Million Spent on Mileage Reimbursements

During fiscal years 2001 through 2005, the state reimbursed employees approximately \$72 million for using personal vehicles to conduct state business. State regulations⁷ allow state employees to be reimbursed when they use privately owned vehicles at a rate established by OA, which historically has been \$0.03 less than the Internal Revenue Service rate. For example, in fiscal year 2005, OA established a mileage reimbursement rate of \$0.345 per mile; \$0.03 less than the federal rate. OA adjusts the mileage reimbursement rate on an annual basis and on July 1, 2005, OA increased the mileage reimbursement rate to \$0.375 per mile.

Our analysis of state financial system data disclosed 12 of the 25 agencies accounted for \$67 million (93 percent) of the \$72 million spent during fiscal years 2001 through 2005. (See Appendix I for agencies.) The following three agencies accounted for \$40 million (56 percent) of that amount: the Department of Social Services spent \$26 million (36 percent), the Department of Corrections spent \$7 million (10 percent), and the Department of Health and Senior Services spent \$7 million (9 percent).⁸

A Department of Social Services official told us the department has not analyzed reimbursement data. Officials at the Departments of Corrections and Health and Senior Services told us the departments have analyzed reimbursement data. Department of Health and Senior Services officials provided examples of analyses that, according to one official, have been routinely shared with department management and staff. However, Corrections officials could not provide us with analyses they had conducted. Officials with two of three other agencies contacted—the Departments of Agriculture and Insurance—told us those agencies also have not tracked or analyzed reimbursement data. A Department of Economic Development

⁷ 1 CSR 10-11.010.

⁸ Percentages for the three agencies total 55 percent due to rounding.

official told us the department has analyzed reimbursement data, but could not provide us with any analyses.

Requiring agencies to use trip optimizer could reduce costs

In December 2003, OA established a trip optimizer to assist agencies with determining the most cost-effective means of transportation. However, OA has not required agencies to utilize the trip optimizer. In addition, the six agencies reviewed have not required its use or considered the cost-benefits of its use.

State law⁹ requires OA to establish guidelines for determining the most cost-effective and reasonable mode of travel for single trips using passenger rail, vehicle rental, fleet checkout, and reimbursement when using a personal vehicle.

According to OA officials, OA established the trip optimizer on its website to assist state agencies in determining the most cost-effective transportation options. For example, if an employee is making a 224-mile one-day round trip from Jefferson City to St. Louis, the trip optimizer shows taking a state vehicle saves the state the most in transportation costs. If a state vehicle is not available, the website will show using a rental car is the next most cost-effective option, and using the employee's vehicle is the most costly option. The OA used a cost factor of \$0.205 per mile when computing the cost for a mid-size state vehicle, \$52.05 per day for a mid-size rental car (including fuel), and \$0.375 per mile for employee vehicles, as of July 21, 2005.¹⁰ The OA website includes a notice on its trip optimizer that all relevant factors such as employee time and effort, proximity to rental or state vehicles and other administrative costs should be considered when determining the most cost-effective travel option.

Using state vehicles would reduce reimbursement costs

Our analysis of state financial system data disclosed 240 employees had driven personal vehicles over 15,000 miles and had been reimbursed \$1.6 million (4.6 million miles), during fiscal year 2005. Had those employees driven state vehicles, the state would have saved approximately \$670,000¹¹ during fiscal year 2005. Assuming those employees' driving habits remained the same for the next 5 years, the state could realize potential savings of approximately \$3.3 million.

⁹ Section 37.450, RSMo.

¹⁰ OA updates the trip optimizer periodically and therefore, the cost for operating a state vehicle may change.

¹¹ Based on \$0.199 cost per mile to operate a state vehicle, as of May 28, 2005.

Table 2.1: Top Employee Reimbursements Made Over 5 years

To further illustrate potential savings that could be achieved by driving state vehicles, we analyzed the top 20 employees who received the most mileage reimbursement during fiscal years 2001 through 2005. Had these 20 employees been provided state vehicles, the state would have saved approximately \$313,000¹² for the 5-year period. The following examples in Table 2.1 illustrate reimbursements made to 4 employees included in the top 20 and potential savings for the 5-year period.

Agency/ department	Miles driven	Paid to employee	Potential savings ¹
Health and Senior Services	171,642	\$55,934	\$24,000
Elementary and Secondary Education	154,320	50,365	21,000
Mental Health	138,737	44,649	17,000
Office of Administration	138,038	44,698	17,000
Totals	602,737	\$195,645	\$79,000

¹ We based cost savings associated with driving a state vehicle on mileage incurred for a mid-size state vehicle, as of May 28, 2005 (less depreciation) for the 5-year period.

Source: SAO analysis of the state financial system data.

As shown in Table 2.1, the state could have saved \$79,000 for the 4 employees highlighted in the table over the 5-year period had the employees driven state vehicles.

Rental vehicles can also reduce costs

Using OA's trip optimizer and cost data, as of July 21, 2005, we determined mileage points when it is more cost-effective to rent a mid-size vehicle rather than reimbursing employees for mileage, and using a mid-size rental car instead of a state vehicle. Table 2.2 depicts the results of our analysis excluding other administrative costs factors which should be considered but vary and cannot be easily factored into the table.

Table 2.2: Approximate Break-even Points Comparing Rental to Reimbursement and State Vehicles

Days	Rental versus personal vehicle ¹ (miles)	Rental versus state vehicle ² (miles)
1	116	274
2	231	546
3	347	821
4	462	1,094
5	578	1,367

¹ Assumes mileage reimbursement rate of \$0.375 a mile and rental cost for mid-size car, including fuel, as of July 21, 2005.

² Assumes OA rate of \$0.205 a mile for state vehicle and a rental cost for mid-size car, including fuel, as of July 21, 2005.

Source: OA trip optimizer.

¹² Calculation assumes a purchase cost of \$12,246 per vehicle.

No adverse consequences for not using low-cost transportation

Table 2.2 shows it becomes cost-effective to use a rental car for one day rather than reimbursing employees for mileage once miles driven reaches 116 miles. It becomes cost-effective to use a rental vehicle rather than a state vehicle once trip mileage reaches 274 miles.

OA has not established a policy that specifies a maximum employees will be reimbursed when the most cost-effective mode of transportation is not utilized. However, some agencies have established a maximum reimbursement rate allowable. For example, the Department of Agriculture's travel policy requires employees be reimbursed at a rate of \$0.15 a mile if employees use personal vehicles when a state vehicle is available. The Department of Economic Development's travel guidance states employees are to be reimbursed at a rate of \$0.05 a mile less than the established OA rate when they elect to use a personal vehicle rather than a state vehicle.

In discussing this matter, OA officials told us they intend to establish a maximum allowable reimbursement rate for employees based on what the trip optimizer shows as the lowest cost option.

Reducing vehicle assignment criteria reduces mileage reimbursements

Reducing vehicle assignment criteria could reduce mileage reimbursements. To illustrate possible savings, we analyzed fiscal year 2005 mileage reimbursement data and determined the state could have potentially saved \$3.3 million¹³ in employee reimbursement costs, if the state had reduced vehicle assignment criteria.

OA determined once employees drive more than approximately 5,919¹⁴ miles (break-even point) a year, it is economical to provide employees with state vehicles when other cost-effective options are not available, compared to reimbursing employees for mileage driven in employees' vehicles. However, OA's fleet management policy only allows employees exceeding 15,000 miles per year to be considered for vehicle assignment, which is 9,081 miles beyond the break-even point. The 15,000 mile per year guidance is based on OA's 105,000-mile/7-year vehicle replacement guidance ($105,000/7=15,000$ per year).

In discussing this issue, OA officials acknowledge there may be a need for policy change to re-evaluate the assignment criteria. Officials stated

¹³ This figure is based on 2,246 employees that drove over 5,919 miles, or 22.5 million total miles, which cost the state \$7.8 million (22.5 million x \$0.345 a mile). We then took 22.5 million miles x \$0.199 per mile (total cost per mile for mid-size state vehicle, as of May 28, 2005), and got \$4.5 million and subtracted \$4.5 from \$7.8 to get \$3.3 million.

¹⁴ OA's calculation based on fiscal year 2005 figures. The break-even point in fiscal year 2004 was 6,683 miles.

assigning state vehicles would be contingent on the availability of other cost-effective options not being available.

OA considering options to reduce reimbursement costs

OA is considering establishing a centralized vehicle pool, and acquiring additional vehicles through a lease-purchase program, to help offset vehicle mileage reimbursement costs. OA is considering these options because most agencies meet utilization criteria but incur substantial reimbursement costs. For example, our analysis of fiscal year 2004 OA fleet usage data for 19 agencies/departments¹⁵ showed 18¹⁶ agencies averaged 15,499 miles. Further analysis disclosed 11 of the 18 agencies specifically met OA's guidance on fleet utilization. However, those 11 agencies accounted for \$55 million, or 76 percent of total mileage reimbursements made to state employees during fiscal years 2001 through 2005. (See Appendix I for the breakdown of mileage reimbursement amounts by agency.)

OA guidance requires fleet pool vehicles¹⁷ be driven an average of 15,000 miles per year and OA monitors agencies through fleet data submitted by these agencies. According to OA officials, agencies not complying with OA's guidance on fleet mileage will not be allowed to purchase replacement vehicles.

Options could better meet needs of agencies

OA is considering¹⁸ establishing a centralized fleet of pool vehicles to supplement the needs of agencies and reduce mileage reimbursement costs. Under this concept, OA officials are considering acquiring fleet vehicles from agencies that are underutilizing fleet pools. This change would enable those agencies that have a greater need to access additional vehicles and it would help ensure higher utilization for the entire state fleet, according to OA officials.

Officials with OA and three agencies acknowledged reimbursing employees for use of personal vehicles is costly and that additional state vehicles could help reduce mileage reimbursement costs. However, the three agency officials said obtaining additional vehicles is unlikely due to state fiscal problems, and the executive order barring agencies from purchasing vehicles since January 11, 2005.

¹⁵ Executive agencies excluded MoDOT and Conservation. We also excluded the Lt. Governor's Office because it did not report any usage data for fiscal year 2004.

¹⁶ Excludes the Governor's Office because it did not have any pool vehicles.

¹⁷ These vehicles are general use vehicles available for temporary assignment to agency employees.

¹⁸ As of July 1, 2005.

OA is researching the possibility of a lease-purchase program, referred to as municipal leasing, to avoid the initial costs of purchasing additional vehicles. According to OA's 2003 fleet report, municipal leasing is an option utilized by government entities (including MoDOT) for funding essential equipment purchases. The benefits include: reduced up front capital costs, no long-term debt obligation to the state, tax exempt rates make it more cost-effective than conventional lease programs, no mileage or wear and tear restrictions, vehicle is titled and licensed to the state during the lease term, and vehicle is retained by the state at the end of the lease. According to the 2003 report, municipal leasing would increase vehicle cost per mile less than \$0.01.

More Efficient Fleet Management Could Reduce Costs

Fleet costs could be reduced by increasing OA's vehicle replacement criteria without a significant increase in operating costs. In addition, costs could be reduced by requiring agencies to consider surplus vehicles prior to purchasing new vehicles, improving OA's new vehicle approval process, and requiring agencies to justify purchases of SUVs.

Increasing vehicle replacement mileage criteria could reduce fleet costs

Our analysis of fleet data showed the state could potentially reduce fleet costs by increasing the minimum replacement mileage criteria for fleet vehicles.¹⁹ For example, we determined increasing OA's vehicle replacement mileage criteria from 105,000 miles/7 years to 135,000 miles could reduce fleet costs by approximately \$2 million because it would allow the state to delay purchasing new vehicles without a significant increase in maintenance costs.

Subsequent to our 2001 report, OA established minimum mileage replacement criteria for agency use in determining when to replace state vehicles. OA initially established criteria for passenger cars of 4 years or 60,000 miles. In February, 2004, OA increased the criteria to 7 years or 105,000 miles. According to OA officials, they established the 105,000 mile/7 year guidance by researching other states' criteria. Once they found an accepted mileage amount, they divided by 15,000 miles, the minimum yearly mileage average established by OA for pool vehicles, which resulted in 7 years.

According to OA data, the state has approximately 2,900 fleet vehicles²⁰ subject to OA's mileage replacement criteria. For illustrative purposes, we assumed all fleet vehicles would be disposed of at 135,000 miles—an

¹⁹ For all vehicles with a gross vehicle weight rating of less than 8,500 pounds.

²⁰ This total excludes the MoDOT, Conservation, the Missouri Highway Patrol, and colleges and universities.

increase of 30,000 miles—and the residual value remained the same at \$1,800. The mileage increase would save the state \$660 (30,000 x \$.022)²¹ per vehicle, or approximately \$2 million (\$660 x 2,900). This change would also allow the state to delay the purchasing of new vehicles without a significant increase in maintenance costs.

M&R costs would not increase significantly with criteria change

OA fleet cost data disclosed annual maintenance and repair (M&R) costs would not increase significantly by increasing mileage replacement criteria. For example, OA's data showed increasing the criteria to 135,000 miles would increase M&R costs by an average of \$41 per vehicle. Table 2.3 depicts the increase in maintenance cost at different mileage levels.

Table 2.3: Annual M&R Costs by Mileage Categories

Mileage	Average model year	Total average mileage	Average mileage 2004	Average annual M&R costs	Number of vehicles
50,000 - 105,000	1998	79,417	12,831	\$542	1,292
105,001- 125,000	1997	113,907	15,003	584	382
125,001-150,000	1996	135,347	14,389	625	246
Over 150,000	1996	173,438	16,247	742	135

Source: SAO analysis of OA data.

As shown above, maintenance costs did not increase significantly until vehicle usage reached 150,000 miles or more.

OA officials told us they were not opposed to considering increasing the replacement criteria since surplus vehicles averaged 121,000 miles in fiscal year 2004. Department of Agriculture officials did not oppose increasing the replacement criteria. They also indicated Agriculture vehicles are driven an average of 120,000 miles. An official at the Department of Insurance told us the department used M&R costs in deciding when to replace vehicles and replaces vehicles at 120,000 miles. Officials at the Department of Economic Development told us the current criteria of 105,000 miles is adequate because after 105,000 miles, some employees believe vehicles are unsafe.

OA policy has not required agencies to consider surplus vehicles

OA has not established a policy requiring agencies to justify why the agency chose to buy new vehicles instead of buying from surplus property. We found agencies purchased 303 vehicles during 2004. Of that amount, 177 (58 percent) represented new purchases and 126 (42 percent) represented

²¹ We used OA's depreciable base of \$10,446 (\$12,246 - \$1,800) for fiscal year 2005 and divided by 105,000 which equals \$0.099 per mile. We then divided the depreciable base of \$10,446 by 135,000 which equals \$0.077 per mile, a difference of \$0.022 per mile.

surplus property purchases. For the new vehicles purchased, we found no documentation showing whether the agencies considered surplus property inventory prior to purchasing new.

Purchasing surplus vehicles could potentially reduce fleet costs. For illustrative purposes, we analyzed 20 similar surplus vehicles with an average odometer reading of 34,966 miles²² and an average break-even value of \$9,109.²³ The agencies spent an average of \$6,393 each for these vehicles, and saved the state \$2,716 per vehicle.²⁴ In our example analysis, the agencies saved the state approximately \$54,000 by buying surplus vehicles rather than buying new vehicles.

According to OA's fleet manager, the decision to buy a surplus or new vehicle has been left to the individual agencies and what the agencies can afford. For example, the Department of Health and Senior Services purchased 43 surplus vehicles²⁵ during 2004, according to OA data. The Department of Agriculture considers surplus vehicles when deciding to purchase additional vehicles and is on the State Agency for Surplus Property calling list, according to a department official. A Department of Economic Development official told us new vehicles can be purchased at discounted prices, so it makes more sense to purchase new vehicles.

Purchase approval process could be improved

Our review of agency requests for 305 vehicle purchases, during fiscal year 2004, disclosed OA approved purchase of 42 vehicles by 4 agencies that had not complied with OA's policy requiring agency fleets to average 15,000 per year. This situation occurred because the fleet manager approved all purchases of vehicles based on current conditions and projections of agencies' current utilization at the time of the request, not on historical data. For example, if an agency requested a vehicle purchase in the second quarter of the fiscal year, the fleet manager would approve or deny the purchase based on utilization data for the first and second quarters and assume similar usage for the rest of the year.

OA's fleet policy requires the fleet manager to pre-approve all purchases of state vehicles with a gross vehicle weight requirement less than 8,500

²² Includes vehicles surplused by the Federal Government.

²³ We developed a break-even value formula to aid in deciding when to purchase surplus versus purchasing new vehicles: $\text{New Vehicle Cost} - [\text{Odometer Reading (Surplus)} \times \text{Depreciation cost/mile } (\$0.086 \text{ per the trip optimizer})]$.

²⁴ For illustration purposes, we assumed M&R costs remained constant over the life of the vehicle.

²⁵ According to a department official, 34 represented replacement vehicles and 9 represented additional vehicles.

pounds, except for law enforcement pursuit vehicles. Any expansion of agency vehicle fleets must also be approved by the fleet manger. OA's policy also requires agencies to demonstrate a compelling need for expansion and requires existing agency vehicles to be utilized according to minimum utilization requirements outlined in OA's policy.

According to the fleet manager, if an agency generally has not complied with OA's fleet vehicle policy, requests have been denied. As discussed on page 12, we found 11 of 18 agencies complied with OA's usage policy while 7 agencies did not comply. However, OA denied only 1 of 305²⁶ vehicle purchase requests during fiscal year 2004, citing non-compliance.

According to OA's Director of General Services and the fleet manager, OA implemented its pre-approval process in 2004, and they believe the approach represented the best approach at that time since OA did not have accurate historical data. The officials also stated some agencies did not ask for pre-approval of purchases because the agencies were not in compliance with OA guidance.

Policy needed to justify purchase of SUVs

Agencies have been allowed to purchase SUVs which, according to OA data for 2004, costs the state approximately \$0.34 per mile compared to \$0.199 per mile for mid-size sedans. However, OA's vehicle policy has not set forth criteria to be met or required additional justification, prior to the purchase of SUVs. Our review of OA's fleet information system data disclosed the state had 226 active SUVs, as of June 30, 2004. Of the 226, 21 (9 percent) had been purchased in fiscal year 2004.

Conclusions

Opportunities exist to reduce mileage reimbursements to employees and other fleet costs. The state spent approximately \$72 million reimbursing state employees for vehicle mileage for fiscal years 2001 through 2005. Of that amount, 12 agencies spent approximately \$67 million. However, state agencies have not always tracked and/or analyzed mileage reimbursement data to determine alternatives that could reduce costs.

OA has established a trip optimizer to assist agency employees in determining the most cost-effective mode of transportation. However, OA has left its use to the discretion of state agencies. Because the trip optimizer has been designed to promote the use of low-cost transportation, OA should make its use mandatory by state agencies. State agencies reviewed also have not always tracked and/or analyzed all costs associated with transportation

²⁶ In addition to this vehicle purchase denial, OA also denied one vehicle purchase request for a reason other than non-compliance with OA's fleet vehicle policy.

modes used by employees. Without such analyses, agencies cannot determine whether employees are using the most cost-effective mode of transportation. Agencies should track employee transportation modes and analyze that data to help determine cost-effective alternatives for employees.

Using state vehicles and/or rental vehicles can reduce transportation costs. Our analysis disclosed significant savings could be achieved by providing state vehicles to employees meeting OA's usage criteria of 15,000 miles a year. We also found using rental vehicles can reduce mileage reimbursement costs.

Some state agencies reimburse employees less when the most cost-effective mode of transportation is not used. However, OA has not instituted a policy establishing the maximum reimbursement to be made to employees when the most cost-effective mode of transportation is not used. According to OA officials, OA intends to create a policy to address this issue. OA should require agencies to reimburse at a reduced rate when employees do not use the most cost-effective mode of transportation.

The state could also reduce mileage reimbursements by reducing vehicle assignment criteria. OA has concluded once employees drive more than approximately 5,900 miles a year, it becomes cost-effective to assign those individuals a vehicle when other lower cost options are not available. However, OA's current criteria for assigning vehicles is 15,000 miles. It would be cost-beneficial to reduce vehicle mileage criteria to an appropriate level determined by OA and assign vehicles to individuals when other lower cost options are not available.

Our analysis of pool vehicle utilization showed 18 agencies met OA's average utilization guideline of 15,000 miles a year for fiscal year 2004. However, 11 of those agencies also accounted for \$55 million of \$72 million in mileage reimbursements to employees during fiscal years 2001 through 2005. OA needs to evaluate the cost-benefit of additional fleet vehicles to reduce the state's mileage reimbursement expenditures. OA and three agency officials acknowledged that reimbursing employees for mileage is costly and that additional pool vehicles could help reduce transportation costs. However, the three agency officials believe funding for increased purchases of vehicles is unlikely given the state's financial condition.

To help meet agency needs, OA is considering establishing a centralized fleet of pool vehicles. OA should evaluate the feasibility of this approach as one means of meeting agency needs.

When additional vehicles are to be purchased, OA is considering a low-cost municipal lease option that would allow the state to avoid large initial funding outlays. OA should evaluate this option to achieve cost savings for the state when additional vehicles are needed.

Fleet costs could also be reduced by increasing vehicle replacement mileage criteria. Our analysis, based on an assumed mileage increase from 105,000 miles to 135,000 miles, showed the state could potentially reduce fleet costs by approximately \$2 million. OA cost data showed increasing the criteria could be accomplished without significantly increasing M&R costs. Increasing vehicle replacement criteria would also allow the state to delay the purchase of replacement vehicles.

OA has not required agencies to consider purchasing surplus vehicles when replacement vehicles are needed. Although agency purchases of surplus vehicles represented 42 percent of total vehicle purchases during fiscal year 2004, opportunities may exist to increase that amount. Based on our analysis it is cost-effective to purchase surplus vehicles when the vehicles meet agency needs. OA should establish a policy requiring agencies to formally consider the purchase of surplus vehicles prior to purchasing new vehicles.

Our review of vehicle purchase requests disclosed OA approved agency requests based on projections of agency fleet utilization. OA's purchase approval process should be based on historical data as well as current conditions to better ensure agencies comply with OA's minimum fleet utilization requirements.

OA's fleet vehicle policy has not set forth criteria to be met, or required additional justification, prior to the purchase of more costly SUVs. While we recognize some agencies have rationale for using SUVs, OA should establish a policy requiring agencies to justify SUV purchases.

Recommendations

We recommend the Commissioner of the Office of Administration:

- 2.1 Require state agencies to analyze mileage reimbursements to determine alternatives to reduce mileage reimbursements.
- 2.2 Require state agencies to use the trip optimizer to help state employees choose the most cost-effective mode of transportation, and establish a maximum mileage reimbursement rate when more costly modes of transportation are used, unless justified.

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- 2.3 Reduce vehicle assignment criteria by an appropriate amount and assign vehicles when other cost-effective options are not available in order to reduce reimbursement expenditures.
 - 2.4 Evaluate the cost-benefit of investing in additional fleet vehicles to reduce the state's mileage reimbursement expenditures and consider the feasibility of a lease-purchase program for future purchases of vehicles.
 - 2.5 Increase vehicle replacement mileage criteria.
 - 2.6 Establish a policy requiring agencies to formally consider purchasing surplus vehicles instead of new vehicles when replacing fleet vehicles.
 - 2.7 Base vehicle purchase pre-approval process on historical data and current conditions instead of fleet utilization projections.
 - 2.8 Establish criteria in policy requiring agencies to justify the purchase of SUVs.

Agency Comments

Office of Administration Comments

- 2.1 *Already doing. The Office of Administration had previously identified this issue and proposed a program to provide state vehicles for employees receiving specific levels of mileage reimbursement. This program, entitled "Smart Lease," has been approved and will provide agencies with a lower cost alternative to mileage reimbursement for certain employees. The Office of Administration, State Fleet Management Program will provide annual mileage reimbursement data to state agencies for review and analysis. Agencies will be encouraged to redirect mileage reimbursement travel to other less costly options whenever possible.*
- 2.2 *We have improved the former administration's policy. Since the inception of the Trip Optimizer, the Office of Administration, State Fleet Management Program has extensively promoted its use as a valuable tool to assist agencies in determining the most cost effective mode of transportation. State Travel Regulations currently require state agencies and employees to utilize the most economical mode of travel. However, OA will further emphasize the need for agencies and employees to make appropriate travel decisions through issuance of a new travel policy requiring the use of the Trip Optimizer or other equivalent tool. This new policy will also establish a maximum mileage reimbursement rate if employees elect to use their personally owned*

vehicles in lieu of less costly options such as state vehicles or rental vehicles.

- 2.3 We agree to grant exceptions to the current minimum mileage requirement when other more cost effective options are not available. We believe all state vehicles should be utilized to the fullest extent possible, and that in most instances vehicles assigned for the exclusive use of one employee should be driven a minimum of 15,000 miles on state business. We strongly encourage agencies to pool vehicles or utilize fleet rotation to maximize fleet efficiency. If pooling is not an option, OA will allow individual assignment of vehicles to employees traveling less than 15,000 miles but above the established break-even point.*
- 2.4 Are already addressing. The Office of Administration is ready to kickoff its new Smart Lease vehicle financing program which will provide additional fleet resources for agencies and offset certain employee mileage reimbursement expenditures. Smart Lease is in its final stages of development and will be fully implemented by the end of FY '06.*
- 2.5 We concur. The State Vehicle Policy currently contains a minimum replacement threshold of seven years or 105,000 miles. Data from the State Fleet Management program indicates that state vehicles are currently disposed of through State Surplus Property well in excess of the current minimum replacement threshold. The average odometer reading of all vehicles surplusd in FY '05 was 125,910 miles. The Office of Administration will recommend an increase in the minimum mileage replacement threshold in the upcoming revision to the State Vehicle Policy.*
- 2.6 We concur. The State Vehicle Policy will be modified to encourage agencies to consider purchasing surplus vehicles when replacing state vehicles.*
- 2.7 OA will continue to use historical utilization data along with fleet utilization projections in making pre-approval decisions. Prudent management of the state fleet requires OA to consider not only historical usage patterns but also how planned changes to an agency's responsibilities, organizational structure or manner in which it delivers services will impact its fleet utilization. OA will also consider how fleet changes undertaken by agencies to improve fleet efficiency will prospectively impact the agency. It is not the intent of the Office of Administration to penalize agencies that can provide documentation of*

actions taken in good faith that would improve the efficiency of their fleets.

On June 1, 2004, the State Fleet Management Program implemented an upgrade to the State Fleet Information System to more accurately classify vehicles consistent with our State Vehicle Policy assignment criteria. This system upgrade occurred at the end of FY '04 resulting in the reclassification of many vehicles and consequently impacted the accuracy of FY '04 projections used in pre-approval decisions throughout the year. We currently have three years of state vehicle data and are better equipped to access the efficiency of agency fleets.

The Office of Administration believes the audit report does not completely reflect the positive impact the pre-approval process has had on overall fleet efficiency. Agencies with known non-compliance issues did not submit requests for vehicle purchases until those issues were resolved. In the first year of the process, numerous agencies were required to improve efficiencies in various areas of their fleet that were non-compliant with policy guidelines.

2.8 We concur. Since the inception of the vehicle preapproval process in 2003, the Office of Administration has required additional justification from agencies before approving the purchase of SUVs. For several SUV requests, OA determined sedans or light trucks could more appropriately meet agency needs. OA will formalize its current practice by modifying the State Vehicle Policy to require additional justification for the purchase of SUVs.

Each agency mentioned in this chapter was given an opportunity to respond to a draft of this report. Responses provided by the Departments of Corrections, Health and Senior Services, Mental Health, and Social Services are in Appendix II. The Departments of Agriculture, Economic Development, Elementary and Secondary Education, and Insurance chose not to provide written comments.

Enhancements to Conservation and MoDOT Fleet Programs Could Reduce Costs

The Departments of Conservation and Transportation (MoDOT) could reduce mileage reimbursement costs and fleet costs by requiring (1) employee use of the least costly mode of transportation, (2) the procurement of surplus vehicles when beneficial, and (3) criteria for the procurement of SUVs. In addition, the departments' policies and guidance have not always addressed vehicle replacement criteria, vehicle assignments and/or minimum mileage use requirements, and use of vehicle mileage logs and/or the method for tracking vehicle usage.

Conservation and MoDOT Fleet Policies Independent of OA

Conservation and MoDOT have chosen not to follow OA's fleet policies. Both agencies provided rationale for not following OA's fleet policy in separate letters addressed to OA. (See Chapter 1 for OA established fleet management policies for state agencies.)

In a December 2003 letter, Conservation stated OA's fleet policy placed restrictions on the authority of the department and the Commission, and placed decision-making authority with an official removed from the needs of Conservation customers and the mission of the department. Conservation also stated the policy placed administrative burdens on the department with little or no benefit and none of OA's requirements could be enforced on the department. According to the letter, Conservation had adopted policies and guidelines that made good business sense for citizens and the department.

MoDOT informed OA why it would not follow OA's guidance in a letter dated November 13, 2003. The letter stated, "The MoDOT fleet program has, and will continue to, provide that same oversight for the MoDOT fleet. I think you will agree that a fleet comprised of the unique units we have requires a different, maybe higher, level of oversight. We have committed the necessary resources to ensure an adequate fleet management program is in place. This includes replacement funding, policies and procedures, staffing, technical and IT support, data collection analysis and management reporting. Due to the commitment of resources we have made within MoDOT, I feel it is inappropriate to provide resources to another agency for virtually the same purpose."

Reduction of Transportation and Fleet Costs Possible

Conservation and MoDOT have not maximized opportunities to reduce costs because they have not always ensured (1) employees use the least costly mode of transportation, (2) surplus vehicles have been considered for purchase, and (3) purchases of SUVs have been justified.

Use of least costly transportation not always ensured

Both agencies have not addressed employee use of the least costly mode of transportation in fleet policies and/or formal guidance. For example, employees have not been required to use rental vehicles when it is cost-

effective, and employees have not been required to use OA's trip optimizer to assist in determining the least costly mode of transportation.

Conservation

According to a Conservation official, employees have been required to justify the mode of travel and division supervisors have monitored and held employees accountable. Conservation policy encourages the use of department vehicles; however, it allows for mileage reimbursement for personal vehicle use. Some divisions also have restrictions on how and when employees are reimbursed and require prior approval, according to department officials. The department has considered renting vehicles, but the department has not required employees to do so, as of June 30, 2005, according to a department official.

The trip optimizer has been added to the department's intranet, but it has not been promoted, or required to be used, according to a Conservation official. The official also stated it would be an administrative burden to require employees in remote areas to use OA's trip optimizer. However, in discussing this issue with us, the official stated the department would consider requiring use of the trip optimizer in areas where appropriate and include its use in formal guidance.

Conservation records showed it reimbursed employees \$201,295 for 583,464 miles in fiscal year 2005. An official also told us the department is going to start reviewing mileage reimbursement quarterly to determine who is claiming a lot of reimbursable miles and hold division heads accountable for selected modes of travel.

MoDOT

According to MoDOT officials, employees have the option of using state vehicles, rental vehicles, or personal vehicles. The department requires employees to justify modes of travel and encourages employees to use a pool vehicle when available, according to an official. MoDOT policy states, "Employees will be allowed to use their personal vehicle, when authorized, to conduct official department business as an alternative to using a department vehicle, and will be reimbursed for the expense... Written authorization or approval should first be obtained from the employee's immediate supervisor before an employee uses his or her personal vehicle."

According to an official, the department has made OA's trip optimizer available to employees, but the department has not required its use in policy. In addition, MoDOT has not determined whether districts have used it, according to the official. However, MoDOT's General Services Division is now using OA's trip optimizer to help determine the most efficient mode of transportation, according to the official. When employees want to travel, they should contact General Services to determine the availability of a state

vehicle. If none is available, General Services usually recommend the next best option. The official told us employees use the state vehicle rental contract and MoDOT also contracts with other vehicle rental vendors.

MoDOT records showed it reimbursed employees \$167,123 for 484,414 miles in fiscal year 2005. One official told us employee reimbursements increased in 2005 because the department has reassigned pool vehicles to work units where there is more need. In discussing this issue with us, the official told us MoDOT plans to start conducting analyses of employee reimbursements and, based on our work in identifying employees reimbursed for 10,000 miles or more, MoDOT plans to establish procedures to identify employees driving over 10,000 miles a year and will consider a more cost-effective mode of travel for those individuals.

Consideration of surplus vehicles not required

Neither agency has required employees, through policy, to consider the purchase of surplus vehicles, or justify why they chose to buy new vehicles rather than buy vehicles from surplus property. As discussed in Chapter 2, our analysis of state agency purchases in 2004 disclosed 42 percent of vehicles purchased represented surplus vehicles and cost savings can be achieved.

According to a Conservation official, the department would consider going to surplus property; however, the department has not purchased surplus vehicles in 5 years. In discussing this issue, the official stated the department will establish formal guidelines to require consideration of surplus vehicles, when feasible.

According to a MoDOT official, MoDOT has purchased surplus vehicles from the Missouri State Highway Patrol and is currently on surplus property's waiting list. In discussing this issue with us, an official agreed a policy requiring consideration of surplus vehicles is needed.

Policy needed to approve and justify SUV purchases

The agencies have not established formal procedures for purchases of SUVs. As discussed in Chapter 2, SUVs are more expensive to operate on a per mile basis. According to officials from both agencies, they discourage the purchase of SUV's. For example, Conservation officials told us they reduced the number of SUVs from approximately 139, as of December 31, 2000, to 28, as of May 6, 2005. In addition, only one division had authorization to purchase SUV's at the time of our review, according to a department official. In discussing this issue with us, the official stated the department will establish formal guidelines to address the purchase of SUVs.

MoDOT requires SUV requests be approved by the Director of Administration, according to one department official. According to another official, SUVs have been needed to haul equipment and to transport district crews. However, MoDOT is evaluating future purchase of four-wheel drive trucks instead of SUVs, according to the official, and plans to consider establishing a policy addressing purchases of SUVs as well as four-wheel drive trucks.

Fleet Policies Could Be Improved

Conservation and MoDOT guidance and policies address vehicle usage, commuting, maintenance and safety, equipment disposal and equipment reporting requirements. MoDOT's policy also addresses equipment retention, fleet leasing, minimum use requirements, and vehicle rental. However, Conservation and MoDOT have not addressed certain fleet management practices. For example, Conservation has not established an overall policy on fleet management. In addition, the department has not addressed minimum vehicle replacement criteria, vehicle assignments, minimum use requirements, and use of vehicle logs in formal guidelines.

Conservation vehicle replacement criteria not included in formal guidelines

According to a Conservation official, the department established informal minimum vehicle replacement criteria of 95,000 miles for vehicles weighing less than 8,500 pounds. During fiscal year 2004, vehicle replacement averaged approximately 109,000 miles, according to our analysis. The department has replaced vehicles at an average of 110,000 miles, during fiscal year 2005, according to the officials. At 110,000 miles if a vehicle is in good condition with low M&R costs, it is transferred to an area which requires a vehicle for minimal use. The vehicle is driven another 10,000 miles and replaced at 120,000 miles, according to the officials. Department officials did not believe it would be beneficial to increase vehicle replacement criteria beyond 120,000 miles due to increased M&R costs.

According to a department official, Conservation's vehicle replacement mileage point fluctuates from year to year, so the official did not believe replacement criteria needed to be addressed in policy. However, in discussing this matter with us, the official stated the department would consider establishing formal guidance on this matter.

Vehicle assignment and minimum use requirements not addressed

Conservation has not addressed vehicle assignments in policy or formal guidance. However, according to a department official, vehicles have not been permanently assigned to individuals, except for approximately 220 enforcement officers. Other vehicles have been permanently assigned for reporting and maintenance purposes and most have been used for various tasks. Because permanent assignments are only to law enforcement employees, the official told us policy or formal guidance is not warranted.

The department also has not addressed minimum use requirements in policy or formal guidance. However, the department established an informal minimum use requirement of 15,000 miles for pool vehicles, which is consistent with OA policy, according to department officials.

Our analysis of 19 pool vehicles disclosed the vehicles had been driven an average of 16,928 miles in fiscal year 2004. However, according to department officials, there are approximately 80 additional vehicles at regional offices that have been used as pool vehicles but have not been subject to the 15,000 mile requirement. The official told us once the department's new data management system is fully functional, the department intends to re-evaluate the utilization of these vehicles and track usage against the 15,000 mile requirement, as appropriate.

The department also established an informal guidance requiring all other vehicles (i.e., special purpose/task vehicles) used 5,000 miles or less, be reviewed to ensure vehicles are justified. According to Conservation records, 21 active vehicles had been driven less than 5,000 miles in fiscal year 2004. Most of these vehicles represent high mileage vehicles for low usage applications, according to a department official.

Vehicle logs not required

The department has not required the use of vehicle logs for Conservation vehicles. Instead, vehicle mileage is recorded monthly in the form of a vehicle expense report along with the variable costs associated with each vehicle. According to an official, monthly M&R reports are also prepared on each vehicle. The official told us daily trip logs have not been required because all vehicles have state plates and the department's logo on both sides of the vehicle. The official believes the logo and state plates provide a stronger and more effective control.

OA's fleet vehicle policy states vehicle usage logs must be maintained for each state vehicle and include the following information: name of driver, date(s) used, beginning and ending odometer readings, destination and purpose of use.

Some MoDOT policies not formalized

MoDOT policies have not addressed minimum vehicle replacement criteria and methods for tracking vehicle usage. According to a department official, while the vehicle replacement criteria had not been included in fleet policy, the life expectancy of various types of vehicles has been addressed in informal guidelines.

According to the official, pool vehicles have been replaced at 120,000 miles, on average, regardless of the age of the vehicle. Another MoDOT official told us MoDOT also reviews the M&R history of vehicles and

reassign vehicles in good condition to other work units. This official also told us before divisions dispose of vehicles, the divisions post a 30-day internal notice to allow other divisions the opportunity to obtain and use the vehicles. In discussing vehicle replacement criteria, an official stated MoDOT would not oppose increasing the vehicle replacement criteria.

According to the MoDOT vehicle policy, "all MoDOT vehicles and other equipment designated for pool use, shall have a method of documenting the use of said vehicles and equipment." However, MoDOT has not addressed its method for documenting this requirement in formal guidelines. In addition, MoDOT has not addressed special function or task specific vehicles in its policies or formal guidelines. According to a department official, MoDOT tracks vehicle mileage information electronically on its internal fleet system. According to the official, every time a pool vehicle is checked out and returned, the odometer reading is entered into the system. According to the official, for non-pool vehicles the mileage information is entered twice a month and sometimes it is entered weekly.

Conclusions

Opportunities exist for Conservation and MoDOT to reduce employee mileage reimbursements, and fleet costs, and improve fleet operations. Neither agency has required employees to use rental vehicles when it is cost-effective or required employees to use OA's trip optimizer to assist in determining the least costly mode of transportation. The departments should require employees to use the least costly mode of transportation, when feasible, and require employees to use OA's trip optimizer to help determine the most cost-effective mode. The departments also have not adequately monitored mileage reimbursements. The departments' plans to increase monitoring of mileage reimbursements made to employees should help identify those high mileage employees so more cost-effective modes of transportation can be used.

The departments should establish policies and/or formal guidance requiring employees to consider purchasing surplus vehicles instead of new vehicles because it can be cost-effective. The departments also have not established policies or formal guidance detailing procedures for purchases of SUVs. Although the departments do not have many SUVs, these vehicles are more expensive to purchase and operate. Therefore, the departments should require divisions to justify purchases when made.

The departments have not always included guidance in fleet policies or established formal guidelines in some areas. Conservation has addressed fleet vehicle requirements through informal guidance; however, the department has not established an overall policy addressing fleet management. Sound business practices dictate the department establish an overall policy on fleet management and formalize existing department

guidance. Conservation should establish and/or formalize guidance on minimum vehicle replacement criteria, vehicle assignments, and minimum use requirements. Although pool vehicles tracked have met the department's informal requirement of 15,000 miles a year, the department has not determined whether approximately 80 vehicles assigned to offices have met the department's 15,000 usage criteria. The department should determine whether these vehicles meet that criteria and take appropriate action, if needed, to increase usage.

MoDOT has not addressed minimum vehicle replacement criteria in its vehicle fleet policy. Although it has established informal guidance on the life expectancy of different types of department vehicles, MoDOT should formalize its guidance in policy. MoDOT also has a method in place for tracking usage of its vehicles, but that methodology has not been addressed in its vehicle fleet policies. While MoDOT has procedures for accomplishing these tasks, it is important to document these procedures in MoDOT's fleet policy.

Recommendations

We recommend the Directors of the Departments of Conservation and Transportation:

3.1 Establish policies and/or formal guidance to require

- employees use OA's trip optimizer to help determine whether state vehicles, rental vehicles, or personal vehicles should be used for transportation;
- the tracking and monitoring of mileage reimbursements; and
- consideration of surplus vehicles and
- justification of SUVs.

We recommend the Director of the Department of Transportation:

3.2 Formalize guidance and/or establish fleet policies on minimum vehicle replacement criteria.

We recommend the Director of the Department of Conservation:

3.3 Establish an overall policy that establishes the fleet management program and the roles and responsibilities of the fleet manager.

3.4 Formalize guidance and/or establish fleet policies on minimum vehicle replacement criteria, vehicle assignments, minimum use requirements, and tracking vehicle use.

Agency Comments

Department of Conservation Comments

- 3.1 *We will add a comment to our Business Policy Manual encouraging staff to consider use of a rental vehicle and the standardized trip optimizer when a department vehicle is not available, provided a contracted rental facility is available locally.*

Although responsibility for maintenance of the fleet is addressed in the Fleet Manager's job description and his annual work plan, he will formalize his detailed procedures in written guidelines/desk-top procedures. These guidelines will specifically address his responsibility to monitor and review mileage reimbursement in conjunction with our Internal Auditor, to consider surplus vehicles when making additions or replacements to our fleet, and to require written justification for purchases of SUVs and specialty vehicles.

- 3.3 *Authority for the Fleet Manager has been established in our Internal Budget Instructions and his fleet management responsibilities outlined in his job description.*

- 3.4 *Guidance for fleet management has always been provided by top management and General Services and communicated internally through e-mails and budget instructions. Guidance is provided on minimum mileage for replacement, what types of vehicles to be purchased, minimum use requirements and vehicle assignments. Based on this guidance, the Fleet Manager determines what vehicles need to be replaced or transferred to other facilities to maximize use and effectiveness. The Fleet Manager is also responsible for making all necessary fleet purchases and preparing vehicles for disposition at our surplus auctions. Since this is all handled internally in Central Office, our e-mail correspondence and verbal discussions have been effective and sufficient. However, we will formalize these procedures and annual criteria in the written guidelines mentioned above.*

Department of Transportation Comments

3.1 We will meet with all districts in the next month to provide training on the trip optimizer so everyone understands the value of this tool.

The Controller's Office is working on a report that will monitor mileage reimbursements. This report will be shared with managers statewide.

We will insert a statement in our policies about considering vehicles and/or equipment from state surplus. We have an approval process for acquisition of SUVs but have not formalized it. We will do so.

3.2 We have these values established and will post them on our internal website so our employees can access the information easily. Please note this criteria is intended to be used as a guideline only as there are other factors such as maintenance and repair costs and age that need to be factored into the decision-making process.

Opportunities Exist to Reduce Costs and Improve State University Fleet Programs

Opportunities exist to reduce transportation costs and improve fleet operations at Missouri universities. The University of Missouri, Missouri State University, and Northwest Missouri State University (Northwest) could possibly reduce mileage reimbursements and fleet costs by tracking and/or monitoring mileage reimbursements, and by requiring (1) employee use of the least costly mode of travel, (2) the procurement of surplus vehicles when cost-beneficial, and (3) criteria for the procurement of SUVs. In addition, the universities' fleet policies have not always addressed minimum mileage use requirements, vehicle replacement policies, mileage logs, justification for commuting, and guidance for assigning state vehicles to individuals. Missouri universities also have not ensured fleet vehicles are fully utilized.

Cost Reduction Possible

Our analysis of the University of Missouri, Missouri State University, and Northwest data disclosed none of these entities have monitored mileage reimbursements to employees. In addition, the universities' policies and procedures did not address (1) employee use of the least costly mode of travel, (2) the procurement of surplus vehicles when cost-beneficial, and (3) criteria for the procurement of SUVs.

As discussed in Chapter 1, OA established a state vehicle policy for state agencies in January 2002. This policy is to ensure state vehicles are acquired, assigned, utilized, replaced and maintained in the most efficient and effective manner to conduct state business. The policy allows agencies to adopt additional policies provided they do not conflict with the provisions of the statewide policy. This policy applies to all state agencies or other unit(s) of the executive branch of state government.

A Department of Higher Education official told us the state colleges and universities established fleet management policies and procedures independent of OA because these institutions are governed separately from executive branch agencies. However, the schools have voluntarily elected to send yearly vehicle data to OA for inclusion in OA's annual report.

Mileage reimbursement not monitored

One university—Northwest—tracked mileage reimbursements to employees. However, the University of Missouri and Missouri State University had no means of tracking mileage reimbursements, and none had established policies to monitor mileage reimbursement.

Northwest records showed the university spent \$160,089 in mileage reimbursement in fiscal year 2004. However, according to a university official, mileage reimbursement data has never been analyzed. In discussing this matter with us, university officials told us analysis of reimbursement data will become an integral part of fleet management and believe with

policy changes and better utilization of the existing fleet, these reimbursement amounts will be reduced.

A University of Missouri official told us the university had no way of determining the amount of reimbursements made to employees because mileage reimbursements have not been tracked independently. According to the official, changes would have to be made to system software in order to track mileage reimbursements.

Missouri State University officials told us they have never tracked or analyzed mileage reimbursement amounts or compared results to the utilization of the existing fleet. However, in discussing these issues with us, officials stated they plan to do this analysis in the future. University officials also told us planned changes to policy, requiring employees to first use motor pool vehicles prior to renting a vehicle or using a personal vehicle, should ensure utilization of the motor pool and reduce mileage reimbursements.

Employees not required to
use least costly mode of
transportation

We found none of the entities reviewed had established policies requiring employees to use the most cost-effective mode of travel or to justify the mode of travel when the least expensive mode has not been used.

University of Missouri officials told us employees have not been required to use the most efficient travel option and travel modes are at the discretion of the departments. For example, if an employee used a personal vehicle instead of an available university pool, the university reimbursed the employee at the federal reimbursement rate of \$0.375 per mile, which is \$0.03 above OA's rate of \$0.345 per mile²⁷ for state employees. In discussing this issue with us, an official told us requiring employees to use the least costly mode of transportation will be a topic of discussion with the policy committee.

Missouri State University policy states employees must give the university motor pool first opportunity to meet transportation needs prior to authorizing rental. However, it does not address consideration be given to the motor pool prior to authorizing mileage reimbursement for a personal vehicle. University officials told us the departments decide which travel option will be used by employees. In discussing this issue with us, they agreed a revised policy may be warranted requiring employees to first consider the university's motor pool prior to authorizing any other travel mode.

²⁷ As of June 30, 2005.

Northwest officials told us employees have not been required to use the most efficient travel option and travel modes are at the discretion of the departments. In discussing this issue with us, officials agreed this issue needs to be addressed with department officials. According to a Northwest official, the university will consider requiring employees to first consider pool vehicles prior to authorizing mileage reimbursement in a personal vehicle.

Consideration of surplus vehicles not always required and/or included in policy

A University of Missouri official told us the university has purchased surplus vehicles; however, departments have not been required to consider buying surplus vehicles before purchasing new vehicles. Instead, the decision has been left up to the individual department to decide where to purchase vehicles, according to the official. In discussing this matter with us, the official agreed it would be a sound business practice to consider purchasing surplus vehicles when practical and it will be considered during the next policy update.

Missouri State University and Northwest officials told us they always consider surplus vehicles when vehicles are needed for replacement and expansion. However, consideration of surplus vehicles has not been addressed in either university's fleet policies. In discussing this issue with us, officials from both institutions told us it would be considered for inclusion in the universities' fleet vehicle policies to formalize the process.

Approval for SUV purchases not required

University of Missouri officials have not established procedures for approval and purchase of SUVs. As discussed on page 16, SUVs are more expensive to operate on a cost per mile basis. The University of Missouri-Columbia had 40 active SUVs at the end of fiscal year 2004. According to a university system official, departments independently decide what to purchase according to needs and SUVs purchased have been justified. However, in discussing this matter with us, the official agreed to update the University of Missouri's system policy and address procedures on the purchase of SUVs.

Missouri State University officials told us SUVs are approved by university department heads, and by the procurement department, and would not have been approved without justification. In discussing this issue with us, the officials said they will consider adding criteria for the purchase of SUVs to the university's vehicle policy. As of June 30, 2004, the university had five SUVs.

Northwest officials indicated they will consider adding criteria for the future purchases of SUVs to the vehicle policy. As of June 30, 2004, Northwest had two SUVs.

Additional Fleet Policies Could Improve Fleet Operations

Universities have chosen to establish fleet management policies independent of OA. Policies established by the University of Missouri, Missouri State University, and Northwest have not always addressed (1) minimum mileage use requirements, (2) vehicle replacement criteria, (3) requirements for mileage logs, (4) justification for assigning vehicles to individuals, and (5) justification for commuting.

OA established fleet management policies for state agencies consistent with SAO's 2001 report recommendations. OA established a statewide fleet management policy which, among other things, included

- minimum mileage use requirements,
- vehicle replacement policies,
- justification for assigning vehicle to individuals, and
- justification for commuting.

Universities could benefit with additional policies

University of Missouri fleet vehicle policies addressed procurement, sale or disposal of vehicles, use of university vehicles, methods of transportation and allowances, car rental services, safety, maintenance and accidents. However, policies and procedures did not address (1) minimum mileage use requirements (2) vehicle replacement criteria, (3) vehicle usage logs, (4) justification for assigning vehicles to individuals, and (5) justification for commuting.

In discussing these issues with us, a University of Missouri official acknowledged the system's vehicle policy has been inadequate and in response to our review, the university established a committee in June 2005 to review existing policies and develop university vehicle policies. The official told us vehicles are replaced at 100,000 miles because after that they pose a safety risk and employees would be reluctant to drive them. However, this is not documented in policy. The official estimated the university would have a revised policy in place by March 2006.

Missouri State University

In response to our 2001 report on fleet management, Missouri State University implemented vehicle fleet management policies and procedures. For example, university policy generally addresses driver responsibilities, maintenance, record keeping, replacement and redistribution, safety, rental and vehicle usage. However, we found the university's policy did not address (1) minimum mileage use requirements, (2) specific vehicle replacement criteria, (3) justification for assigning vehicles to individuals, and (4) justification for commuting.

In discussing these issues with us, university officials agreed these elements could help improve the university's overall vehicle fleet policy and would be added to policy.

Northwest

Northwest's vehicle policy addressed several key elements recommended in our 2001 review of state fleet operations. For example, the university's policy addresses maintenance, vehicle replacement thresholds, allowable and unallowable usage, and procurement of vehicles. However, it did not include (1) minimum mileage use requirements, (2) justification for assigning vehicles to individuals, (3) justification for commuting, and (4) vehicle usage logs.

In discussing these issues with us, university officials agreed these elements could strengthen the existing policy and will be taken into consideration prior to the next policy update.

Universities May Be Underutilizing Pool Vehicles

Fiscal year 2004 fleet utilization data disclosed most universities had not met OA's 15,000 mile usage criteria established for state agencies. For example, our analysis of 11²⁸ four-year institutions disclosed these institutions averaged 10,575 miles for that time period. Only one of the 11 schools, Truman State University, averaged over 15,000 miles. When compared to OA's minimum pool vehicle mileage requirement of 15,000 miles per year for state agencies, the 11 institutions averaged 4,425 miles below that requirement.

As discussed earlier, University of Missouri, Missouri State University, and Northwest have not addressed minimum vehicle usage requirement or tracking fleet utilization. Our analysis showed the University of Missouri-Columbia's pool vehicles averaged 13,940 miles, Missouri State University averaged 14,483, and Northwest averaged 12,612 miles in fiscal year 2004.

Conclusions

Opportunities exist for the University of Missouri, Missouri State University, and Northwest to reduce mileage reimbursement and fleet costs, as well as improve fleet operations. Only Northwest has tracked mileage reimbursements and none have monitored mileage reimbursements. Sound business practices dictate tracking and monitoring mileage reimbursements in order to determine whether this expense is reasonable, and methods to possibly reduce it. In addition, none of the universities reviewed had established policies requiring employees to use the least costly mode of transportation. Sound business practices dictate universities establish guidance requiring employees use the least costly mode of transportation whenever possible.

²⁸ We received data from all 14 institutions. However, information received from Lincoln University, University of Missouri-St. Louis, and Southeast Missouri State University could not be analyzed due to insufficient data.

Two of the three entities reviewed considered purchasing surplus vehicles; however, none addressed consideration of surplus vehicles in fleet policies. University guidance should address consideration of surplus vehicles. Purchasing surplus vehicles, when practical, should help reduce fleet procurement costs. In addition, university fleet policies should address justification for procuring more costly SUVs.

Universities could also benefit by establishing policies addressing minimum fleet mileage use requirement and tracking of pool vehicle utilization, vehicle replacement criteria, vehicle usage logs, vehicle assignment criteria, and justification for commuting. Establishing policies in these areas would assist universities in ensuring state vehicles are fully utilized, replaced at appropriate times, used in accordance with university guidance, and properly assigned to individuals and/or departments.

Recommendations

We recommend university officials:

4.1 Establish fleet vehicle policies which require

- mileage reimbursements to be tracked and monitored,
- employees to use the least costly mode of transportation,
- consideration of purchasing surplus vehicles versus new vehicles, and
- justification when SUVs are purchased.

4.2 Establish fleet vehicle policies addressing

- minimum fleet vehicle mileage requirements,
- vehicle replacement policies,
- use of vehicle logs,
- vehicle assignment criteria, and
- justification for commuting.

Agency Comments

Missouri State University Comments

Missouri State University has read the findings of the Missouri State Auditors Office on "Fleet Management" and will change our policies consistent with your recommendations in your report and consistent with State Vehicle Policy SP-4. These changes will take place on or before January 1, 2006 which will enable us to revise our policies and make software changes.

Northwest Missouri State University Comments

4.1 Northwest Missouri State University will use its accounting system to track and monitor mileage reimbursement and share that information with each University department annually at the end of each fiscal year.

Through communication to departments and periodic reminders, Northwest will encourage departments to take advantage of lower costs achieved by using our fleet vehicles, recognizing that some circumstances will make it difficult to achieve this goal.

Northwest will purchase vehicles from State and Federal Surplus for its maintenance and service vehicles.

Northwest will require justification on the rare occasion when a request to purchase a SUV is made.

4.2 Northwest agrees to gradually increase fleet vehicle mileage over 3 to 4 years with the goal of achieving 15,000 miles yearly and will change our fleet vehicle policies accordingly.

Northwest will evaluate over the next 3 to 5 years the vehicles purchased from State and Federal Surplus based on comfort, safety and fuel standards. We will increase the number of surplus purchases made for the fleet if performance is deemed to meet or exceed high standards set for our vehicle fleet.

Every vehicle on the Northwest campus now contains a log book for recording trip and/or weekly mileage.

Department service and maintenance vehicle assignments at Northwest are based on job task and/or special purpose use. We will evaluate department vehicle assignments and fleet utilization annually and include this language in our vehicle policies accordingly.

Commuting does not occur at Northwest so justification does not apply.

University of Missouri officials chose not to provide written comments, but provided oral comments on September 6, 2005 and their comments have been incorporated as appropriate.

Mileage Reimbursements by Agency

Table I.1 depicts mileage reimbursements totaling approximately \$72 million for fiscal years 2001 through 2005.²⁹

Table I.1: Mileage Reimbursements by Agency – Fiscal Years 2001 Through 2005

Agency	2001	2002	2003	2004	2005	Totals
Social Services ¹	\$5,500,989	\$5,419,761	\$5,049,787	\$4,826,058	\$5,485,966	\$26,282,561
Corrections ¹	1,391,380	1,587,950	1,545,244	1,411,516	1,473,297	7,409,387
Health and Senior Services ¹	1,042,851	1,033,486	1,609,215	1,576,328	1,524,702	6,786,582
Economic Development	740,678	720,590	719,644	836,812	911,692	3,929,416
Public Defender	633,613	757,915	800,270	718,699	817,689	3,728,186
Mental Health ¹	914,880	823,298	647,113	435,900	541,493	3,362,684
Elementary and Secondary Education ¹	742,318	755,536	673,506	522,834	578,836	3,273,030
General Assembly	505,086	649,933	658,845	621,584	626,190	3,061,638
Judiciary	596,785	674,536	687,019	508,251	561,505	3,028,096
Public Safety ¹	550,276	575,690	596,666	499,301	563,823	2,785,756
Revenue ¹	497,231	426,021	372,507	391,089	376,092	2,062,940
Labor and Industrial Relations ¹	390,564	431,485	324,889	267,089	263,434	1,677,461
Conservation	124,743	161,346	152,920	186,140	201,295	826,444
Attorney General ¹	126,047	155,129	152,404	157,582	175,281	766,443
State Auditor	140,789	145,138	144,754	158,476	140,941	730,098
MoDOT	82,634	122,117	135,869	159,065	167,123	666,808
Insurance	80,655	95,931	114,878	77,345	122,066	490,875
Office of Administration ¹	98,802	83,169	77,106	98,408	112,684	470,169
Natural Resources ¹	87,149	92,900	87,790	83,937	78,007	429,783
Secretary of State	50,020	58,082	60,946	53,778	54,898	277,724
Agriculture	32,756	36,161	43,380	51,880	48,001	212,178
Lt. Governor	4,529	5,477	6,682	6,799	6,420	29,907
Higher Education	6,189	5,631	2,518	4,814	3,173	22,325
State Treasurer	4,391	6,521	6,775	3,158	1,026	21,871
Governor	3,868	4,111	3,688	4,143	2,371	18,181
Totals	\$14,349,223	\$14,827,914	\$14,674,415	\$13,660,986	\$14,838,005	\$72,350,543

¹ These 11 agencies met OA's 15,000 mile utilization requirement for vehicles, but accounted for \$55 million in mileage reimbursements.

Source: SAO analysis of state financial system data for fiscal years 2001 through 2005.

²⁹ Total includes reimbursements for in-state travel and for state employees only.

Additional Agency Comments to Chapter 2

MATT BLUNT
Governor
LARRY CRAWFORD
Director



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State of Missouri
DEPARTMENT OF CORRECTIONS
Ad Excelleum Conamur - "We Strive Towards Excellence"

October 19, 2005

The Honorable Claire C. McCaskill
Missouri State Auditor Office
P. O. Box 869
Jefferson City, MO 65102

RE: Fleet Management Follow-up

Dear Ms. McCaskill:

The Department of Corrections has the following comments on the draft report titled "Fleet Management Follow-up".

Pages 8 and 9 of the draft report discuss mileage reimbursement costs and use of the state trip optimizer to help mitigate mileage reimbursement. The Department of Corrections has tracked and analyzed mileage reimbursement data. Mileage reimbursement for the department is highest in "outstate" locations, mainly Probation and Parole offices where no pool vehicles are available. In recent years, the DOC fleet has been reduced due to mileage, age and unreliable condition of vehicles. Vehicle reassignment has occurred to the extent possible with our existing fleet. We continually track vehicle usage and reassign underutilized vehicles according to greatest need within the department. Mileage reimbursement is a factor in the reassignment of vehicles.

The OA Trip Optimizer has been reviewed and the Divisions have been encouraged to evaluate the feasibility of the recommended mode of travel. In many cases leasing vehicles is not cost effective due to the distance from our remote offices to the location of a leasing office. Currently the Trip Optimizer does not take into account the cost factor of traveling to and from the leasing location. It is recommended that a "locator" or some cost calculator be included in the Trip Optimizer to take into account the distance to a vehicle rental site.

Page 11 of the draft report discusses that there are no adverse consequences for not using low cost transportation. The DOC Travel Policy and Procedure does not allow travel reimbursement for an employee if a department pool vehicle is available at the work site.

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Appendix II

Additional Agency Comments to Chapter 2

Claire McCaskill – Fleet Management Follow-Up
October 20, 2005
Page 2

Page 13 discusses increasing the minimum mileage replacement criteria to 135,000 miles. While it is agreed that this may reduce fleet costs initially by not allowing replacement vehicles below 135,000 miles, the DOC has reservations about not being able to replace inmate transportation vehicles until they have accrued 135,000 miles. There is a public safety concern in using high mileage, less reliable vehicles to transport inmates both in-state and out of state. While the overall maintenance costs may not increase significantly between 105,000 and 135,000 mile vehicles, our concern is that the higher mileage vehicles are more likely to 'break-down' while on the road while transporting inmates. The DOC requests that consideration be given to exempting special purpose inmate transport vehicles from the 135,000 mile minimum replacement criteria.

In addition, increasing the minimum mileage requirement to 135,000 miles will save the state in the first and second years. However, it is logical to assume that vehicle replacement cost will increase in the third and possibly fourth years because of the increased numbers of vehicles needing replacement. If in the third and fourth years there is little or no funding to replace vehicles, the department will have a much less reliable fleet and maintenance costs for the aged fleet will be significantly higher.

I certainly appreciate the opportunity to comment on the Fleet Management Follow-up draft report.

Sincerely,



Larry Crawford
Director

Cc: Robert D. Spence, Audit Manager
Dave Rost, Deputy Director
Jim Grothoff, General Services
Lenard D. Lenger, Comptroller
File

Appendix II

Additional Agency Comments to Chapter 2



Missouri Department of Health and Senior Services
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RELAY MISSOURI for Hearing and Speech Impaired 1-800-735-2966 VOICE 1-800-735-2466
Julia M. Eckstein
Director



Matt Blunt
Governor

October 24, 2005

The Honorable Claire McCaskill
Auditor of the State of Missouri
State Capitol Building, Room 224
Jefferson City, Missouri 65101

Dear Auditor McCaskill:

We have reviewed and prepared the following Department of Health and Senior Services' response to the Statewide Fleet Management Follow-Up Audit.

Response to Annual Mileage Reimbursement Expenses for FY 2001 through FY 2005:

DHSS management realize our mileage reimbursement expenses are costly; however, understand these operational expenses are necessary to enable staff to accomplish a multitude of job functions, most of which are required by state and/or federal laws and/or regulations. Some of the common job functions requiring travel include: inspecting nursing homes, responding to senior and adult abuse and neglect hotline calls, conducting in-home visits, investigating communicable diseases, and installing computers at county offices, etc.

Approximately 35% of DHSS's workforce (730 employees) has positions that require routine travel. DHSS currently has 97 fleet vehicles. Therefore, the department's fleet alone is not sufficient to meet the travel needs of our staff. The department's travel and vehicle policies instruct staff to employ the most cost effective means of transportation via the use of OA's trip optimizer. When a department's vehicle is unavailable to staff to perform their job functions, staff are instructed to employ alternative transportation options such as using OA fleet vehicles (option available for staff located in Jefferson City) and renting vehicles. Only as a last resort are staff to use their own personal vehicle for performing their job functions.

DHSS has provided the audit team with examples of management reports related to fleet data and mileage reimbursement analyses that are routinely shared with DHSS management/supervisors to assist them in ensuring their staff are using the most cost-effective means of transportation. DHSS prides itself in being data driven in our management decisions and will continue to exercise fiscal prudence in the expenditure of the department's limited resources.

www.dhss.mo.gov
The Missouri Department of Health and Senior Services protects and promotes quality of life and health for all Missourians by developing and implementing programs and systems that provide: information and education, effective regulation and oversight, quality services, and surveillance of diseases and conditions.

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER: Services provided on a nondiscriminatory basis.

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Letter to Auditor Claire McCaskill
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Page 2

Appendix 1 provides total mileage reimbursement information for state agencies. It should be noted this chart does not reflect the funding source information for these reimbursements. For instance, the funding source percentages of the mileage reimbursement expenditures for DHSS, over the five-year period reviewed, averaged 63% being funded by federal grant or other non-general revenue funding sources and only 37% was funded by the state's general revenue.

Table 2.1: Top Employee Reimbursements Made Over Five Years:

The position identified in Table 2.1 for the Department of Health and Senior Services was an employee of the Office of Information Systems and is now an employee of OA, Information Technology Services Division (ITSD). The position requires the employee to travel extensively throughout the state to the various county offices performing critical ITSD functions. ITSD management have considered purchasing and assigning a vehicle to the staff member to reduce mileage reimbursement expenses; however, due to the state's budgetary constraints, ITSD has been unable to purchase and assign a vehicle to the employee.

Options Could Better Meet Needs of Agencies:

DHSS officials acknowledged to the audit team that having staff be reimbursed for the use of their personal vehicles is costly and agreed acquiring additional state vehicles could help reduce mileage reimbursement costs.

DHSS has submitted a request to the OA fleet manager requesting 13 of the department's vehicles be replaced and to date have received authorization to replace three of the 13 vehicles as they were inoperable. DHSS has also submitted a request and a cost price analysis for purchasing additional vehicles to expand the fleet and reduce mileage reimbursement expenses. DHSS is awaiting OA's decision concerning the 10 replacement vehicles and the request to expand our fleet. DHSS management is supportive of assigning vehicles to "high-end" users to reduce mileage reimbursement expenditures. This option will be employed if the department is authorized to purchase additional fleet vehicles.

OA Policy Has Not Required Agencies To Consider Surplus Vehicles:

DHSS routinely uses federal surplus vehicles to replace and expand its fleet. Low mileage surplus vehicles have been a prudent investment to enable DHSS to replace and expand its fleet. With the merger of the Division of Aging and Department of Health into the newly formed Department of Health and Senior Services in Fiscal Year 2003, the department's fleet expanded from an estimated 25 vehicles to 100 vehicles. The majority of the vehicles transferred from DSS to DHSS had very high mileage and associated maintenance expenses. In Fiscal Year 2004, after DHSS had one year's worth of cost data information related to these vehicles and mileage reimbursement data for staff, management of Division of Administration and Division of Senior Services and Regulation collaboratively made a recommendation to purchase 43 federal surplus vehicles for DHSS. Thirty-four of the 43 vehicles were to replace existing fleet vehicles that had been identified as having the highest mileage and/or maintenance/repair cost and the remaining nine of the 43 vehicles were to expand the department's fleet to assist in meeting the travel needs of staff and thereby reduce the department's mileage reimbursement

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Oct. 24, 2005
Page 3

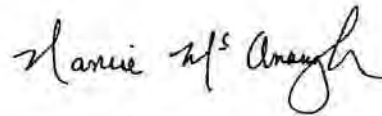
expenses. These recommendations and the applicable cost price analysis/justification information were submitted to and approved by OA fleet management. These one-time expenditures were paid from within DHSS's core budget and predominately paid by federal funds. DHSS plans to continue to replace and if authorized expand its fleet via the purchase of federal surplus vehicles.

Conclusions:

In summary, DHSS management realize our mileage reimbursement expenses are costly; however, understand these operational expenses are necessary to enable staff to accomplish a multitude of job functions, most of which are required by state and/or federal laws and/or regulations. The department's policies instruct staff to use OA's trip optimizer to ensure the most cost-effective means of transportation is employed. Management staff will continue to be provided reports/data concerning the deployment of the agencies' fleet and mileage reimbursement information to assist them in ensuring their staff are using the most cost-effective means of transportation. DHSS management is supportive of assigning vehicles to "high-end" users to reduce mileage reimbursement expenditures and will employ this cost containment strategy if the department is authorized to purchase additional vehicles. In addition, DHSS plans to continue to replace and, if authorized, expand its fleet via the purchase of federal surplus vehicles. DHSS prides itself in being data driven in our management decisions and will continue to exercise fiscal prudence in the expenditure of the department's limited resources.

Please contact Rebecca Mankin at 573-526-0722, if you require additional information regarding the information covered in this letter. Thank you.

Sincerely,



Nancie McAnagh
Deputy Department Director

NM:RM:sd

cc: Rebecca Mankin

Appendix II

Additional Agency Comments to Chapter 2

MATT BLUNT
GOVERNOR
DORN SCHUFFMAN
DIRECTOR



STATE OF MISSOURI
DEPARTMENT OF MENTAL HEALTH

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DIVISION OF MENTAL RETARDATION AND
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October 24, 2005

Robert D. Spence
Audit Manager
State Auditor's Office
Truman State Office Building
Room 880
Jefferson City, Mo 65101

Dear Mr. Spence:

This letter represents the Department of Mental Health's response to your draft report titled, "Fleet Management Follow Up." Specifically, the Department of Mental Health is responding to the comment on page 10 and the information reported in Table 2.1 of the draft report.

The Department of Mental Health employee included in Table 2.1 held the position of Director of the Office of Public Affairs until August 1, 2005. This employee traveled extensively to educate Missourians about mental illness, developmental disabilities and substance abuse. The department developed partnerships with local radio and television stations to air shows about mental illnesses, developmental disabilities and substance abuse. Developing and maintaining these local partnerships required this employee to travel regularly as part of her responsibility for maintaining this educational initiative.

Local stations in St. Louis, Kansas City, St. Joseph, Festus, Clinton, Springfield, and Cape Girardeau air these shows at no cost to the department. These programs have generated hundreds of thousands of dollars of free air time in the past five years and help the department meet its responsibility to educate people about mental health issues.

This employee often took a fleet vehicle. However, because of a chronic health problem which required special supports, accommodations were made to allow the employee to take a personal vehicle so that modifications did not have to be made to

The Department of Mental Health does not deny employment or services because of race, sex, creed, marital status, religion, national origin, disability or age of applicants or employees.

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fleet vehicles. Modifications would have resulted in additional costs to the department.

Thank you for the opportunity to respond to the draft report. If you have any questions, please contact me at 573/751-8067.

Sincerely,

A handwritten signature in black ink, appearing to read "Janet Gordon". The signature is fluid and cursive, with the first name "Janet" and last name "Gordon" clearly distinguishable.

Janet Gordon
Director, Office of Audit Services

Appendix II

Additional Agency Comments to Chapter 2



**MISSOURI
DEPARTMENT OF SOCIAL SERVICES**

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Matt Blunt
GOVERNOR

K. Gary Sherman
DIRECTOR

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for hearing and speech impaired
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October 24, 2005

Robert D. Spence
Missouri State Auditor's Office
224 State Capitol Building
Jefferson City, MO 65101

Dear Mr. Spence:

Thank you for the opportunity to review and comment on information contained in your audit of the Statewide Fleet Management system. We do not dispute or challenge any of the data presented in the report. We would, however, like to take this opportunity to comment on the "Recommendations".

- 2.1 Require state agencies to analyze mileage reimbursements to determine alternatives to reduce mileage reimbursements.

We realize that DSS is high in this area, and in our opinion, we continue to use the most cost effective and efficient means of transportation available for our staff to perform their job functions. We have over 3,000 workers, operating from some 220 domiciles throughout the state, covering 114 counties and the City of St. Louis, all whose jobs require extensive travel to do the state's mandated work. Over 2,000 of these individuals exceed 2,000 reimbursable miles each year. Of these, 95 exceed 14,000 miles per year. We welcome the opportunity to engage in conversations as to how we can relieve this burden on our staff.

DSS currently has approximately 339 vehicles; 248 of which are used solely for the delivery of the Division of Youth Services' programs. Another 40 are for "material handling" activities. This leaves approximately 50 vehicles to be used by the above referenced 3,000 staff.

- 2.2 Require state agencies to use the trip optimizer ...

Again, we feel that DSS offices make every attempt to use the most cost effective means of transportation available to perform their tasks. Supervisors and staff are aware of the availability of the "trip optimizer", but do not necessarily use it for every trip. Most offices do not have state-owned vehicles available to them. Rental vehicles are primarily available in the metro areas, and oftentimes are not available outside of normal work hours.

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- 2.6 Establish a policy requiring agencies to formally consider purchasing surplus vehicles when replacing fleet vehicles.

DSS encourages the purchase of surplus/used vehicles whenever possible.

Again, thank you for the opportunity to offer our input. If you need additional information, please let me know.

Sincerely,



K. Gary Sherman
Director

KGS:lk

cc: Steve Renne
Al Gage
Brian Kinkade
Alice Hernandez



Claire McCaskill

Missouri State Auditor

December 2005

Dallas County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Dallas, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dallas County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2004 and 2003, the county's SEFA did not include expenditures related to some of its federal grants which resulted in total expenditures being overstated by approximately \$222,798 and \$91,039, respectively.
- The controls and procedures over county expenditures need improvement. The county did not always solicit bids or retain bid documentation for various purchases, the commission minutes did not document that the Presiding Commissioner abstained from voting on concrete bids when necessary, supporting documentation for some travel expenditures was not retained, and the county did not fully comply with its written agreement to share office expenses with the Prosecuting Attorney. Improvements are also needed in the county's controls over mileage and fuel usage and written agreements.
- Various concerns were noted regarding payroll procedures for the Sheriff's office including the accuracy of timesheets and leave records and ensuring compliance with the Fair Labor Standards Act (FLSA).
- The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by state law. In addition, employees of the County Assessor and County Collectors' offices do not utilize confidential passwords to limit access to the property tax computer system, and there was no evidence the County Commission examined and approved the County Collector's annual settlements.
- Actual expenditures exceeded the original budgeted amounts in various county funds, and as a result of inadequate monitoring procedures, the County Commission amended various county budgets after expenditures had already

(over)

YELLOW SHEET

exceeded the original budget. In addition, an annual maintenance plan for county roads and bridges has not been prepared, and minutes were not prepared to document the matters discussed in closed meetings.

- Controls and procedures need improvement in the Sheriff's office. Seized property controls and procedures need improvement. In addition, accounting duties are not adequately segregated and controls over receipts and DARE funds need improvement. Also, vehicle logs for county owned patrol cars were not adequate, and the Sheriff's office does not calculate the average cost of meals served to prisoners.
- Improvements are needed in the controls and procedures over Emergency 911 expenditures, including credit cards, payroll procedures, general fixed asset procedures and vehicle usage.
- The Health Center needs to improve procedures over receipting and general fixed assets, and controls over expenditures including supporting documentation, bidding and payroll.

Also included in the report are recommendations related to general fixed assets. The audit also suggested improvements in the procedures of the Prosecuting Attorney, Circuit Clerk, County Clerk, and Assessor.

All reports are available on our website: www.auditor.mo.gov

DALLAS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Dallas County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Dallas County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dallas County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for

various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 8, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dallas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

September 8, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Tillery, CPA
In-Charge Auditor:	Troy Royer
Audit Staff:	Roberta Bledsoe
	Brandon Taylor



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Dallas County, Missouri

We have audited the financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Dallas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dallas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Dallas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 8, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 188,048	1,024,336	1,017,675	194,709
Special Road and Bridge	191,264	1,268,157	1,329,075	130,346
Assessment	4,607	180,090	183,647	1,050
Law Enforcement Training	9,620	5,944	6,819	8,745
Prosecuting Attorney Training	2,923	1,026	716	3,233
Capital Improvements Sales Tax	257,251	656,630	603,948	309,933
Law Enforcement Sales Tax	27,609	720,090	740,142	7,557
Record Storage	52,825	23,477	23,320	52,982
Prosecuting Attorney Bad Check	3,470	16,272	5,405	14,337
Domestic Violence	40	530	535	35
Jury	3,479	24,169	27,139	509
Law Enforcement Civil Fees	8,651	27,181	32,959	2,873
Local Emergency Planning Committee	7,660	2,021	3,303	6,378
Election Services	4,227	2,118	3,296	3,049
Tax Maintenance	12,351	15,346	1,838	25,859
Emergency 911	310,721	558,735	517,544	351,912
Health Center	196,311	323,563	340,618	179,256
Law Enforcement Building	8,978	2,937	0	11,915
Circuit Clerk Interest	15,233	2,345	3,534	14,044
Associate Circuit Division Interest	7,800	1,199	122	8,877
Law Library	6,831	7,497	6,277	8,051
Total	\$ 1,319,899	4,863,663	4,847,912	1,335,650

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 220,056	1,004,559	1,036,567	188,048
Special Road and Bridge	83,800	1,780,194	1,672,730	191,264
Assessment	308	179,939	175,640	4,607
Law Enforcement Training	7,581	5,598	3,559	9,620
Prosecuting Attorney Training	1,967	956	0	2,923
Capital Improvements Sales Tax	269,596	560,312	572,657	257,251
Law Enforcement Sales Tax	24,241	726,815	723,447	27,609
Record Storage	47,679	22,718	17,572	52,825
Prosecuting Attorney Bad Check	890	11,608	9,028	3,470
Domestic Violence	40	435	435	40
Jury	4,994	13,713	15,228	3,479
Law Enforcement Civil Fees	12,800	21,290	25,439	8,651
Local Emergency Planning Committee	4,939	5,333	2,612	7,660
Election Services	4,394	254	421	4,227
Tax Maintenance	719	13,388	1,756	12,351
Emergency 911	292,506	540,722	522,507	310,721
Health Center	201,153	346,426	351,268	196,311
Law Enforcement Building	0	8,978	0	8,978
Circuit Clerk Interest	15,000	2,222	1,989	15,233
Associate Circuit Division Interest	7,119	1,112	431	7,800
Law Library	5,798	7,579	6,546	6,831
Total	\$ 1,205,580	5,254,151	5,139,832	1,319,899

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,964,618	4,849,685	(114,933)	5,871,156	5,234,260	(636,896)
DISBURSEMENTS	5,300,967	4,837,979	462,988	5,724,315	5,130,866	593,449
RECEIPTS OVER (UNDER) DISBURSEMENTS	(336,349)	11,706	348,055	146,841	103,394	(43,447)
CASH, JANUARY 1	1,281,057	1,281,057	0	1,177,663	1,177,663	0
CASH, DECEMBER 31	944,708	1,292,763	348,055	1,324,504	1,281,057	(43,447)
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	23,300	22,487	(813)	19,930	20,738	808
Sales taxes	575,000	565,388	(9,612)	525,000	543,241	18,241
Intergovernmental	87,500	58,440	(29,060)	195,100	99,927	(95,173)
Charges for services	321,800	315,788	(6,012)	328,750	314,678	(14,072)
Interest	13,000	13,087	87	15,000	12,759	(2,241)
Other	13,800	49,146	35,346	78,700	13,216	(65,484)
Transfers in	0	0	0	58,800	0	(58,800)
Total Receipts	1,034,400	1,024,336	(10,064)	1,221,280	1,004,559	(216,721)
DISBURSEMENTS						
County Commissioner	85,340	82,231	3,109	85,890	85,689	201
County Clerk	69,601	69,555	46	73,477	68,331	5,146
Elections	62,750	54,664	8,086	15,950	11,847	4,103
Buildings and grounds	38,650	37,597	1,053	40,200	42,491	(2,291)
Employee fringe benefit	120,500	101,472	19,028	108,600	102,498	6,102
County Treasurer	45,535	45,220	315	44,185	43,555	630
County Collector	101,889	95,321	6,568	106,590	99,128	7,462
Recorder of Deeds	26,527	25,003	1,524	0	0	0
Circuit Clerk	10,650	9,543	1,107	38,527	31,091	7,436
Associate Circuit Court	41,400	6,221	35,179	72,400	20,579	51,821
Court administration	9,712	8,198	1,514	8,693	9,682	(989)
Public Administrator	30,087	28,961	1,126	29,450	28,024	1,426
Prosecuting Attorney	142,152	124,872	17,280	142,372	125,566	16,806
Juvenile Officer	72,181	57,692	14,489	84,223	55,134	29,089
County Coroner	25,350	17,982	7,368	22,050	19,605	2,445
Insurance	19,960	21,602	(1,642)	17,000	17,494	(494)
University extension council	36,000	36,000	0	36,000	36,000	0
Economic development	0	0	0	39,919	25,316	14,603
Other	96,597	77,041	19,556	74,630	97,802	(23,172)
Transfers out	130,000	118,500	11,500	106,500	116,735	(10,235)
Emergency Fund	38,000	0	38,000	35,000	0	35,000
Total Disbursements	1,202,881	1,017,675	185,206	1,181,656	1,036,567	145,089
RECEIPTS OVER (UNDER) DISBURSEMENTS	(168,481)	6,661	175,142	39,624	(32,008)	(71,632)
CASH, JANUARY 1	188,048	188,048	0	220,056	220,056	0
CASH, DECEMBER 31	19,567	194,709	175,142	259,680	188,048	(71,632)

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	311,668	326,602	14,934	293,455	304,797	11,342
Intergovernmental	1,006,300	909,811	(96,489)	1,866,629	1,453,614	(413,015)
Interest	10,000	22,389	12,389	10,000	9,089	(911)
Other	0	9,355	9,355	1,000	12,694	11,694
Total Receipts	1,327,968	1,268,157	(59,811)	2,171,084	1,780,194	(390,890)
DISBURSEMENTS						
Salaries	500,000	510,439	(10,439)	505,650	523,102	(17,452)
Employee fringe benefit	138,750	136,867	1,883	137,600	126,701	10,899
Supplies	131,000	122,466	8,534	130,000	109,142	20,858
Insurance	31,800	31,829	(29)	22,000	25,080	(3,080)
Road and bridge materials	528,500	417,190	111,310	839,500	589,974	249,526
Equipment repairs	55,000	69,274	(14,274)	60,000	71,846	(11,846)
Rentals	5,000	8,619	(3,619)	0	0	0
Hauling	0	2,160	(2,160)	300,000	202,524	97,476
Other	17,000	30,231	(13,231)	16,500	24,361	(7,861)
Transfers out	39,000	0	39,000	58,800	0	58,800
Total Disbursements	1,446,050	1,329,075	116,975	2,070,050	1,672,730	397,320
RECEIPTS OVER (UNDER) DISBURSEMENTS	(118,082)	(60,918)	57,164	101,034	107,464	6,430
CASH, JANUARY 1	191,264	191,264	0	83,800	83,800	0
CASH, DECEMBER 31	73,182	130,346	57,164	184,834	191,264	6,430
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	102,000	110,245	8,245	112,532	113,882	1,350
Interest	400	462	62	500	445	(55)
Other	500	1,383	883	800	612	(188)
Transfers in	84,000	68,000	(16,000)	76,500	65,000	(11,500)
Total Receipts	186,900	180,090	(6,810)	190,332	179,939	(10,393)
DISBURSEMENTS						
Assessor	191,224	183,647	7,577	190,469	175,640	14,829
Total Disbursements	191,224	183,647	7,577	190,469	175,640	14,829
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,324)	(3,557)	767	(137)	4,299	4,436
CASH, JANUARY 1	4,607	4,607	0	308	308	0
CASH, DECEMBER 31	283	1,050	767	171	4,607	4,436
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,900	1,841	(59)	2,000	1,764	(236)
Charges for services	3,800	4,103	303	4,000	3,834	(166)
Other	0	0	0	150	0	(150)
Total Receipts	5,700	5,944	244	6,150	5,598	(552)
DISBURSEMENTS						
Sheriff	10,233	6,819	3,414	10,233	3,559	6,674
Total Disbursements	10,233	6,819	3,414	10,233	3,559	6,674
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,533)	(875)	3,658	(4,083)	2,039	6,122
CASH, JANUARY 1	9,620	9,620	0	7,581	7,581	0
CASH, DECEMBER 31	5,087	8,745	3,658	3,498	9,620	6,122

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	1,026	26	1,000	956	(44)
Total Receipts	1,000	1,026	26	1,000	956	(44)
DISBURSEMENTS						
Prosecuting Attorney	1,000	716	284	1,000	0	1,000
Total Disbursements	1,000	716	284	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	310	310	0	956	956
CASH, JANUARY 1	2,923	2,923	0	1,967	1,967	0
CASH, DECEMBER 31	2,923	3,233	310	1,967	2,923	956
<u>CAPITAL IMPROVEMENTS SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	575,000	565,390	(9,610)	550,000	543,241	(6,759)
Intergovernmental	75,830	75,589	(241)	0	0	0
Interest	15,000	15,416	416	7,000	17,071	10,071
Other	0	235	235	50,000	0	(50,000)
Total Receipts	665,830	656,630	(9,200)	607,000	560,312	(46,688)
DISBURSEMENTS						
Road and bridge materials	526,000	501,998	24,002	225,000	346,688	(121,688)
Equipment purchases	65,000	51,668	13,332	240,000	212,545	27,455
Road construction	0	0	0	5,000	0	5,000
Bridge construction	43,400	42,184	1,216	0	3,440	(3,440)
Building construction	0	0	0	20,000	6,709	13,291
Other	7,500	8,098	(598)	6,000	3,275	2,725
Total Disbursements	641,900	603,948	37,952	496,000	572,657	(76,657)
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,930	52,682	28,752	111,000	(12,345)	(123,345)
CASH, JANUARY 1	257,251	257,251	0	269,596	269,596	0
CASH, DECEMBER 31	281,181	309,933	28,752	380,596	257,251	(123,345)

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	575,000	565,391	(9,609)	550,000	543,242	(6,758)
Intergovernmental	81,320	62,440	(18,880)	83,000	66,735	(16,265)
Charges for services	54,000	35,655	(18,345)	50,000	56,082	6,082
Interest	2,000	1,644	(356)	2,270	1,891	(379)
Other	0	2,060	2,060	3,200	360	(2,840)
Transfers in	40,000	52,900	12,900	39,000	58,505	19,505
Total Receipts	752,320	720,090	(32,230)	727,470	726,815	(655)
DISBURSEMENTS						
Salaries	576,077	567,801	8,276	508,907	526,436	(17,529)
Office expenditure:	9,350	9,754	(404)	8,850	8,502	348
Equipment	54,500	57,109	(2,609)	59,500	52,936	6,564
Training	2,000	650	1,350	2,000	845	1,155
Officer expense:	4,500	2,283	2,217	4,500	2,670	1,830
Jail expenses	52,796	53,873	(1,077)	50,569	50,583	(14)
Prisoner costs	46,000	39,938	6,062	93,000	68,918	24,082
Equipment and repairs	5,050	2,520	2,530	5,050	2,640	2,410
Mileage	5,000	3,708	1,292	8,500	3,560	4,940
Other	1,000	2,506	(1,506)	700	6,357	(5,657)
Total Disbursements	756,273	740,142	16,131	741,576	723,447	18,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,953)	(20,052)	(16,099)	(14,106)	3,368	17,474
CASH, JANUARY 1	27,609	27,609	0	24,241	24,241	0
CASH, DECEMBER 31	23,656	7,557	(16,099)	10,135	27,609	17,474
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for services	20,000	20,565	565	18,000	19,945	1,945
Interest	2,800	2,912	112	2,500	2,773	273
Total Receipts	22,800	23,477	677	20,500	22,718	2,218
DISBURSEMENTS						
Recorder of Deeds	19,600	23,320	(3,720)	26,750	17,572	9,178
Total Disbursements	19,600	23,320	(3,720)	26,750	17,572	9,178
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,200	157	(3,043)	(6,250)	5,146	11,396
CASH, JANUARY 1	52,825	52,825	0	47,679	47,679	0
CASH, DECEMBER 31	56,025	52,982	(3,043)	41,429	52,825	11,396
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	18,000	16,009	(1,991)	8,000	11,543	3,543
Interest	70	263	193	30	65	35
Total Receipts	18,070	16,272	(1,798)	8,030	11,608	3,578
DISBURSEMENTS						
Prosecuting Attorney	12,000	5,405	6,595	8,000	9,028	(1,028)
Total Disbursements	12,000	5,405	6,595	8,000	9,028	(1,028)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,070	10,867	4,797	30	2,580	2,550
CASH, JANUARY 1	3,470	3,470	0	890	890	0
CASH, DECEMBER 31	9,540	14,337	4,797	920	3,470	2,550

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	700	530	(170)	500	435	(65)
Total Receipts	700	530	(170)	500	435	(65)
DISBURSEMENTS						
Domestic violence shelte	700	535	165	500	435	65
Total Disbursements	700	535	165	500	435	65
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(5)	(5)	0	0	0
CASH, JANUARY 1	40	40	0	40	40	0
CASH, DECEMBER 31	40	35	(5)	40	40	0
<u>JURY FUND</u>						
RECEIPTS						
Other	13,000	3,669	(9,331)	8,000	11,713	3,713
Transfers in	22,000	20,500	(1,500)	8,000	2,000	(6,000)
Total Receipts	35,000	24,169	(10,831)	16,000	13,713	(2,287)
DISBURSEMENTS						
Jury script	34,000	27,139	6,861	15,074	15,228	(154)
Total Disbursements	34,000	27,139	6,861	15,074	15,228	(154)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	(2,970)	(3,970)	926	(1,515)	(2,441)
CASH, JANUARY 1	3,479	3,479	0	4,994	4,994	0
CASH, DECEMBER 31	4,479	509	(3,970)	5,920	3,479	(2,441)
<u>LAW ENFORCEMENT CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	20,000	24,579	4,579	22,000	20,037	(1,963)
Other	1,250	2,602	1,352	275	1,253	978
Total Receipts	21,250	27,181	5,931	22,275	21,290	(985)
DISBURSEMENTS						
Sheriff	8,500	10,059	(1,559)	15,265	16,669	(1,404)
Transfers out	20,000	22,900	(2,900)	19,000	8,770	10,230
Total Disbursements	28,500	32,959	(4,459)	34,265	25,439	8,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,250)	(5,778)	1,472	(11,990)	(4,149)	7,841
CASH, JANUARY 1	8,651	8,651	0	12,800	12,800	0
CASH, DECEMBER 31	1,401	2,873	1,472	810	8,651	7,841
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	5,000	2,001	(2,999)	4,300	5,125	825
Other	200	20	(180)	0	208	208
Total Receipts	5,200	2,021	(3,179)	4,300	5,333	1,033
DISBURSEMENTS						
Local emergency planning	7,660	3,303	4,357	4,938	2,612	2,326
Total Disbursements	7,660	3,303	4,357	4,938	2,612	2,326
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,460)	(1,282)	1,178	(638)	2,721	3,359
CASH, JANUARY 1	7,660	7,660	0	4,939	4,939	0
CASH, DECEMBER 31	5,200	6,378	1,178	4,301	7,660	3,359

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	0	(1,000)	0	0	0
Charges for services	1,500	1,939	439	350	13	(337)
Interest	300	179	(121)	175	241	66
Total Receipts	2,800	2,118	(682)	525	254	(271)
DISBURSEMENTS						
Elections	3,500	3,296	204	3,000	421	2,579
Total Disbursements	3,500	3,296	204	3,000	421	2,579
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(1,178)	(478)	(2,475)	(167)	2,308
CASH, JANUARY 1	4,227	4,227	0	4,394	4,394	0
CASH, DECEMBER 31	3,527	3,049	(478)	1,919	4,227	2,308
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	13,000	14,149	1,149	8,000	12,923	4,923
Interest	500	1,197	697	50	465	415
Total Receipts	13,500	15,346	1,846	8,050	13,388	5,338
DISBURSEMENTS						
Collector	9,000	1,838	7,162	5,000	1,756	3,244
Total Disbursements	9,000	1,838	7,162	5,000	1,756	3,244
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,500	13,508	9,008	3,050	11,632	8,582
CASH, JANUARY 1	12,351	12,351	0	719	719	0
CASH, DECEMBER 31	16,851	25,859	9,008	3,769	12,351	8,582
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	489,780	515,312	25,532	465,960	495,620	29,660
Charges for services	5,000	5,313	313	5,000	10,000	5,000
Interest	15,000	18,655	3,655	12,000	16,785	4,785
Other	0	19,455	19,455	0	18,317	18,317
Total Receipts	509,780	558,735	48,955	482,960	540,722	57,762
DISBURSEMENTS						
Salaries	363,951	351,671	12,280	357,734	319,144	38,590
Contractual services	36,710	37,641	(931)	45,365	36,417	8,948
Insurance	8,000	7,318	682	8,000	6,404	1,596
Office expenses	60,650	52,751	7,899	56,100	50,478	5,622
Equipment	76,505	48,317	28,188	73,149	87,192	(14,043)
Building	2,000	5,659	(3,659)	0	0	0
Training	12,500	8,722	3,778	11,000	8,481	2,519
Security	2,100	0	2,100	13,466	10,791	2,675
Vehicles	1,200	862	338	800	1,078	(278)
Uniforms	1,030	726	304	1,030	791	239
Other	10,700	3,877	6,823	4,400	1,731	2,669
Total Disbursements	575,346	517,544	57,802	571,044	522,507	48,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65,566)	41,191	106,757	(88,084)	18,215	106,299
CASH, JANUARY 1	310,721	310,721	0	292,506	292,506	0
CASH, DECEMBER 31	245,155	351,912	106,757	204,422	310,721	106,299

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	108,900	124,542	15,642	111,000	116,504	5,504
Intergovernmental	223,600	176,427	(47,173)	247,800	194,018	(53,782)
Charges for services	13,650	17,022	3,372	9,400	23,657	14,257
Interest	3,200	3,332	132	5,500	3,575	(1,925)
Other	12,050	2,240	(9,810)	10,000	8,672	(1,328)
Total Receipts	361,400	323,563	(37,837)	383,700	346,426	(37,274)
DISBURSEMENTS						
Salaries	267,400	265,597	1,803	281,660	241,142	40,518
Insurance	7,600	5,429	2,171	4,700	5,502	(802)
Office expense:	21,850	16,550	5,300	36,250	16,175	20,075
Mileage and training	7,200	6,301	899	5,600	10,158	(4,558)
Program expenses	52,050	33,785	18,265	36,550	76,524	(39,974)
Building	5,000	12,956	(7,956)	0	1,767	(1,767)
Total Disbursements	361,100	340,618	20,482	364,760	351,268	13,492
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	(17,055)	(17,355)	18,940	(4,842)	(23,782)
CASH, JANUARY 1	196,311	196,311	0	201,153	201,153	0
CASH, DECEMBER 31	196,611	179,256	(17,355)	220,093	196,311	(23,782)

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

DALLAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Building Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvements Sales Tax Fund	2003
Record Storage Fund	2004
Prosecuting Attorney Bad Check Fund	2003
Jury Fund	2003
Law Enforcement Civil Fees Fund	2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Building Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003

In addition, the Emergency 911 Fund's published financial statements did not list disbursements by vendor as required by Section 50.800, RSMo.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The Emergency 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

3. Prior Period Adjustments

The Emergency 911 Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$1,277 to report the actual beginning cash balance.

The Associate Circuit Division Interest Fund's cash balance at January 1, 2003, as previously stated has been increased by \$2,250 to reflect interest earned that was not reported in the prior audit.

Supplementary Schedule

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 2,491	873
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5129W	4,271	0
		ERS045-4129W	26,085	10,475
		ERS045-3129W	0	25,355
			<u>30,356</u>	<u>35,830</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.548	Title V- Delinquency Prevention Program	N/A	0	11,494
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,137	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,001	5,125
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	265	0
39.011	Help America Vote Act 2002	HAVA2002FED	2,232	0

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A PGA064-3129A-1	20,923 400 <u>21,323</u>	16,536 2,500 <u>19,036</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022011	7,255	0
93.288	Homeland Security Bioterrorism	N/A	0	6,700
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	633	841
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5129C	1,735	2,050
	Department of Social Services -			
93.667	Social Services Block Gran	ERO172063	28,454	36,249
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-50021 ERS161-40040 ERS161-30008	3,861 4,447 0 <u>8,308</u>	0 5,280 20,710 <u>25,990</u>
93.991	Preventive Health and Health Services Block Gran	N/A	0	1,270
93.994	Maternal and Child Health Services Block Grant to the States	N/A ERS146-4129M ERS146-3129M ERS175-3018F	0 18,409 0 0 <u>18,409</u>	158 4,385 13,088 4,951 <u>22,582</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.036	Public Assistance Grants	FEMA-1412-DR-MO	24,488	740,520
	Total Expenditures of Federal Award:		\$ <u>149,087</u>	<u>908,560</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

DALLAS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dallas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services during the year ended December 31, 2003.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Dallas County, Missouri

Compliance

We have audited the compliance of Dallas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dallas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Dallas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Dallas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 8, 2005 (fieldwork completion date)

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
97.036	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	1412-DR-MO
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA and to ensure its accuracy. For the years ending December 31, 2004 and 2003, the county's SEFA overstated total expenditures by \$222,798 and \$91,039, respectively. For example, the County Clerk included the state's portion of \$222,103 for the Public Assistance Grant on the SEFA during the year ending December 31, 2004. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate and timely SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

A similar finding was noted in the prior report.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will continue to try to identify federal funds for the Schedule of Federal Awards and Expenditures.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-01. Health Center Budgets

The Health Center budgets did not include actual revenues or expenditures for the previous two years.

Recommendation:

The Health Center implement procedures to ensure that actual revenues and expenditures for the previous two years are included in the annual budget.

Status:

Implemented.

02-02. 911 Sales Tax

The county may have limited the possibility for future general sales tax revenues by passing a one-half cent general sales tax under Section 67.547, RSMo and earmarking it for the purpose of implementing and operating an enhanced 911 emergency response system. In addition, a separate Board of Directors was established to monitor and administer the 911 operations and the County Commission relinquished authority over the sales tax funds to the 911 Board in violation of statutory requirements.

Recommendation:

The 911 Board and the County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax and administer the funding for the 911 system.

Status:

Partially implemented. The Emergency 911 Board submitted requests for a legal opinion to the County Prosecuting Attorney in January 2003 and again in September 2003; however, the Prosecuting Attorney has not rendered an opinion. The Prosecuting Attorney indicated she plans to forward the request to the Attorney General's Office. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

02-03. Fixed Asset Controls

The county did not establish a written policy related to the handling and accounting for general fixed assets.

Recommendation:

The county establish a written policy describing procedures for the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See Management Advisory Report (MAR) finding number 5.

02-04. Procurement

The 911 Board and Health Center did not retain bid documentation in accordance with state law, and the 911 Board's policy did not require solicitation of bids for purchases less than \$5,000.

Recommendation:

The 911 Board and Health Center retain documentation in support of solicited bids and solicit bids on all items costing \$4,500 or more.

Status:

Partially implemented. The 911 Board implemented this recommendation, however, the Health Center has not implemented it. See MAR finding number 12.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DALLAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

02-05. Health Center Contractual Compliance

Federal Grantor:	Health and Human Services (HHS)
Pass-through Grantor:	Missouri Department of Health & Senior Services
Federal CFDA Number:	93.994
Program Title:	Comprehensive Family Planning Services
Pass-through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services and did not periodically calculate the average cost per client of providing such services. As a result, the Missouri Department of Health and Senior Services requested reimbursement of overpayments totaling approximately \$13,000.

Recommendation:

The health center establish procedures to monitor compliance with contractual requirements for Comprehensive Family Planning services.

Status:

Implemented. The Health Center reimbursed the Missouri Department of Health and Senior Services. This program was discontinued and the Health Center has not received any funding from the CFP program since June 2003.

02-06. Schedule of Expenditures of Federal Awards

Federal Grantor: Federal Emergency Management Agency (FEMA)
Pass-through Grantor: Missouri State Emergency Management Agency
Federal CFDA Number: 83.544
Program Title: Public Assistance
Pass-through Entity
Identifying Numbers: Not Applicable
Award Years: 2002
Questioned Costs: Not Applicable

The county did not have procedures in place to adequately identify federal assistance for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA prepared by the county included incorrect CFDA numbers and program titles, programs that were not federal funds, and programs that were partially federal funds yet included as 100 percent federal.

Recommendation:

The county implement procedures to ensure that the source and allocation of federal funds are properly identified so that a complete and accurate schedule of expenditures of federal awards may be submitted to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DALLAS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 8, 2005. That report expressed an unqualified opinion on the financial statements. We also have audited the compliance of Dallas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 8, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Dallas County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if

applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

The county did not always solicit bids or retain bid documentation for various purchases. In addition, the commission minutes did not document that the Presiding Commissioner abstained from voting on concrete bids when necessary, supporting documentation for some travel expenditures was not retained, and the county did not fully comply with its written agreement to share office expenses with the Prosecuting Attorney. Improvements are also needed in the county's controls over mileage and fuel usage and written agreements.

- A. The county did not always solicit bids, or bid documentation was not always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

Items or Service	Cost
Prisoner meals (2004)	\$ 27,562
Prisoner meals (2003)	25,335
Vehicle maintenance (2004)	25,398
Vehicle maintenance (2003)	16,957
Records preservation (2004)	12,969
Records preservation (2003)	19,884
Assessment form processing (2004)	8,538
Mapping services	7,125

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor in the area; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given an equal opportunity to participate in county business.

- B. The county commission minutes in February 2004 did not document that the Presiding Commissioner, whose family member owns one of the companies that submitted bids, abstained from the voting on annual concrete bids. This company was awarded the bid and was paid \$78,152 in 2004. The County Commission and County Clerk indicated the Presiding County Commissioner abstained from voting

on the bids received in 2004 and 2003; however, in 2004 it was not documented in the commission minutes.

Transactions between the county and parties related to county officials represent potential conflicts of interest. Therefore, the county should ensure any commissioner with a potential conflict of interest abstains from voting and such action is disclosed in the minutes.

- C. The county did not obtain supporting documentation for some travel related expenditures. For example, in August 2004 the county prepaid a \$231 hotel bill for the Prosecuting Attorney to attend a training conference; however, the county nor the Prosecuting Attorney retained supporting documentation for this travel expense. At our request, the Prosecuting Attorney obtained a copy of the bill from the hotel which indicated the county had overpaid the bill by \$18, and according to the hotel a cash refund for the overpayment was made at the time of check out. The Prosecuting Attorney reimbursed the county for the cash refund in October 2005, thirteen months after receiving the cash refund.

All expenditures should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds. In addition, the county personnel policy states, "Lodging while away on county business or training will be reimbursed upon submission of original paid receipt". Furthermore, when circumstances arise where a check is issued prior to receiving supporting documentation of county purchases, the County Commission should perform a follow up review of the transaction to ensure county funds are expended as intended and any refunds are made to the county.

- D. The Prosecuting Attorney does not have an office in the courthouse and she performs her county duties from an office building used in the operation of her private law practice. The county entered into a written agreement with the Prosecuting Attorney outlining the portion of her expenses to be paid by the county and the Prosecuting Attorney calculates the amount of expenses to be paid by the county then submits a requisition to the county for the reimbursement. A requisition for these expenses has not been submitted by the Prosecuting Attorney since December 2003. The county reimbursed the Prosecuting Attorney \$125 a month or \$1,500 annually in 2003. The Prosecuting Attorney should submit requisitions, and the county should reimburse her for its share of expenses in compliance with the written agreement. In addition, the County Commission and Prosecuting Attorney should review the agreement, and formally amend it, if necessary.
- E. Mileage and fuel usage logs are not reconciled to fuel purchases. Fuel for the Sheriff's office vehicles is purchased from a local vendor and is billed monthly to the county. Established procedures require employees to complete mileage and fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff's office spent approximately \$27,600 and \$22,600 for fuel during the years ending December 31, 2004 and 2003, respectively. To ensure the reasonableness of fuel

expenditures, the county should reconcile mileage and fuel usage logs to fuel purchased. Failure to account for fuel purchases could result in loss, theft, and misuse.

- F. Deputies in the Sheriff's office are allowed to use a county owned patrol car to commute to and from work. Deputies that live within Dallas County are considered on-call for emergencies. However, we noted the following concerns related to the use of a deputy's patrol car:

1. One deputy does not reside within the county and lives in Nixa approximately 47 miles away (one way) and commutes to and from work in his patrol car. The Sheriff indicated this deputy occasionally transports prisoners to and from Greene County; however, documentation of the number of transports is not maintained. The Sheriff also indicated prisoner transports are unpredictable and do not occur daily. In addition, neither the Sheriff nor the County Commission have performed a formal cost/benefit analysis to determine the reasonableness of the commuting costs, nor has a written policy regarding the use of county owned vehicles for personal use been established.

A formal cost/benefit analysis of the costs related to transporting prisoners/commuting would better support the county's decision-making process. Given the excessive amount of miles and the high cost of fuel, the Sheriff and the County Commission should review the costs of using county owned vehicles only when needed.

2. The amount of personal (commuting) mileage is not maintained for each deputy's vehicle or included on the deputies' W-2 as a fringe benefit. We estimated the deputy noted above commutes approximately 94 miles per day or approximately 24,440 miles a year (94 miles *5 days*52 weeks) in a county owned vehicle.

The Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- G. The Dallas County jail houses prisoners for other political subdivisions and other entities house Dallas County prisoners when the need arises. The county has not entered into written agreements with these entities regarding the housing rate to be paid, the services to be provided, or any required notification for emergency or non routine situations. Currently, Dallas County charges \$35 a day to house a prisoner or exchanges the cost of housing prisoners with neighboring counties. The housing rate charged by other entities to Dallas County varies from \$30-\$45 a day. Each county is responsible for any medical costs incurred for their prisoners.

For example, in February 2003, Christian County verbally agreed to house a prisoner for Dallas County. The prisoner being housed required emergency medical treatment and was sent to a local hospital by Christian County. Dallas County officials indicated they were not notified that medical treatment was needed for the prisoner, however in June 2003, they received a bill from a collection agency for medical and interest expenses totaling \$13,768. The county negotiated the amount due for these medical services down to approximately \$7,980.

Written contracts are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing.

A condition similar to Part D. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure commissioners with a potential conflict of interest abstain from voting and that this action is disclosed in the commission minutes.
- C. Require adequate supporting documentation prior to approving expenditures for payment. In the future, if checks need to be issued prior to receiving supporting documentation, the County Commission should perform a follow up review of the transaction to ensure funds are expended as intended.
- D. Request the Prosecuting Attorney to submit a bill for payment, and reimburse the Prosecuting Attorney in compliance with its written agreement. In addition, the County Commission and Prosecuting Attorney should review the agreement and amend it, if necessary.
- E. Require the Sheriff to perform a documented periodic reconciliation of fuel purchased to amounts used in county vehicles and investigate any significant discrepancies.
- F.1. And the Sheriff perform a cost/benefit analysis of the costs related to personal use of county vehicles.
 - 2. Ensure the county complies with IRS guidelines for reporting personal commuting mileage.
- G. And the Sheriff enter into written agreements for the boarding of prisoners.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will work with other officials to ensure bids are obtained and we will document sole-source procurement situations.*
- B. We will ensure minutes document that the commissioner abstained from voting in the future.*
- C. We will ensure documentation is obtained for all travel expenses.*
- D. We will establish a new written agreement, and the Prosecuting Attorney is planning to submit a request for past amounts due.*
- E. We will work with the Sheriff to ensure this is implemented.*
- F. We will reevaluate this policy, work with the Sheriff to address this issue, and insist the car remain inside the county.*
- G. We will work with the Sheriff to obtain written agreements with other political subdivisions for housing prisoners.*

The Prosecuting Attorney provided the following response:

- C. I did not receive a cash refund; however, I did reimburse the county for the refund and we are now retaining all paid receipts for lodging and other expenses related to seminars.*

2. Personnel Policies and Procedures and Officials' Bonds
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Various concerns were noted regarding payroll procedures for the Sheriff's office including the accuracy of timesheets and leave records and ensuring compliance with the Fair Labor Standards Act (FLSA). In addition, the wording of the county's blanket bond did not clearly address whether some officials were covered under the bond.

- A.1. Timesheets were not always prepared and signed by employees of the Sheriff's office. Monthly timesheets were apparently prepared by employees and forwarded to the former sheriff, who then prepared and submitted employee timesheets to the county. There was no evidence that the former Sheriff compared the two timesheets, and as a result, what was submitted did not always agree to what the employee's records showed and the county had nothing on file signed by the employee. For example, one employee time sheet prepared by the former Sheriff and submitted to the county indicated 176 hours worked during July 2004. However, the employee provided us a copy of a July 2004 timesheet prepared and signed by him which indicated 184 hours were worked during the month. Proper control over payroll

requires documentation, such as timesheets prepared and signed by employees and approved by supervisors, to provide evidence of actual time worked each month.

2. As a result of the different timesheets, it is unclear whether compensatory time earned by law enforcement personnel is in compliance with the FLSA. Currently, compensatory time is earned if a law enforcement employee works more than 40 hours in a week. FLSA requires law enforcement personnel to earn compensatory time for any hours worked in excess of 171 hours in a 28 day cycle. The Sheriff and the County Commission should review its current policy and procedures to ensure compliance with the FLSA. In addition, the personnel policy should be amended, if necessary.
- B. Although the Chief Administrator indicated she reviewed all timesheets for accuracy prior to submitting them to the County Clerk's office for payment, an adequate review of the timesheets was apparently not performed. For example, in January 2005, an eight hour holiday was recorded twice on an employee's timesheet and as a result, the employee's leave was overstated. The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, the FLSA requires accurate records of actual time worked by employees be maintained.
- C. Records of compensatory, vacation, and sick leave earned (used) and accumulated of the Sheriff's office employees were not filed with the County Clerk or the former Sheriff's office. Employees of the former Sheriff's office were allowed to track their own leave, and the new Sheriff chose to rely on each employee's record of accrued vacation, sick, and compensatory hours to establish leave balances when he took office in January 2005. As a result, an employee resigned in May 2005 and was subsequently paid \$3,398 for 248 hours of vacation, 25 hours of compensatory time, and 8 hours of holiday leave based upon leave balances provided by the employee.

Leave records should be filed in a central location with the county's payroll records. In addition without centralized leave records the County Commission cannot ensure that employees' compensatory, vacation, and sick leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining final pay for employees leaving employment.
- D. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$100,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

<u>Elected Official</u>	<u>Statutory Minimum</u>
County Clerk	\$ 5,000

Assessor	1,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Public Administrator	10,000
Surveyor	1,000

Sections 51.070, 53.040, 57.020, 58.050, 59.100, 60.030, and 473.730 RSMo, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

WE RECOMMEND the County Commission:

- A. And the Sheriff ensure that all time sheets are prepared and signed by the employees, and review the county's current policy for handling compensatory time.
- B. And the Sheriff ensure all timesheets are adequately reviewed for accuracy.
- C. Ensure that records are maintained by the County Clerk's office of annual, sick, and compensatory leave earned, used, and accumulated.
- D. Require all elected officials to be bonded as required by statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&B. We will consult with the Sheriff and try to address these issues.

C. We will ensure the Sheriff files these leave records with the County Clerk.

D. Separate bonds have been obtained for all elected officials.

A&B. The sheriff indicated he would work with the County Commission to address these issues.

3.**Property Tax System Controls and Procedures**

The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by state law. In addition, employees of the County Assessor and County Collectors' offices do not utilize confidential passwords to limit access to the property tax computer system, and there was no evidence the County Commission examined and approved the County Collector's annual settlements.

The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data, and the County Clerk is responsible for entering the tax rates and extending and printing the tax books. The County Clerk verifies the tax books and the County Collector collects the property taxes.

- A. The County Assessor and her staff enter the assessed valuation data from the assessment sheets, which are to be completed by May 31 of each year (when the Board of Equalization meets to approve the county's assessed valuations); however, the Assessor and her staff can also enter changes in assessed valuations after approval by the Board of Equalization. After the Board of Equalization meetings are completed, the County Assessor has no statutory authority to make changes to the assessment data. As a result of the County Assessor and her staffs' ability to make changes after the Board of Equalization meets, there is an increased risk that unauthorized changes can be made to the assessment data.
- B. Employees of the County Assessor and County Collectors' offices do not utilize confidential passwords to limit access to the various data files and programs used by each office. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.
- C. There was no evidence the County Commission examined and approved the County Collector's annual settlements. A detailed review should be performed by the County Commission to ensure the accuracy of the annual settlement.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Restrict access to the assessment data during periods when changes to the data are not statutorily allowed.
- B. Consult with its programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- C. Perform a detailed review of the County Collector's annual settlements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will take this under advisement. Current procedures are working to our satisfaction.*
- B. We will consult with the programmer to address this issue.*
- C. We will examine and approve the collector's annual settlement.*

4. Budgets, Planning, and Minutes
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Actual expenditures exceeded the original budgeted amounts in various county funds, and as a result of inadequate monitoring procedures, the County Commission amended various county budgets after expenditures had already exceeded the original budget. In addition, an annual maintenance plan for county roads and bridges has not been prepared, and minutes were not prepared to document the matters discussed in closed meetings.

- A. The County Commission and other county officials approved expenditures in excess of budgeted amounts for various funds for the years ended December 31, 2004 and 2003. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2004	2003
Capital Improvements Sales Tax Fund	\$ N/A	76,657
Record Storage Fund	3,720	N/A
Prosecuting Attorney Bad Check Fund	N/A	1,028
Jury Fund	N/A	154
Law Enforcement Civil Fees Fund	4,459	N/A

In addition, the County Commission amended the 2004 budgets for various county funds on December 3, 2004, however the expenditures had occurred prior to the amendments, and no earlier action had been taken. For example, the County Commission amended the Capital Improvement Sales Tax (CIST) Fund expenditures by \$156,400 for some expenditures that were made prior to December 3, 2004. The County Commission failed to adequately monitor the expenditures of the CIST Fund which were spent on unplanned paving and bridge projects. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved,

including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget. Further, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess expenditures should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

- B. An annual maintenance plan for county roads and bridges has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the road and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county roads and bridges throughout the year.

- C. Minutes were not prepared to document the matters discussed in a closed meeting held in July 2003. While the regular minutes did disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meeting.

Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained. In addition, Section 610.021, RSMo, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires the votes taken and final decisions to be made public. Also, Section 610.022, RSMo, requires the County Commission to vote in open session to close a meeting and to announce publicly the reasons for going into closed session. This law also provides that public governmental bodies shall not discuss, record, or vote on any other business during the closed meeting that differs from the specific reasons used to justify such meeting.

A finding similar to Part A. was noted in the prior report.

WE RECOMMEND the County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. In addition, implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.
- B. Establish a formal annual maintenance plan for county roads and bridges.
- C. Ensure minutes are prepared and retained for all closed meetings.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will better monitor budgeted and actual expenditures and amend the budgets prior to over spending.*
- B. *We will take under advisement.*
- C. *We will comply with state law.*

5. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, each county official prepares and submits an inventory listing of fixed assets to the County Clerk annually, and the County Clerk maintains an inventory listing all other assets owned by the county. The property records maintained do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. Also, property items are not always properly numbered, tagged, or otherwise identified.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$1,000 or more. The inventory shall list such property by descriptive name, serial number, model, age, and estimated market value, and after the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items and recorded on the inventory listings to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in the prior report.

WE RECOMMEND the County Commission ensure inventory records maintained list property by acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission indicated they will work with other officials to ensure the fixed asset records are complete and all property is tagged.

6. Sheriff Accounting Controls and Procedures
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Controls and procedures over seized property need improvement. In addition, the handling of DARE funds need improvement, accounting duties are not adequately segregated, and controls over receipts need improvement. Also, vehicle logs for county owned patrol cars were not adequate, and the Sheriff's office does not calculate the average cost of meals served to prisoners.

The Sheriff routinely seizes property to be used as evidence and received monies for civil and criminal process fees, gun permits, bonds, and other miscellaneous fees totaling approximately \$247,000 and \$196,000 during the years ending December 31, 2004 and 2003, respectively. The Sheriff also provides meals to prisoners and houses prisoners at/for other entities.

A. Under the Criminal Activity Forfeiture Act, Section 513.600, RSMo, the Sheriff may seize property after an investigation reveals that the property was purchased from proceeds of drug sales by a defendant. The Sheriff also routinely seizes property to be used as evidence for cases that are not drug-related in accordance with Section 542, RSMo. Adequate controls over seized property have not been established as follows:

1. Seized cash is not being stored in a secure location. We identified \$3,781 being stored in various evidence envelopes in the seized property room. An additional \$116 of seized cash was located in a trash bag on the floor of the seized property officer's office. Seized cash should be stored in a secure location such as a vault or safe.
2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, \$2,748 of the above seized cash related to cases already disposed of in court has been on hand since 2002 with \$1,241 dating back to 1998. The Sheriff's office has not requested a judge to review the cases and order disposition of the funds.

Section 542.301(5), RSMo, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft, and the related potential liability of the county for such possible improper access or use.

3. The seized property records maintained are not accurate or complete. For example, \$116 of the seized cash noted above was not included on the seized property record. Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.
- B. The former Sheriff received DARE donations, held them in cash, and did not maintain records of the DARE monies received or expended. As a result, there is no assurance that DARE funds received were handled properly. In February 2005, the current Sheriff started maintaining records of donations received, and opened a bank account with \$110 of DARE monies on hand. He subsequently received \$2,351 of additional donations in February and March 2005. While accountability over such monies has improved, the Sheriff has no authority to maintain custody of this account. Attorney General's Opinion No. 45 to Henderson, concluded that the Sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. The remaining account balances should be transferred to the County Treasurer and future receipts should be transmitted directly to the County Treasurer.
- C. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account are not adequately segregated. The Chief Administrator primarily performs all of these duties. In addition, there is no indication that supervisory reviews are performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

- D. The following concerns were noted regarding the Sheriff's receipting procedures:

1. Receipt slips are not always issued immediately upon receipt, and these receipts are not posted to the cash control ledger in a timely manner. The Chief Administrator indicated receipt slips are issued for monies received when time allows, and these receipts are not posted to the cash control ledger until the end of each month.
2. The method of payment is not always indicated on receipt slips.
3. Receipts are not always deposited intact or in a timely manner. The Chief Administrator indicated deposits are made as time allows. For example, \$1,950 of cash bonds received during the period May 3, 2005 through May 8, 2005 was not deposited until May 10, 2005.
4. Checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be posted to the receipt book and cash control ledger immediately upon receipt, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt. In addition, to ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips, and composition of the receipt slip issued should be reconciled to the composition of deposits.

- E. Vehicle logs maintained by the Sheriff's office for county owned patrol cars did not adequately document appropriate use of the vehicles. While gasoline purchases, odometer readings at the time of gas purchases, and the officer purchasing the gasoline were recorded, the logs did not include the purpose and destination of each trip or the daily beginning and ending odometer readings. Given the county is allowing personal commuting mileage to be incurred as noted in finding number 1.F., vehicle logs should be prepared for each vehicle which include the date, odometer readings, and purpose of each trip (including any personal commuting mileage).
- F. Although the Sheriff's office maintains attendance records of prisoners housed in the county jail and retains documentation of the related food purchases from local vendors, the Sheriff's office does not calculate the average cost of meals served to prisoners. During the years ended December 31, 2004 and 2003, expenditures for prisoner food totaled approximately \$28,000 and \$25,000, respectively. The average cost of meals served to prisoners should be calculated periodically to ensure county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, Section 221.105, RSMo, requires the governing body of any county to fix the amount to be expended for the cost of incarceration of prisoners confined in the jail.

Conditions similar to Parts C. and D.3. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Ensure seized cash is stored in a secure location, adopt procedures to periodically follow up on seized property items, and obtain written authorization to dispose of the items upon final disposition of the cases. In addition, maintain a complete and accurate listing of all seized property received including information such as a description, persons involved, current location, case number, and disposition of such property. Also, periodically reconcile the listing to the property items in the seized property room.
- B. Turn over custody of the DARE account to the County Treasurer.
- C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented in the Sheriff's office.
- D. Ensure that all monies received are promptly recorded in the receipt book and cash control records, record the method of payment on the receipt slips and reconcile the composition of receipts to the composition of bank deposits, deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- E. Maintain vehicle logs for each vehicle which include the date, odometer readings, and purpose of each trip (including personal commuting mileage) in order to document appropriate use of all vehicles.
- F. Periodically calculate the average cost for prisoner meals.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *The officer was conducting a physical inventory during the auditor's cash count of seized monies. Evidence has now been organized, logged, and secured. In addition, we have implemented procedures to obtain disposition orders from the Prosecuting Attorney for seized monies that have been on hand for several years, and a new seized property record has been established and an inventory conducted.*
- B. *We have transferred these funds to the County Treasurer. Any funds collected in 2006 will be handled by an independent group.*
- C. *We have already implemented procedures for me to review the accounting records.*
- D. *Receipt slips are currently issued immediately upon receipt, and we will try to post more timely. In addition, the office manager has always indicated the method of payment, and we are currently implementing procedures to ensure this is done by dispatchers. I will review*

the issue of depositing timely and will make changes as needed. Checks and money orders are currently being endorsed when received.

E. *This has been corrected.*

F. *We performed this calculation recently and will continue to do this periodically in the future.*

7. Prosecuting Attorney Accounting Controls and Procedures

Receipt slips are not issued for some monies received, bad check restitution and fees are not always transmitted to the merchants and County Treasurer in a timely manner, and backup disks of computerized bad check information are not stored in an offsite location.

The Prosecuting Attorney collects bad check restitution and fees. The Prosecuting Attorney's office requests bad check offenders to remit two money orders, one payable to the merchant for restitution and one payable to Dallas County for the bad check fee. The Prosecuting Attorney does not maintain a bank account and transmits the bad check fees to the County Treasurer and bad check restitution monies are remitted directly to the merchants. The Prosecuting Attorney's Office collected bad check fees totaling approximately \$13,200 and \$11,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Receipts slips are not always issued for monies received under the office door (after hours) and through the mail. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.
- B. Bad check restitution and fees are not always transmitted to the merchants and County Treasurer on a timely basis. For example, three money orders for bad check restitution received on May 26, 2005 totaling \$337 were not transmitted to the merchant until June 29, 2005. In addition, bad check fees collected during the month of May 2005 totaling \$748 were not transmitted to the County Treasurer until June 21, 2005. Procedures should be established to ensure bad check restitution is disbursed to the victims in a timely manner. In addition, bad check fees should be turned over monthly to the County Treasurer as required by Section 50.360, RSMo.

A similar condition was noted in two prior reports.

- C. Backup disks of computerized bad check information are not stored in an offsite location. As a result, the backup disks are susceptible to the same damage as the master files. All bad check information, such as the bad check writer, the check number and amount of the bad check, the vendor name, the date and amount of monies received for restitution and fees is recorded on the computerized system. Computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of

recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
- B. Transmit bad check restitution and bad check fees to merchants and the County Treasurer in a timely manner.
- C. Ensure computerized bad check records are backed-up and stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We are currently issuing receipt slips for all monies received.*
- B. *We provide two options for victims to either receive restitution by mail or to pick it up personally. If mailed, it is mailed immediately. If the victim chooses to pick it up, a second contact is made by our office if it has not been picked up within 30 days. Generally fees are transmitted to the Treasurer monthly.*
- C. *Currently backup disks are being stored off-site.*

8. Circuit Clerk Accounting Controls and Procedures
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A complete listing of accrued costs owed to the Circuit Court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. In addition, accounting duties are not adequately segregated in the Circuit Clerk's office.

The Circuit Clerk's office processed receipts from fines and costs for criminal and civil cases of \$429,968 and \$201,637 during the years ending December 31, 2004 and 2003, respectively.

- A. A complete listing of accrued costs owed to the Circuit Court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk relies on the probation and parole officers to ensure that monies owed to the court are paid. Upon our request, the Circuit Clerk ran a report of accrued costs totaling \$580,630 due to the Circuit Court as of March 11, 2005. The Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of

accrued costs would allow the Circuit Clerk to more easily review the amounts owed to the court and take the appropriate steps to ensure all amounts owed are collected on a timely basis.

- B. Accounting duties are not adequately segregated in the Circuit Clerk's office. Currently, the Circuit Clerk performs most of the accounting duties, including receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. The Circuit Clerk indicated some of the receiving duties are performed by other deputies.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

WE RECOMMEND:

- A. The Circuit Clerk maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection of all costs owed to the court.
- B. The Circuit Clerk segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *A large portion of the \$580,000 balance of accrued costs is uncollectible because many of the defendants were sent to the Department of Corrections. We will obtain a court order from the Circuit Judge to write off these uncollectible costs. In addition, some of these accrued costs are restitution that is being paid off over a period of time.*
- B. *I believe the court is doing the best job it can to segregate duties. No one clerk is responsible for performing all the duties.*

9. County Clerk Accounting Controls and Procedures

The County Clerk's office processed receipts for notaries, liquor licenses, maps, plat books, and copies of approximately \$8,400 annually. The County Clerk indicated she normally deposits receipts once a month and then immediately disburses the monies deposited to the County Treasurer. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100. Given the current procedures, maintaining a bank account appears unnecessary.

While the County Clerk does not collect large amounts of fees, control weaknesses such as these need to be improved.

WE RECOMMEND the County Clerk evaluate whether a bank account is necessary, and if so, deposit monies intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The County Clerk indicated more timely deposits in May and June will be made to comply with the recommendation.

10. County Assessor Accounting Controls and Procedures

The County Assessor's office accepts cash, checks, and money orders for maps, copies, and faxes. Receipt slips are not always issued for monies received, do not always indicate the method of payment, and are not always issued in numerical order. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. Instead, endorsements are applied after monies are transmitted to the County Treasurer. In addition, the County Assessor does not prepare and file a monthly report of fees with the County Commission.

The County Assessor's office processed receipts for maps, photo copies, and faxes of approximately \$870 annually. While the County Assessor does not collect large amounts of fees, control weaknesses such as these need to be improved.

To properly account for all receipts and ensure they are handled properly, receipt slips should be issued for all monies received, the method of payment received should be recorded and reconciled to the composition of monies transmitted to the County Treasurer, and the numerical sequence of receipt slips should be accounted for properly. In addition, to adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt, and Section 50.370, RSMo, requires county officials to file a monthly report of fees with the County Commission.

WE RECOMMEND the County Assessor issue receipt slips for the monies collected, record the method of payment received and reconcile the composition of monies collected to receipt slips and transmittals, account for the numerical sequence of receipt slips, and restrictively endorse checks and money orders immediately upon receipt. In addition, file a monthly report of fees with the County Commission in accordance with state law.

AUDITEE'S RESPONSE

The County Assessor indicated she is in the process of obtaining prenumbered receipt slips. She will ensure receipt slips are issued for all monies received and indicate the method of payment. A monthly report of fees will be filed with the County Commission.

11. Emergency 911 Board

Improvements are needed in the controls and procedures over Emergency 911 expenditures, including credit cards and vehicle usage. In addition, payroll procedures and policies over timecards and leave policies need improvement. Also, the board has not established formal policies and procedures for general fixed assets, and the board's financial statements did not list disbursements by vendor as required by state law.

The Emergency 911 Board received approximately \$515,300 and \$495,600 in sales tax revenues during the years ending December 31, 2004 and 2003, respectively.

- A. The Emergency 911 Board has fifteen credit cards to various vendors that are used by the director and its employees for the purchase of supplies, building repairs, and traveling expenses. Credit card expenditures totaled over approximately \$16,700 during the two years ending December 31, 2004. The Emergency 911 Board has not adopted formal policies and procedures for the use of the credit cards. Policies and procedures are necessary to help ensure the credit cards are used only for Emergency 911 business. In addition, the board should carefully evaluate the need for each credit card.
- B. A mileage log is not maintained for the vehicle owned by the Emergency 911 Board. This vehicle was driven approximately 6,700 miles during the first ten months of 2005. Mileage logs should document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of the vehicle.
- C. During our review of the Emergency 911's payroll controls and procedures, we noted the following concerns:
 - 1. Employee time cards are not signed by the employee. In addition, there is no indication that the employee time cards are approved and signed by a supervisor. Employee time cards should be signed by the employee and

include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked.

2. The Emergency 911 Board did not require the director to prepare a timesheet documenting the number of hours worked. As a result, the board has no documentation of work performed to support the \$42,500 of annual payroll expenditures. Such timesheets would also assist the board in tracking the director's leave balances.
3. The Emergency 911 Board has not established a formal policy regarding donated leave time for its employees. One employee had no accumulated annual leave or sick leave time to use when she became ill and other Emergency 911 employees donated 111 hours or \$928 of their leave. Complete and detailed written policies are necessary to provide guidance to Emergency 911 employees and provide a basis for proper compensation.

D. The Emergency 911 Board has not established formal policies and procedures for general fixed assets. Our review of general fixed assets revealed the following concerns:

1. Property records do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and the date and method of disposal. In addition, the property records do not include the Emergency 911 Board's vehicle, land, building, and building improvements. Also, an annual physical inventory of property has not been performed since 2002. Furthermore, property records are not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year. Adequate general fixed assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.
2. The Emergency 911 Board donated equipment valued at \$300 each to the Dallas County First Responders and the Louisburg Fire Department during the year ending December 31, 2004 and 2003, respectively. The 911 Board has not established any written procedures regarding disposition of assets. The board needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, donation, etc) allows for participation by the public or other political subdivisions and provides the best price/assistance for the Emergency 911 Board.

- E. The Emergency 911 Board's published financial statements did not list disbursements by vendor. Section 50.800, RSMo, requires detailed lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the Emergency 911 Board's financial activities, all information required by law should be included.

Conditions similar to Parts B. and D.1. were noted in a prior report.

WE RECOMMEND the Emergency 911 Board:

- A. Evaluate the need for each credit card and cancel any cards which are determined unnecessary. Adopt formal policies and procedures for credit card use, including policies which prohibit the personal use of Emergency 911 credit cards, require all credit card slips be submitted prior to payment of invoices for the board's review, and require credit card purchases to comply with 911 bidding policies.
- B. Ensure a mileage log is maintained.
- C.1. Ensure employee time cards are signed by the employee, and require documentation of a supervisory approval on all time cards.
 - 2. Require the Emergency 911 director to prepare a time card.
 - 3. Expand the Emergency 911 Center's leave policy to address the issue of donated leave time.
- D.1. Establish a written policy related to the handling and accounting for general fixed assets. In addition, to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and other concerns associated with 911 Center property. Also, inventories and inspections should be performed and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.
 - 2. Establish formal procedures related to the handling and approval of fixed asset dispositions.
- E. Ensure published financial statements include all information required by state law.

AUDITEE'S RESPONSE

The Emergency 911 Board provided the following responses:

- A. *Of the fifteen credit cards, two were fuel cards (a duplicate is desirable for contingency planning), and several were store credit cards that were required to open an account at a specific store. Some credit cards have been eliminated. Credit cards maintained include, two fuel cards, a bank Visa card, a Quick Books MasterCard, a Staples store card, Office Depot store card, two Sam's Club cards, and a Wal-Mart store card. A policy has been developed indicating that credit cards are to be kept in the safe until needed and are to be signed out on a log, which resides with the cards, in the safe. An exception is made for the Sam's Club cards that have individual employees picture identification assigned to each card, per the Sam's Club policy.*
- B. *The management of Dallas County 911 asked the independent contracted auditors at the most recent financial audit, if it was necessary to keep a log of the vehicle mileage if the vehicle was only used for business purposes and was so stated in a policy. The previous independent contracted auditors indicated that the mileage log was not necessary. Since being informed by your office that a mileage log is required, one has been established and maintained. A vehicle usage policy will be updated to reflect the need for a mileage and usage log.*
- C.1. *Employee time cards were signed by the employees, however, were not consistent in their method. Some employees printed their names, made other marks, calligraphy, or actually signed their name. The employees have been advised to sign their cards at the end of the pay period and will be required to do so, before being given their paychecks. Employee time cards have always been reviewed by management and all hours are approved by management. The process includes the Office Manager checking the time cards against a schedule, the Dispatch Supervisor comparing the cards for overtime and submitting overtime justification to the Director, and the Director approving or disapproving the overtime. The Dispatch Supervisor will review and initial each time card in the future.*
- 2. *The contract between the Executive Director and the Board of Directors includes the ability of the Board to set the Executive Director's schedule, if necessary. The Board of Directors has not found it necessary to set the Director's schedule and has found the amount of work performed to be adequate and that the hours worked have been adequate. The Board may, in the future, require specific hours of the Executive Director, but because the Director is required to come to the Communications Center at anytime, day or night, to deal with technical or operational issues, the Board has chosen not to set a schedule. The Director has, voluntarily, started a daily journal, that includes hours worked. The Director's leave balances have been kept by the Office Manager and documented, except for holidays, which are pre-scheduled, in the Director's contract.*
- 3. *A policy concerning donated leave time has been established. This incident mentioned, was clearly documented, in two places (time cards and on a separate memo), even though no policy was in place.*

- D. *All property will be included in an annual inventory to include tagging and all recommended information about each item, value, and disposition. General fixed asset records will be maintained in a manner that allows for reconciliation at the end of each year.*
- E. *RSMo Section 50.800 will be complied with.*

12. Health Center Board

Controls over health center receipts need improvement, accounting duties are not adequately segregated, and the actual financial activity presented on the 2005 and 2004 budgets was inaccurate. In addition, improvements are needed in the controls over expenditures including: supporting documentation, bidding, and filing Forms 1099 with the (Internal Revenue Service) IRS. Also, various improvements are needed over payroll records, policies, and procedures. Additionally, the board minutes did not always document reasons for going into closed session, and how some topics discussed met the criteria outlined in Section 610.021, RSMo. Further, fixed asset records are inadequate.

- A. Receipt slips were not always issued for donations, the method of payment was not always indicated on receipt slips issued, and voided receipt slips were not always retained. To help ensure receipts are properly recorded and deposited, receipt slips should be issued for all monies received, indicate the method of payment (i.e. cash, checks, or money orders), and the composition should be reconciled to the bank deposits. In addition, to adequately account for all receipts, all copies of receipt slips should be retained.
- B. Accounting duties are not adequately segregated. The Health Center Administrator is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. The actual financial activity presented for the years ending December 31, 2004 and 2003 on the 2005 and 2004 budgets was inaccurate. For example, the health center overstated revenues by \$15,591 and \$7,500 because they included certificates of deposits being cashed as transfers in and understated interest revenues by \$782 and \$2,977 during the years ending December 31, 2004 and 2003, respectively. During those same years, office expenses were also overstated by \$2,004 and \$2,003 due to the Administrator including the "year" (2004 and 2003) in the calculation of total office expenses. As a result of these inaccuracies, the cash balances reported on the budgets were also inaccurate. Further, the Administrator and the board failed to

ensure a comparison of the budget to the accounting records was performed.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management planning tool and as a control over expenditures. Further, the board and the Administrator should ensure a comparison of the budget to the accounting records is performed.

D. During our review of health center expenditures, we noted the following concerns:

1. The Health Center Board approved payments to vendors without requiring or retaining adequate supporting documentation. For example, the board approved paying the prior Administrator up to \$1,170 per year for some of his personal expenses such as; cellular phone charges, internet charges, fitness center membership and Rotary and Optimist club dues in lieu of a raise until his resignation in August 2003. The board reimbursed him monthly for these personal expenses without obtaining supporting documentation. Also, the additional compensation was not included on the former Administrator's W-2.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of health center funds. All employee compensation and applicable fringe benefits should be reported on the employee's W-2 form and payroll taxes should be withheld and remitted, if necessary, as required by the IRS.

2. Bids were not always solicited or advertised by the board nor was bid documentation always retained for various purchases. For example, the health center did not solicit bids or retain bid documentation for two purchases of computer equipment made from the same vendor on August 8, 2003 totaling \$6,180.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of board resources and help assure the board that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in board business.

3. The Health Center Board has no procedures in place to ensure that Forms 1099 are always filed with the Internal Revenue Service (IRS) when required. As a result, the board did not file Form 1099 for cleaning services

provided by a vendor totaling \$2,289 during the year ending December 31, 2004. Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

E. Our review of the health center's personnel policies and procedures identified the following areas of concern:

1. The Health Center Board did not review the payroll tax returns prior to submitting them to the IRS and other taxing authorities. As a result, the health center owes \$1,267 in overdue taxes to the IRS which represents tax liabilities from the fourth quarter 2004. The amount due does not include any future interest and penalties which may be assessed. In addition, state income taxes from the second quarter 2004 were not paid until October 2004 resulting in penalties and interest incurred of \$241. Prior to January 2005, the health center paid a local accounting firm to process the semi-monthly payroll and payroll taxes, the quarterly payroll tax filings, and the year end payroll tax filings and W-2 forms.

The Internal Revenue Code requires Form 941 to be filed with the IRS on a quarterly basis along with payment of Social Security and Medicare taxes withheld from the employee and the employer's share, as well as federal income tax withheld. Good business practices require accurate and timely payments of payroll taxes. Failure to make timely payments can result in unnecessary penalties and interest. In addition, Section 143.191, RSMo, requires employers to withhold state income taxes from wages and establishes requirements for reporting wages. The lack of adequate review procedures over payroll allows the potential for errors and misstatements which may not be detected.

2. An adequate independent review of health center employees' timesheets, leave records, and payroll reports was apparently not performed and documented. As a result, one employee's time cards indicated total hours worked of 86.5; however, the payroll report indicated the employee was paid for 88 hours. In addition, timesheets prepared by health center employees were not always signed by the employee or their supervisor. The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, timesheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time worked each month.
3. A part-time employee receives a \$100 stipend each month to be used for health insurance in violation of the health center's personnel policy. The health center's personnel policy does not provide for part-time employees to receive any health insurance benefits or stipends. In addition, the \$1,200

annual stipend was not reported on the employee's W-2 form. To ensure equitable treatment of all employees, the health center should ensure personnel policies are followed. In addition, any additional compensation or stipends, should be reported on the employee's W-2 form and payroll taxes should be withheld and remitted, if necessary, as required by the IRS.

- F. The open meeting minutes did not always document the specific reasons for closing the meeting and actions take by the board in closed meetings. In addition, the Health Center Board did not document how some topics discussed met the criteria outlined in Section 610.021, RSMo. For example, meetings were closed to discuss the salary and benefit package for the Administrator and a raise for a nurse. The board should restrict the discussions in closed session on the specific topics allowed by state law.

Section 610.021, RSMo, allows the board to close meeting to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel matters. Section 610.022, RSMo, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record or vote.

- G. Property records do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, physical location, and the date and method of disposal. In addition, the health center has not established formal policies and procedures for the disposition of general fixed assets. Also, general fixed asset records are not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year. Adequate general fixed assets records are necessary to secure better internal controls over health center property, meet statutory requirements, and provide a basis for determining proper insurance coverage.

Conditions similar to Parts C., D.2., and G. were noted in the prior report.

WE RECOMMEND the Health Center Board:

- A. Issue receipt slips for all monies received, record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits, and retain all copies of receipt slips.
- B. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- C. Ensure the budget accurately reflects the past financial activity of the health center.
- D.1. Ensure adequate documentation is received and maintained to support all expenditures. In addition, amend the former administrator's W-2 for these additional payments.

2. Solicit bids in accordance with state law and maintain documentation of bids.
3. Ensure IRS Forms 1099 are prepared and submitted as required.
- E.1. Ensure payroll tax returns are reviewed for accuracy and 941 forms are filed and payroll taxes are remitted on a timely basis.
2. Ensure an adequate review of timesheets, leave records, and payroll reports are performed. In addition, ensure all timesheets have been signed by both the employee and the employee's supervisor.
3. Comply with established personnel policies and amend the employee's W-2 form.
- F. Ensure board minutes document the reasons for closing the meeting, publicly disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law.
- G. Establish complete records to account for general fixed assets.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *I have spoken to staff about documenting and issuing receipt slips. I will continue to monitor this issue, as deemed necessary.*
- B. *Segregation of accounting duties is difficult with a small number of staff. I will review duties and segregate, as staffing and workloads permit.*
- C. *I will review and recheck the budget for inaccuracies or problems with budget formulas.*
- D.1. *I will contact the former payroll contractor about amending the former administrator's W-2.*
2. *I will solicit future bids in accordance with state law and will keep documentation of any bids received.*
3. *The Health Center is now performing the payroll function in house. IRS Forms 1099 will be issued for payments of \$600 or more as required.*
- E.1. *Effective January 1, 2005, the health center is performing the payroll functions in house and can more effectively track tax liabilities using Quick Payroll accounting. I will be contacting the former payroll contractor about 2004 payroll tax discrepancies and will work with the IRS regarding any underpayments.*

2. *Effective immediately, I will review with health center staff the proper procedures for documentation of timesheets, leave records, and payroll reports.*
 3. *The health center has amended personnel policies to reflect these employee benefits.*
- F. *I have reviewed the Missouri Sunshine Law and will document meetings more accurately in accordance with the Sunshine Law.*
- G. *There are many items that were purchased prior to my administration and there is no record of purchase. A memo stating such has been added to the inventory file. I have also added a place to record date of disposal and disposal authorization on inventory control sheets. A formal policy is under development and will be presented to the Board for approval once complete.*

Follow-Up on Prior Audit Findings

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets and Schedule of Expenditures of Federal Awards

- A. Actual expenditures exceeded budgeted amounts for several county funds.
- B. Formal budgets were not prepared for various county funds.
- C. The county and health center did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards.

Recommendation:

- A. The County Commission not authorize disbursements in excess of budgeted amounts.
- B. The County Commission ensure budgets are prepared or obtained for all county funds.
- C. The County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards.

Status:

- A. Not implemented. See Management Advisory Report (MAR) finding number 1.
- B. Partially implemented. Improvements were made by the County Commission and County Clerk. Only funds held by other county officials were not budgeted. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. See finding number 04-1.

2. County Officials' Compensation

Salaries actually paid to county officials were not always supported by salary commission actions. The Presiding Commissioner approved mid-term raises for the associate county commissioners as well as other county officials in 1999. Senate Bill No. 11, effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, including increases to the statutory maximum salaries allowed. As a part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13, RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Recommendation:

The County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should only be authorized by the salary commission.

Status:

Partially implemented. County officials' compensation paid during the years ending December 31, 2004 and 2003 was authorized by the salary commission. The County Commission indicated it does not plan to pursue repayment of any of the past salary overpayments; however, the salary commission nor the county commission has documented this in their minutes. The previous Presiding Commissioner responded in our prior report that the Supreme Court decision in no way pertained to the assessed valuation salary increases given in 1999. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Controls and Procedures

- A. The county did not have a written agreement with the Prosecuting Attorney regarding the share of her private office expenses the county should pay.
- B. Some equipment purchases were not recorded on the county's fixed asset listing, and additions to the inventory listings were not reconciled to equipment expenditures.

Recommendation:

The County Commission:

- A. Establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.
- B. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

- A. Partially implemented. The county entered into a written agreement with the Prosecuting Attorney regarding the use of her private office; however, the county has not been fully complying with that agreement. See MAR finding number 1.
- B. Not implemented. See MAR finding number 5.

4. Prosecuting Attorney Controls

Bad check fees were not transmitted to the County Treasurer timely, and cashiers checks and money orders received were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney transmit bad check fees to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashiers checks and money orders immediately upon receipt.

Status:

Partially implemented. Although money orders and cashier checks are restrictively endorsed upon receipt, receipts are not transmitted to the County Treasurer daily or when accumulated receipts exceed \$100. See MAR finding number 7.

5. Sheriff's Accounting Procedures

- A. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account were not adequately segregated.

- B. Receipts were not always deposited timely. Civil processing fees were not deposited until the related papers were served, and checks and money orders received were not restrictively endorsed immediately upon receipt.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B. Deposit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Partially implemented. Civil processing fees are not being held until the related papers are served. These fees are being deposited; however, receipts are not being deposited timely and checks and money orders are not restrictively endorsed immediately upon receipt. See MAR finding number 6.

6. Dallas County 911 Board

- A. Voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and operating an enhanced 911 system. The alternative statutory authority for emergency services sales tax under Section 190.335, RSMo, provides that the County Commission may impose a county sales tax for the provision of central dispatching of emergency services. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax venues.
- B. Appraisals were not obtained by the 911 Board prior to purchasing a new building, and its original building had been vacant since November 2000 and was currently for sale.
- C.1. The 911 Board did not enter into a written agreement with either the Chamber of Commerce or the Betterment Association detailing the requirements of the relationships.
- D. The 911 Board discussed matters in closed session meetings that appear to be contrary to state law.
- E. The 911 Board's budget did not include the two previous years' actual revenues and expenditures.

- F. A vehicle mileage log was not maintained for a vehicle owned by the 911 Board which was driven by the director, and as a result, it was not possible to determine the number of personal miles versus the number of business miles driven. Internal Revenue Service (IRS) reporting guidelines indicated personal commuting mileage is a reportable fringe benefit.
- G. The 911 Board did not document its approval of invoices for payment, and invoices were not noted as paid or otherwise canceled upon payment.
- H. General fixed asset records were not maintained, and property tags were not affixed to all assets.

Recommendation:

The Dallas County 911 Board of Directors:

- A. And the Dallas County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax for 911 purposes.
- B. Ensure independent appraisals are obtained for future real estate purchases and develop a formal plan for the disposition of the original building.
- C. Ensure all future contracts are in writing.
- D. Ensure only topics pursuant to state law are discussed in closed session meetings.
- E. Report actual revenues and expenditures of the two previous years on the budgets as required by state law.
- F. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the Board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- G. Review and approve all expenditures of 911 funds, and ensure all invoices are canceled when goods or services have been paid to prevent reuse or repayment of the invoice. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the Board minutes.
- H. Establish records to account for general fixed assets, and identify all fixed assets with a number, tag, or similar identifying device.

Status:

A. Partially implemented. The Emergency 911 Board submitted requests for a legal opinion to the County Prosecuting Attorney in January 2003 and again in September 2003; however, the Prosecuting Attorney had not rendered an opinion. The Prosecuting Attorney indicated she plans to forward the request to the Attorney General's Office. Although not repeated in the current MAR, our recommendation remains as stated above.

B-E,
&G. Implemented.

F. Partially implemented. The Emergency 911 Director indicated the vehicle is currently only used during operating hours and for official business; however, a mileage log is not maintained. See MAR finding number 11.

H. Partially implemented. A general fixed asset listing is maintained and property tags are affixed to general fixed assets; however, the general fixed asset listing is not complete. See MAR finding number. 11.

7. Health Center Records and Procedures

A. Petty cash and change funds were not kept in a secure location and access to the funds was not limited, and as a result, these funds had been short by small amounts of cash on various occasions. In addition, the petty cash fund was not maintained on an imprest basis, and records were not maintained to document all expenditures.

B.1. Budgets prepared by the Health Center Board of Trustees were not accurate and did not include all information as required by state law.

2. Actual expenditures exceeded budgeted amounts, and a periodic comparison of budget to actual activity was not performed.

C. The Board of Trustees did not review and approve the payment of expenditures prior to the disbursements being made.

D. The Health Center did not periodically update its property records, and number, tag, or otherwise identify property items. In addition, annual inventories of property had not been performed.

E. Collateral securities pledged by the health center's depository bank to cover deposits were insufficient.

F. Health center personnel did not monitor amounts expended on Comprehensive Family Planning services, and the average cost per client of providing such services was not periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

- A. Maintain cash funds and receipts in a secure location, limit access to only authorized individuals, and maintain the petty cash fund on an imprest basis.
- B.1. Ensure the budget is prepared accurately to reflect the financial activity of the health center and includes all information as required by law.
 - 2. Not authorize expenditures in excess of budgeted amounts. Any extenuating circumstances should be fully documented in the health center's minutes, and any budget amendments should be filed with the State Auditor's Office.
- C. Review and approve all expenditures of health center funds prior to disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- D. Maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. In addition, an actual physical inventory of the various property items should be performed periodically.
- E. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.
- F. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

A,B.2,
C&E. Implemented.

- B.1. Not implemented. See MAR finding number 12.
- D. Partially implemented. The Health Center maintains property records for general fixed assets, tags property, and performs physical inventories; however, the property record of general fixed assets is not accurate and complete. See MAR finding number 12.
- F. Implemented. The CFP program was discontinued, and the Health Center has not received any funding since June 2003.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DALLAS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Dallas was named after George M. Dallas, a diplomat and later vice-president. Dallas County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Buffalo.

Dallas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 637 miles of county roads and 55 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,096 in 1980 and 15,661 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	78.2	75.5	72.9	70.7	35.3	14.4
Personal property		31.1	31.2	27.9	25.8	8.4	6.3
Railroad and utilities		14.1	13.6	13.3	12.4	5.4	5.0
Total	\$	123.4	120.3	114.1	108.9	49.1	25.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dallas County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.0100	.0100	.0100	.0100
Special Road and Bridge Fund		.2600	.2600	.2600	.2600
Health Center Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
State of Missouri	\$ 37,903	37,220	34,925	32,979
General Revenue Fund	22,398	22,340	20,688	19,894
Special Road and Bridge Fund	327,756	322,769	302,706	285,932
Assessment Fund	60,468	47,324	40,039	37,867
Health Center Fund	125,133	123,189	115,577	109,152
School districts	4,130,567	4,006,564	3,333,791	3,162,221
Library district	125,133	123,189	115,577	109,152
Fire protection districts	65,730	65,269	58,061	54,405
Junior college district	597	662	536	592
Cities	19,106	19,523	17,885	16,922
County Clerk	1,662	1,546	1,574	1,684
County Employees' Retirement	50,354	51,442	34,620	41,887
Tax Maintenance Fund	14,031	13,846	16,699	0
Tax Sale Surplus	61,604	0	0	0
Commissions and fees:				
General Revenue Fund	88,451	87,024	76,337	70,398
Total	\$ 5,130,893	4,921,905	4,169,015	3,943,084

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
Real estate	92	91	90	90
Personal property	89	89	89	88
Railroad and utilities	100	100	100	100

Dallas County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None		
Capital improvements	.0050	2010	None	
Law enforcement	.0050	None	None	
Emergency 911	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Harold E. Morgans, Presiding Commissioner		27,080	27,080		
Brian Ainley, Presiding Commissioner				27,080	27,080
Frank Rice, Associate Commissioner		25,080	25,080	25,080	25,080
Kenneth Bacon, Associate Commissioner		25,080	25,080	25,080	25,080
Pam Louderbaugh, County Clerk		38,000	38,000	38,000	38,000
Barbara J. Viets, Prosecuting Attorney		45,000	45,000	45,000	45,000
Billie Rex Blair, Sheriff		42,000	42,000	42,000	42,000
Becky Schofield, County Treasurer		38,000	38,000	28,120	28,120
Bret Viets, County Coroner		11,000	11,000	11,000	11,000
Darlene Swanson, Public Administrator		25,000	25,000	25,000	25,000
Dorotha Hill, County Collector , year ended February 28 (29),	38,000	38,000	38,000	38,000	
Emily Sue Doty, County Assessor (1), year ended August 31,		38,727	38,833	38,900	38,900
Robert S. Shotts, County Surveyor (2)					

(1) Includes \$727, \$833, \$900, and \$900 annual compensation received from the state for 2004, 2003, 2002, and 2001, respectively.

(2) Compensation on a fee basis.

State-Paid Officials:

Janice Hicks, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
Cody A. Hanna, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2005

Ste. Genevieve County,
Missouri

Years Ended
December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Ste. Genevieve, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ste. Genevieve County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Commission and the Mental Health Board significantly overestimated the amounts budgeted for the Special Road and Bridge Fund and the Community Mental Health Fund. The County Commission has not prepared a formal maintenance plan for county roads and bridges, and budgets significantly more than is spent for road and bridge construction and supplies each year. The Mental Health Board has budgeted a significant amount for renovations and repairs to their building each year; however, very little had been spent on this project as of December 31, 2004.

For the budget documents to be of maximum assistance to the County Commission and the Mental Health Board, and to adequately inform county residents of the county's and mental health board's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.

- During the two years ending December 31, 2004, the Mental Health Board had difficulty getting its 9 members to attend monthly meetings. The Board has had three vacancies in excess of one year. As a result, only one meeting was held in 2004 and two in 2003, although the board is supposed to meet monthly. Also, two meetings were held with only four board members present. As a result, the Board Secretary has been approving regular expenses and preparing annual budgets which have not been formally adopted by the board or signed by anyone.
- The Senate Bill 40 Board and Community Center Board regularly meet to conduct business; however, minutes are not signed to attest to their completeness and accuracy. In addition, board minutes do not include a record of votes taken. Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken.

(over)

YELLOW SHEET

- Profits earned on inmate phone card sales were not turned over to the county in a timely manner. At July 15, 2005 the Sheriff's inmate bank account held approximately \$21,825 of phone sales profits. In addition, monthly listings of open items (liabilities) were not reconciled with the inmate bank account. On July 15, 2005, the Sheriff's inmate account retained \$1,272 in profits from the inmate commissary, \$21,825 in profits from phone card sales, and \$6,855 in personal monies held for inmates to purchase items through the inmate commissary.
- Deposits were not made on a timely basis in the Circuit Court, Associate and Probate Divisions, and the Prosecuting Attorney's Office.

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STE. GENEVIEVE COUNTY, MISSOURI

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STE. GENEVIEVE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Ste. Genevieve County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Ste. Genevieve County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Ste. Genevieve County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ste. Genevieve County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 21, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ste. Genevieve County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 21, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Monique Williams, CPA
Audit Staff:	Steven Re', CPA
	Chris Vetter
	Michael Boyle



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Ste. Genevieve County, Missouri

We have audited the financial statements of various funds of Ste. Genevieve County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Ste. Genevieve County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Ste. Genevieve County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Ste. Genevieve County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 21, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

STE. GENEVIEVE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 180,924	4,015,959	4,077,424	119,459
Special Road and Bridge	1,578,468	1,344,143	1,885,414	1,037,197
Special Road Fund	0	55,938	55,938	0
Assessment	55,617	239,237	211,050	83,804
Law Enforcement Training	9,130	8,176	13,365	3,941
Prosecuting Attorney Training	1,443	1,431	1,352	1,522
Capital Improvement Sales Tax	572,837	3,171	438,233	137,775
Law Enforcement Restitution	0	972	0	972
9-1-1 Emergency	42,033	415,510	402,408	55,135
Victims of Domestic Violence	800	1,643	1,490	953
Prosecuting Attorney Bad Check	1,538	11,070	11,200	1,408
Criminal Activity Forfeiture Act	317	7	0	324
Prosecuting Attorney Delinquent Tax	69	2,504	0	2,573
Recorder's User Fees	39,129	18,659	18,761	39,027
Community Center Construction	305,189	953,054	977,577	280,666
Community Center Operation	0	943,509	942,990	519
Sheriff's Fees	3,572	19,397	14,806	8,163
Local Law Enforcement Block Grant	0	10,007	10,007	0
Industrial Development Authority	16,655	31,605	48,260	0
Election Services	1,032	19,000	2,502	17,530
Circuit Clerk Interest	2,010	52	586	1,476
Associate Circuit Division Interest	1,599	55	863	791
Law Library	6,223	5,114	4,916	6,421
Tax Maintenance Fund	16,012	19,968	8,629	27,351
Associate Circuit Time Payments	0	1,191	0	1,191
Nursing Home Maintenance	8,686	37	8,723	0
Canine Fund	687	653	1,123	217
Sheriff Revolving Fund	0	3,633	0	3,633
Health Center	313,786	478,077	448,437	343,426
Community Mental Health	884,928	285,759	323,062	847,625
Senate Bill 40	156,750	191,584	180,798	167,536
Senior Citizens Service	41,495	85,824	101,134	26,185
Total	\$ 4,240,929	9,166,939	10,191,048	3,216,820

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

STE. GENEVIEVE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 244,612	3,778,872	3,842,560	180,924
Special Road and Bridge	1,625,153	1,380,254	1,426,939	1,578,468
Assessment	47,072	216,800	208,255	55,617
Law Enforcement Training	6,632	7,245	4,747	9,130
Prosecuting Attorney Training	2,486	1,291	2,334	1,443
Capital Improvement Sales Tax	1,249,747	18,597	695,507	572,837
Law Enforcement Restitution	293	0	293	0
9-1-1 Emergency	101,752	351,311	411,030	42,033
Victims of Domestic Violence	894	1,458	1,552	800
Prosecuting Attorney Bad Check	3,194	12,063	13,719	1,538
Criminal Activity Forfeiture Act	311	6	0	317
Prosecuting Attorney Delinquent Tax	349	161	441	69
Recorder's User Fees	33,955	23,190	18,016	39,129
Community Center Construction	508,712	838,534	1,042,057	305,189
Community Center Operation	0	912,276	912,276	0
Sheriff's Fees	8,314	23,149	27,891	3,572
Local Law Enforcement Block Grant	0	9,010	9,010	0
Industrial Development Authority	66,177	40,372	89,894	16,655
Election Services	3,442	666	3,076	1,032
Circuit Clerk Interest	2,014	239	243	2,010
Associate Circuit Division Interest	2,129	132	662	1,599
Law Library	5,159	5,651	4,587	6,223
Tax Maintenance Fund	0	24,824	8,812	16,012
Nursing Home Maintenance	60,806	2,864	54,984	8,686
Canine Fund	0	8,653	7,966	687
Health Center	285,092	473,603	444,909	313,786
Community Mental Health	791,879	271,307	178,258	884,928
Senate Bill 40	112,678	178,460	134,388	156,750
Senior Citizens Service	63,061	82,238	103,804	41,495
Total	\$ 5,225,913	8,663,226	9,648,210	4,240,929

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 9,384,615	9,164,776	(219,839)	8,704,006	8,663,226	(40,780)
DISBURSEMENTS	11,726,548	10,191,048	1,535,500	11,532,249	9,648,210	1,884,039
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,341,933)	(1,026,272)	1,315,661	(2,828,243)	(984,984)	1,843,259
CASH, JANUARY 1	4,240,929	4,240,929	0	5,225,913	5,225,913	0
CASH, DECEMBER 31	1,898,996	3,214,657	1,315,661	2,397,670	4,240,929	1,843,259
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	681,000	730,266	49,266	490,200	626,038	135,838
Sales taxes	670,000	696,897	26,897	668,000	635,255	(32,745)
Intergovernmental	135,530	149,056	13,526	261,525	307,514	45,989
Charges for services	2,235,998	2,200,068	(35,930)	2,139,540	2,018,203	(121,337)
Interest	10,000	10,091	91	15,000	10,796	(4,204)
Other	190,995	138,022	(52,973)	137,475	123,505	(13,970)
Transfers in	91,000	91,559	559	70,844	57,561	(13,283)
Total Receipts	4,014,523	4,015,959	1,436	3,782,584	3,778,872	(3,712)
DISBURSEMENTS						
County Commission	122,692	120,879	1,813	120,730	119,281	1,449
County Clerk	127,958	127,831	127	123,715	123,072	643
Elections	30,000	41,666	(11,666)	7,998	8,098	(100)
Buildings and grounds	72,656	71,816	840	73,879	65,127	8,752
Employee fringe benefit	87,000	77,274	9,726	67,000	86,980	(19,980)
County Treasurer	67,780	66,294	1,486	66,588	64,719	1,869
County Collector	104,943	103,150	1,793	102,055	99,836	2,219
Recorder of Deeds	128,128	126,548	1,580	123,639	124,716	(1,077)
Circuit Clerk	5,050	4,870	180	4,950	4,154	796
Associate Circuit Court	8,200	8,166	34	12,260	7,138	5,122
Court administration	17,144	16,109	1,035	11,751	6,729	5,022
Public Administrator	22,143	21,567	576	21,810	21,546	264
Sheriff	846,929	870,677	(23,748)	851,492	842,381	9,111
Jail	1,598,927	1,581,767	17,160	1,608,261	1,523,975	84,286
Prosecuting Attorney	144,061	142,424	1,637	133,718	133,262	456
Juvenile Officer	63,400	63,400	0	63,420	63,440	(20)
County Coroner	36,023	28,869	7,154	37,873	32,401	5,472
Dispatch	169,704	171,896	(2,192)	91,015	91,015	0
Recycling	77,770	75,884	1,886	93,087	74,356	18,731
MOSMART grant expenses	47,005	41,853	5,152	50,000	46,488	3,512
Property and liability insurance	82,000	52,013	29,987	50,000	80,354	(30,354)
Extension Office	30,000	26,282	3,718	29,000	29,000	0
Other	150,736	133,241	17,495	148,810	131,658	17,152
TIF payment	19,000	19,687	(687)	14,000	17,464	(3,464)
Emergency fund	120,444	83,261	37,183	113,478	45,370	68,108
Total Disbursements	4,179,693	4,077,424	102,269	4,020,529	3,842,560	177,969
RECEIPTS OVER (UNDER) DISBURSEMENTS	(165,170)	(61,465)	103,705	(237,945)	(63,688)	174,257
CASH, JANUARY 1	180,924	180,924	0	244,612	244,612	0
CASH, DECEMBER 31	15,754	119,459	103,705	6,667	180,924	174,257

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	322,500	378,591	56,091	349,504	336,054	(13,450)
Intergovernmental	774,943	765,913	(9,030)	871,316	860,501	(10,815)
Charges for services	120,000	89,741	(30,259)	50,000	38,354	(11,646)
Interest	38,000	18,901	(19,099)	40,000	36,173	(3,827)
Other	109,500	90,997	(18,503)	94,000	109,172	15,172
Total Receipts	1,364,943	1,344,143	(20,800)	1,404,820	1,380,254	(24,566)
DISBURSEMENTS						
Salaries	278,430	276,122	2,308	279,775	258,642	21,133
Employee fringe benefit	62,857	60,924	1,933	67,013	57,212	9,801
Supplies	284,535	382,261	(97,726)	470,000	263,123	206,877
Insurance	50,000	46,216	3,784	43,000	46,989	(3,989)
Rentals	500	200	300	0	265	(265)
Equipment repairs	40,000	47,555	(7,555)	30,000	42,046	(12,046)
Equipment purchases	300,000	133,700	166,300	300,000	249,097	50,903
Construction, repair, and maintenance	1,014,300	774,231	240,069	971,000	402,966	568,034
Other	164,810	93,646	71,164	140,650	65,038	75,612
Transfers out	70,000	70,559	(559)	70,844	41,561	29,283
Total Disbursements	2,265,432	1,885,414	380,018	2,372,282	1,426,939	945,343
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900,489)	(541,271)	359,218	(967,462)	(46,685)	920,777
CASH, JANUARY 1	1,578,468	1,578,468	0	1,625,153	1,625,153	0
CASH, DECEMBER 31	677,979	1,037,197	359,218	657,691	1,578,468	920,777
<u>SPECIAL ROAD FUND</u>						
RECEIPTS						
Intergovernmental	267,490	55,938	(211,552)			
Total Receipts	267,490	55,938	(211,552)			
DISBURSEMENTS						
Grant expenses	267,490	55,938	211,552			
Total Disbursements	267,490	55,938	211,552			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	217,650	232,865	15,215	202,715	209,838	7,123
Interest	1,999	1,541	(458)	1,000	1,833	833
Other	4,500	4,831	331	14,625	5,129	(9,496)
Total Receipts	224,149	239,237	15,088	218,340	216,800	(1,540)
DISBURSEMENTS						
Assessor	224,149	211,050	13,099	218,340	208,255	10,085
Total Disbursements	224,149	211,050	13,099	218,340	208,255	10,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	28,187	28,187	0	8,545	8,545
CASH, JANUARY 1	55,617	55,617	0	47,072	47,072	0
CASH, DECEMBER 31	55,617	83,804	28,187	47,072	55,617	8,545

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	7,200	8,053	853	6,220	7,111	891
Interest	150	123	(27)	50	134	84
Total Receipts	7,350	8,176	826	6,270	7,245	975
DISBURSEMENTS						
Mileage and training	16,000	13,365	2,635	12,900	4,747	8,153
Total Disbursements	16,000	13,365	2,635	12,900	4,747	8,153
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,650)	(5,189)	3,461	(6,630)	2,498	9,128
CASH, JANUARY 1	9,130	9,130	0	6,632	6,632	0
CASH, DECEMBER 31	480	3,941	3,461	2	9,130	9,128
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,396	396	1,000	1,260	260
Interest	5	35	30	50	31	(19)
Total Receipts	1,005	1,431	426	1,050	1,291	241
DISBURSEMENTS						
Mileage and training	2,149	1,352	797	3,536	2,334	1,202
Total Disbursements	2,149	1,352	797	3,536	2,334	1,202
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,144)	79	1,223	(2,486)	(1,043)	1,443
CASH, JANUARY 1	1,443	1,443	0	2,486	2,486	0
CASH, DECEMBER 31	299	1,522	1,223	0	1,443	1,443
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Interest	2,000	2,962	962	20,000	18,071	(1,929)
Other	0	209	209	0	526	526
Total Receipts	2,000	3,171	1,171	20,000	18,597	(1,403)
DISBURSEMENTS						
Salaries	42,584	42,001	583	40,663	40,552	111
Equipment	7,000	3,147	3,853	46,000	61,516	(15,516)
Supplies	32,000	15,216	16,784	75,000	1,261	73,739
Jail renovation and fence	20,000	8,710	11,290	405,000	452,589	(47,589)
Debt service	368,659	369,159	(500)	139,046	139,589	(543)
Total Disbursements	470,243	438,233	32,010	705,709	695,507	10,202
RECEIPTS OVER (UNDER) DISBURSEMENTS	(468,243)	(435,062)	33,181	(685,709)	(676,910)	8,799
CASH, JANUARY 1	572,837	572,837	0	1,249,747	1,249,747	0
CASH, DECEMBER 31	104,594	137,775	33,181	564,038	572,837	8,799

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charge for services				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Law enforcement				293	293	0
Total Disbursements				293	293	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(293)	(293)	0
CASH, JANUARY 1				293	293	0
CASH, DECEMBER 31				0	0	0
<u>9-1-1 EMERGENCY FUND</u>						
RECEIPTS						
Phone tax	173,179	180,076	6,897	166,733	173,179	6,446
Charges for services	246,358	233,935	(12,423)	130,595	168,792	38,197
Interest	1,356	598	(758)	4,318	1,356	(2,962)
Other	0	901	901	0	7,984	7,984
Total Receipts	420,893	415,510	(5,383)	301,646	351,311	49,665
DISBURSEMENTS						
Salaries	264,516	267,038	(2,522)	260,063	266,155	(6,092)
Fringe benefits	60,405	65,295	(4,890)	64,758	59,951	4,807
Office expense	22,300	41,750	(19,450)	20,250	55,633	(35,383)
Equipment	49,092	20,750	28,342	46,092	15,513	30,579
Mileage and training	5,500	2,999	2,501	5,500	7,512	(2,012)
Building	5,900	4,575	1,325	5,020	6,266	(1,246)
Total Disbursements	407,714	402,408	5,306	401,683	411,030	(9,347)
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,179	13,102	(77)	(100,037)	(59,719)	40,318
CASH, JANUARY 1	42,033	42,033	0	101,752	101,752	0
CASH, DECEMBER 31	55,212	55,135	(77)	1,715	42,033	40,318
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,400	1,631	231	1,600	1,448	(152)
Interest	8	12	4	7	10	3
Total Receipts	1,408	1,643	235	1,607	1,458	(149)
DISBURSEMENTS						
Public health and welfare service	2,208	1,490	718	2,501	1,552	949
Total Disbursements	2,208	1,490	718	2,501	1,552	949
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	153	953	(894)	(94)	800
CASH, JANUARY 1	800	800	0	894	894	0
CASH, DECEMBER 31	0	953	953	0	800	800

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	10,760	11,004	244	9,200	12,020	2,820
Interest	40	58	18	130	43	(87)
Other	0	8	8	0	0	0
Total Receipts	10,800	11,070	270	9,330	12,063	2,733
DISBURSEMENTS						
Salaries	6,800	7,727	(927)	6,700	7,746	(1,046)
Office expense:	4,738	2,561	2,177	5,824	5,973	(149)
MOPS fees	800	912	(112)	0	0	0
Total Disbursements	12,338	11,200	1,138	12,524	13,719	(1,195)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,538)	(130)	1,408	(3,194)	(1,656)	1,538
CASH, JANUARY 1	1,538	1,538	0	3,194	3,194	0
CASH, DECEMBER 31	0	1,408	1,408	0	1,538	1,538
<u>CRIMINAL ACTIVITY FORFEITURE ACT</u>						
RECEIPTS						
Interest	6	7	1	0	6	6
Total Receipts	6	7	1	0	6	6
DISBURSEMENTS						
Other	323	0	323	311	0	311
Total Disbursements	323	0	323	311	0	311
RECEIPTS OVER (UNDER) DISBURSEMENTS	(317)	7	324	(311)	6	317
CASH, JANUARY 1	317	317	0	311	311	0
CASH, DECEMBER 31	0	324	324	0	317	317
<u>PROSECUTING ATTORNEY DELINQUENT TAX</u>						
RECEIPTS						
Intergovernmental	150	2,484	2,334	300	157	(143)
Interest	5	20	15	15	4	(11)
Total Receipts	155	2,504	2,349	315	161	(154)
DISBURSEMENTS						
Office expense:	124	0	124	464	441	23
Mileage	0	0	0	200	0	200
Other	100	0	100	0	0	0
Total Disbursements	224	0	224	664	441	223
RECEIPTS OVER (UNDER) DISBURSEMENTS	(69)	2,504	2,573	(349)	(280)	69
CASH, JANUARY 1	69	69	0	349	349	0
CASH, DECEMBER 31	0	2,573	2,573	0	69	69

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECORDER'S USER FEES FUND						
RECEIPTS						
Charges for services	19,000	18,068	(932)	20,000	22,387	2,387
Interest	1,000	591	(409)	0	803	803
Total Receipts	20,000	18,659	(1,341)	20,000	23,190	3,190
DISBURSEMENTS						
Equipment	0	0	0	200	0	200
Other	15,000	2,761	12,239	5,000	2,016	2,984
Transfers Out	16,000	16,000	0	16,000	16,000	0
Total Disbursements	31,000	18,761	12,239	21,200	18,016	3,184
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,000)	(102)	10,898	(1,200)	5,174	6,374
CASH, JANUARY 1	39,129	39,129	0	33,955	33,955	0
CASH, DECEMBER 31	28,129	39,027	10,898	32,755	39,129	6,374
COMMUNITY CENTER CONSTRUCTION FUND						
RECEIPTS						
Sales taxes	700,000	697,578	(2,422)	643,735	634,950	(8,785)
Interest	1,400	1,723	323	698	3,584	2,886
Other	0	3,753	3,753	0	0	0
Transfers in	250,000	250,000	0	200,000	200,000	0
Total Receipts	951,400	953,054	1,654	844,433	838,534	(5,899)
DISBURSEMENTS						
Equipment	37,000	36,953	47	98,655	115,659	(17,004)
Bond debt service	589,050	588,214	836	569,533	564,240	5,293
Insurance	13,800	0	13,800	13,800	0	13,800
TIF payment	18,000	19,687	(1,687)	13,000	17,464	(4,464)
Transfers out	333,000	332,723	277	350,485	344,694	5,791
Total Disbursements	990,850	977,577	13,273	1,045,473	1,042,057	3,416
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,450)	(24,523)	14,927	(201,040)	(203,523)	(2,483)
CASH, JANUARY 1	305,189	305,189	0	508,712	508,712	0
CASH, DECEMBER 31	265,739	280,666	14,927	307,672	305,189	(2,483)

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COMMUNITY CENTER OPERATING FUND						
RECEIPTS						
Charges for service:	220,500	208,954	(11,546)	202,250	211,241	8,991
Interest	100	105	5	61	56	(5)
Community Center Foundation	250,000	250,000	0	250,000	200,000	(50,000)
Other	168,000	151,727	(16,273)	170,996	156,285	(14,711)
Transfers in	310,000	332,723	22,723	346,020	344,694	(1,326)
Total Receipts	948,600	943,509	(5,091)	969,327	912,276	(57,051)
DISBURSEMENTS						
Salaries	419,223	408,269	10,954	409,411	402,927	6,484
Fringe benefits	75,100	71,039	4,061	83,123	85,669	(2,546)
Office expense:	30,850	32,883	(2,033)	36,010	38,634	(2,624)
Mileage and training	4,300	3,808	492	5,887	4,649	1,238
Utilities	100,000	111,015	(11,015)	110,359	109,541	818
Supplies	22,000	24,531	(2,531)	24,460	23,663	797
Other	44,050	41,445	2,605	49,112	47,193	1,919
Transfers out	250,000	250,000	0	200,000	200,000	0
Total Disbursements	945,523	942,990	2,533	918,362	912,276	6,086
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,077	519	(2,558)	50,965	0	(50,965)
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	3,077	519	(2,558)	50,965	0	(50,965)
SHERIFF'S FEES FUND						
RECEIPTS						
Charges for service:	18,000	15,595	(2,405)	20,000	18,112	(1,888)
Interest	30	109	79	150	75	(75)
Other	4,700	3,693	(1,007)	3,020	4,962	1,942
Total Receipts	22,730	19,397	(3,333)	23,170	23,149	(21)
DISBURSEMENTS						
Office expense:	13,500	11,632	1,868	2,500	3,790	(1,290)
Equipment	6,000	1,993	4,007	19,900	13,663	6,237
Training	1,000	135	865	1,000	2,016	(1,016)
Other	3,000	1,046	1,954	8,000	8,422	(422)
Total Disbursements	23,500	14,806	8,694	31,400	27,891	3,509
RECEIPTS OVER (UNDER) DISBURSEMENTS	(770)	4,591	5,361	(8,230)	(4,742)	3,488
CASH, JANUARY 1	3,572	3,572	0	8,314	8,314	0
CASH, DECEMBER 31	2,802	8,163	5,361	84	3,572	3,488

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LOCAL LAW ENFORCEMENT BLOCK GRANT						
RECEIPTS						
Intergovernmental	8,999	8,999	0	0	8,078	8,078
Interest	0	11	11	34	34	0
Other	997	997	0	0	898	898
Total Receipts	9,996	10,007	11	34	9,010	8,976
DISBURSEMENTS						
Grant expenses	9,996	10,007	(11)	8,988	8,988	0
Other	0	0	0	22	22	0
Total Disbursements	9,996	10,007	(11)	9,010	9,010	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(8,976)	0	8,976
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	(8,976)	0	8,976
INDUSTRIAL DEVELOPMENT AUTHORITY FUND						
RECEIPTS						
Intergovernmental	77,048	20,365	(56,683)	52,848	34,348	(18,500)
Interest	1,500	77	(1,423)	2,000	1,228	(772)
Donations	5,000	11,163	6,163	0	4,796	4,796
Total Receipts	83,548	31,605	(51,943)	54,848	40,372	(14,476)
DISBURSEMENTS						
Economic development directo	78,500	19,499	59,001	76,524	77,592	(1,068)
Office supplies	6,475	4,570	1,905	5,550	10,171	(4,621)
Other	7,650	24,191	(16,541)	2,800	2,131	669
Total Disbursements	92,625	48,260	44,365	84,874	89,894	(5,020)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,077)	(16,655)	(7,578)	(30,026)	(49,522)	(19,496)
CASH, JANUARY 1	16,655	16,655	0	66,177	66,177	0
CASH, DECEMBER 31	7,578	0	(7,578)	36,151	16,655	(19,496)
ELECTION SERVICES FUND						
RECEIPTS						
Intergovernmental	0	15,000	15,000	0	0	0
Charges for services	2,000	3,293	1,293	800	624	(176)
Interest	45	49	4	20	42	22
Other	0	658	658	0	0	0
Total Receipts	2,045	19,000	16,955	820	666	(154)
DISBURSEMENTS						
Supplies	500	718	(218)	2,000	428	1,572
Mileage and training	1,500	1,784	(284)	2,000	1,548	452
Equipment	1,000	0	1,000	0	1,100	(1,100)
Total Disbursements	3,000	2,502	498	4,000	3,076	924
RECEIPTS OVER (UNDER) DISBURSEMENTS	(955)	16,498	17,453	(3,180)	(2,410)	770
CASH, JANUARY 1	1,032	1,032	0	3,442	3,442	0
CASH, DECEMBER 31	77	17,530	17,453	262	1,032	770

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	200	52	(148)	750	239	(511)
Total Receipts	200	52	(148)	750	239	(511)
DISBURSEMENTS						
Office supplies	1,445	0	1,445	1,245	188	1,057
Equipment	400	586	(186)	1,519	55	1,464
Total Disbursements	1,845	586	1,259	2,764	243	2,521
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,645)	(534)	1,111	(2,014)	(4)	2,010
CASH, JANUARY 1	2,010	2,010	0	2,014	2,014	0
CASH, DECEMBER 31	365	1,476	1,111	0	2,010	2,010
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	90	55	(35)	260	132	(128)
Total Receipts	90	55	(35)	260	132	(128)
DISBURSEMENTS						
Office expense	500	27	473	800	158	642
Mileage	500	836	(336)	250	504	(254)
Total Disbursements	1,000	863	137	1,050	662	388
RECEIPTS OVER (UNDER) DISBURSEMENTS	(910)	(808)	102	(790)	(530)	260
CASH, JANUARY 1	1,599	1,599	0	2,129	2,129	0
CASH, DECEMBER 31	689	791	102	1,339	1,599	260
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,500	5,114	(386)	5,000	5,651	651
Total Receipts	5,500	5,114	(386)	5,000	5,651	651
DISBURSEMENTS						
Law Library	11,723	4,916	6,807	10,159	4,587	5,572
Total Disbursements	11,723	4,916	6,807	10,159	4,587	5,572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,223)	198	6,421	(5,159)	1,064	6,223
CASH, JANUARY 1	6,223	6,223	0	5,159	5,159	0
CASH, DECEMBER 31	0	6,421	6,421	0	6,223	6,223

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charge for services	18,000	19,547	1,547	15,000	24,625	9,625
Interest	0	421	421	0	199	199
Total Receipts	18,000	19,968	1,968	15,000	24,824	9,824
DISBURSEMENTS						
Office supplies	3,500	2,175	1,325	1,000	2,001	(1,001)
Equipment	4,000	640	3,360	8,000	6,053	1,947
Mileage and training	1,000	814	186	1,000	758	242
Transfers out	5,000	5,000	0	0	0	0
Total Disbursements	13,500	8,629	4,871	10,000	8,812	1,188
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,500	11,339	6,839	5,000	16,012	11,012
CASH, JANUARY 1	16,012	16,012	0	0	0	0
CASH, DECEMBER 31	20,512	27,351	6,839	5,000	16,012	11,012
<u>NURSING HOME MAINTENANCE</u>						
RECEIPTS						
Interest	0	37	37	0	1,352	1,352
Other	0	0	0	0	1,512	1,512
Total Receipts	0	37	37	0	2,864	2,864
DISBURSEMENTS						
Maintenance	8,686	8,723	(37)	60,806	54,984	5,822
Total Disbursements	8,686	8,723	(37)	60,806	54,984	5,822
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,686)	(8,686)	0	(60,806)	(52,120)	8,686
CASH, JANUARY 1	8,686	8,686	0	60,806	60,806	0
CASH, DECEMBER 31	0	0	0	0	8,686	8,686
<u>CANINE FUND</u>						
RECEIPTS						
Interest	0	9	9	0	29	29
Donations	2,000	644	(1,356)	10,000	8,624	(1,376)
Total Receipts	2,000	653	(1,347)	10,000	8,653	(1,347)
DISBURSEMENTS						
Equipment	2,500	1,123	1,377	1,500	1,300	200
Supplies	0	0	0	1,300	2,466	(1,166)
Canines	0	0	0	4,200	4,200	0
Total Disbursements	2,500	1,123	1,377	7,000	7,966	(966)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(470)	30	3,000	687	(2,313)
CASH, JANUARY 1	687	687	0	0	0	0
CASH, DECEMBER 31	187	217	30	3,000	687	(2,313)

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	3,000	3,596	596			
Interest	0	37	37			
Total Receipts	3,000	3,633	633			
DISBURSEMENTS						
Equipment	500	0	500			
Training	1,100	0	1,100			
Other	300	0	300			
Total Disbursements	1,900	0	1,900			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,100	3,633	2,533			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	1,100	3,633	2,533			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	263,170	271,359	8,189	249,583	251,084	1,501
Intergovernmental	138,573	141,121	2,548	160,759	153,879	(6,880)
Charges for service:	41,321	52,683	11,362	57,409	54,916	(2,493)
Interest	4,800	5,082	282	9,000	5,281	(3,719)
Other	8,500	7,832	(668)	6,000	8,443	2,443
Total Receipts	456,364	478,077	21,713	482,751	473,603	(9,148)
DISBURSEMENTS						
Salaries	291,113	290,572	541	306,322	280,689	25,633
Fringe benefits	38,304	38,196	108	36,534	33,469	3,065
Office expense	83,949	79,558	4,391	80,209	81,253	(1,044)
Medical supplies	26,925	23,897	3,028	24,320	24,854	(534)
Equipment	5,500	3,440	2,060	15,000	12,789	2,211
Mileage and training	11,950	9,349	2,601	10,045	8,950	1,095
Contract services	1,800	1,439	361	2,750	2,085	665
Other	2,675	1,986	689	855	820	35
Total Disbursements	462,216	448,437	13,779	476,035	444,909	31,126
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,852)	29,640	35,492	6,716	28,694	21,978
CASH, JANUARY 1	313,786	313,786	0	285,092	285,092	0
CASH, DECEMBER 31	307,934	343,426	35,492	291,808	313,786	21,978

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMUNITY MENTAL HEALTH FUND</u>						
RECEIPTS						
Property taxes	262,000	271,341	9,341	252,241	250,607	(1,634)
Interest	20,000	11,870	(8,130)	20,000	19,614	(386)
Other	2,800	2,548	(252)	230	1,086	856
Total Receipts	284,800	285,759	959	272,471	271,307	(1,164)
DISBURSEMENTS						
Contract services	270,000	210,772	59,228	331,000	156,225	174,775
Office expense	31,600	20,035	11,565	29,500	20,060	9,440
Equipment	42,000	25,925	16,075	37,000	1,973	35,027
Building and grounds	441,000	39,587	401,413	326,400	0	326,400
Other	45,000	26,743	18,257	0	0	0
Total Disbursements	829,600	323,062	506,538	723,900	178,258	545,642
RECEIPTS OVER (UNDER) DISBURSEMENTS	(544,800)	(37,303)	507,497	(451,429)	93,049	544,478
CASH, JANUARY 1	884,928	884,928	0	791,879	791,879	0
CASH, DECEMBER 31	340,128	847,625	507,497	340,450	884,928	544,478
<u>SENATE BILL 40</u>						
RECEIPTS						
Property taxes	177,250	190,830	13,580	175,405	176,640	1,235
Interest	1,200	754	(446)	2,250	1,820	(430)
Total Receipts	178,450	191,584	13,134	177,655	178,460	805
DISBURSEMENTS						
Contract services	283,970	178,546	105,424	237,514	132,792	104,722
Other	51,051	2,252	48,799	21,380	1,596	19,784
Total Disbursements	335,021	180,798	154,223	258,894	134,388	124,506
RECEIPTS OVER (UNDER) DISBURSEMENTS	(156,571)	10,786	167,357	(81,239)	44,072	125,311
CASH, JANUARY 1	156,750	156,750	0	112,678	112,678	0
CASH, DECEMBER 31	179	167,536	167,357	31,439	156,750	125,311
<u>SENIOR CITIZENS SERVICES FUND</u>						
RECEIPTS						
Property taxes	77,945	80,917	2,972	75,000	76,645	1,645
Intergovernmental	4,025	4,091	66	5,025	4,525	(500)
Interest	1,200	816	(384)	1,500	1,068	(432)
Total Receipts	83,170	85,824	2,654	81,525	82,238	713
DISBURSEMENTS						
Contract services	114,000	99,930	14,070	115,800	103,730	12,070
Office expense	100	81	19	250	74	176
Other	0	1,123	(1,123)	0	0	0
Total Disbursements	114,100	101,134	12,966	116,050	103,804	12,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,930)	(15,310)	15,620	(34,525)	(21,566)	12,959
CASH, JANUARY 1	41,495	41,495	0	63,061	63,061	0
CASH, DECEMBER 31	10,565	26,185	15,620	28,536	41,495	12,959

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

STE. GENEVIEVE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Ste. Genevieve County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Community Mental Health Board, Senate Bill 40 Board, Senior Citizens Service Board, Industrial Development Authority Board, or the Community Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Law Enforcement Restitution Fund or the Associate Circuit Time Payments Fund for the year ended December 31, 2004.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Law Enforcement Block Grant Fund	2004
911 Emergency Fund	2003
Prosecuting Attorney Bad Check Fund	2003
Industrial Development Authority Fund	2003
Nursing Home Maintenance	2004
Canine Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2004 and 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the Health Center Board's, and the Senate Bill 40 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

Schedule

STE. GENEVIEVE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

STE. GENEVIEVE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

STE. GENEVIEVE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Ste. Genevieve County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 21, 2005.

Because the Ste. Genevieve Hospital Board and Riverview Manor Nursing Home Board are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended April 30, 2004 and 2003 and August 31, 2003 and 2002, respectively.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Ste. Genevieve County

but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Budgetary Practices
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The County Commission and the Mental Health Board significantly overestimated the amounts budgeted for the Special Road and Bridge Fund and the Community Mental Health Fund as follows:

Fund	Year Ended December 31,	Disbursements		
		Budget	Actual	Budget over Actual
Special Road and Bridge	2004	\$2,265,432	1,885,414	380,018
	2003	2,372,282	1,426,939	945,343
	2002	1,930,119	1,197,985	732,134
	2001	1,802,737	1,219,610	583,127
Community Mental Health	2004	829,600	323,062	506,538
	2003	723,900	178,258	545,642
	2002	600,000	149,524	450,476
	2001	273,650	120,996	152,654

During the last four years, actual disbursements have been 60 to 83 and 25 to 44 percent of budgeted expenditures for the Special Road and Bridge Fund and the Community Mental Health Fund, respectively. In addition, the budget indicated estimated ending cash balances as follows:

Fund	Year Ended December 31,	Budget	Actual
Special Road and Bridge	2004	\$677,979	1,037,196
	2003	637,691	1,578,468
	2002	903,128	1,625,153
	2001	917,821	1,552,327
Community Mental Health	2004	340,128	847,625
	2003	340,450	884,928
	2002	366,645	791,879
	2001	519,016	682,545

The practice of overestimating disbursements results in an unreasonable estimated ending

cash balance and reduces the use of the budget as a management tool and as a control over disbursements. The County Commission has not prepared a formal maintenance plan for county roads and bridges, and budgets significantly more than is spent for road and bridge construction and supplies each year. The County Clerk indicated this is done in order to be prepared for an emergency. The Mental Health Board has budgeted a significant amount for renovations and repairs to their building each year; however, very little had been spent on this project as of December 31, 2004.

A road and bridge maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of costs, and the dates work could begin, and other relevant information. The plan should be referred to in the budget message and be approved by the county commission. In addition, the commission should consider holding a public hearing to obtain input from county residents.

The Mental Health Board should attempt to budget only the amounts to be spent during the budget year for their projects. To inform the public of future intentions of how monies will be spent, the Board should reserve the funds for those projects rather than budgeting to spend the funds.

For the budget documents to be of maximum assistance to the County Commission and the Mental Health Board, and to adequately inform county residents of the county's and mental health board's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission and Mental Health Board ensure budgeted disbursements are reasonable so that a more realistic estimate of the Special Road and Bridge Fund's and Community Mental Health Fund's financial condition is presented and to increase the budget's effectiveness as a management tool. In addition, the County Commission should prepare and document a road and bridge maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year.

AUDITEE'S RESPONSE

The County Commission indicated they have made improvements in 2004 and will continue to try to improve their estimate of the Road and Bridge Fund. They have an informal road plan each year, but will formalize this plan in the future.

The President and the Secretary/Treasurer of the Mental Health Board indicated this recommendation will be implemented.

2. Mental Health Board

During the two years ending December 31, 2004 the Mental Health Board had difficulty getting its 9 members to attend monthly meetings. The Board has had three vacancies in excess of one year. As a result, only one meeting was held in 2004 and two in 2003, although the board is supposed to meet monthly. Also, two meetings were held with only four board members present, which would not represent a quorum. As a result, the Board Secretary has been approving regular expenses and preparing annual budgets which have not been formally adopted by the board or signed by anyone. As stated in MAR 1, disbursements for this Board totaled approximately \$323,062 and \$178,258, for 2004 and 2003, respectively.

The County Commission is responsible for appointing and replacing members of the Board. The County Clerk indicated they ran an article in the paper asking for parties interested in serving on the Board; however, no responses were received. No further action has been taken to appoint new members. For the Mental Health Board to function as a whole, be accountable to the public, and comply with state law, the county commission needs to replace inactive board members and fill vacancies when they become available.

Section 67.030, requires the board to adopt and approve budgets prior to the beginning of the fiscal year. The Board's approval of the budget should be formally documented in the minutes. Actions of less than a quorum of board members or actions not of public record may not bind the board. Overseeing and managing the board's operations as a formally functioning body strengthens public accountability and internal fiscal controls.

WE RECOMMEND the County Commission appoint new members to the Mental Health Board on a timely basis. In addition, the Mental Health Board should formally adopt their annual budget as required by state law, and ensure a quorum of members is present before transacting board business.

AUDITEE'S RESPONSE

The County Commission indicated this was posted in the local paper and they are working to fill the openings.

The President and the Secretary/Treasurer of the Mental Health Board indicated they will attempt to implement this recommendation. They will attempt to recruit additional board members for the County Commission's consideration, and consider adopting a policy authorizing the Secretary/Treasurer to pay bills below a specified dollar amount.

3.**Board Minutes**

Minutes were not signed and a record of votes taken was not maintained for either the Senate Bill 40 Board or the Community Center Board. In addition, the Community Center Board did not prepare minutes for its closed sessions.

- A. The Senate Bill 40 Board and Community Center Board regularly meet to conduct business; however, minutes are not signed to attest to their completeness and accuracy. In addition, board minutes do not include a record of votes taken.

Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted and record all votes taken. Board minutes should be signed by the board president and minutes preparer to provide an independent attestation that the minutes are an accurate record of the matters discussed and actions taken during the board's meetings.

- B. The Community Center Board occasionally held closed sessions but did not prepare minutes for the closed portion of the meetings. Minutes constitute the official record of proceedings of the board.

Effective August 28, 2004 Section 610.021, RSMo, provides that minutes of closed meetings should be prepared and retained.

WE RECOMMEND the Senate Bill 40 Board and Community Center Board:

- A. Ensure the board minutes are signed by the board president and the minutes preparer to attest to their completeness and accuracy and ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- B. Prepare minutes for all closed meetings, and ensure the applicable open meeting minutes include all information regarding the closed session as required by state law. This includes taking the vote, stating the reason for going into closed session, return from closed session and final adjournment.

AUDITEE'S RESPONSE

- A. *The President and the Treasurer of the Senate Bill 40 Board indicated this recommendation has already been implemented.*

A&B. *The President of the Community Center Board, and the Office Manager and Executive Director of the Community Center indicated these recommendations will be implemented.*

4. Sheriff's Inmate Account

The Sheriff does not turn over profits earned on inmate phone card sales to the county in a timely manner or reconcile the bank account with monthly open items listings. In addition, the Sheriff's office has not established procedures to routinely follow up on old outstanding checks.

- A. Profits earned on inmate phone card sales were not turned over to the county in a timely manner. At July 15, 2005 the Sheriff's inmate bank account held approximately \$21,825 of phone sales profits. The phone card profits were transmitted to the county approximately yearly. Sheriff's personnel indicated some profits were retained to replenish phone card inventories and to pay for inmate expenses, such as mattresses, uniforms and personal supplies for indigent inmates.

To ensure compliance with Section 50.360 RSMo, phone commissions should be transmitted to the County Treasury at least monthly. Invoices for the replenishment of the phone card inventory and miscellaneous jail costs should be paid thru the county treasury.

- B. Monthly listings of open items (liabilities) were not reconciled with the inmate bank account. On July 15, 2005, the Sheriff's inmate account retained \$1,272 in profits from the inmate commissary, \$21,825 in profits from phone card sales, and \$6,855 in personal monies held for inmates to purchase items through the inmate commissary. Balances for each of these liabilities were maintained by the Sheriff's office employees; however, they were not reconciled with the bank account balances. The amount held in the account at July 15, 2005, was approximately \$30,027, which leaves an identified balance of \$75.

To ensure proper accountability over inmate monies, and improve the likelihood of identifying and correcting errors in a timely manner, the individual inmate account balances should be compared to the reconciled bank balances on a monthly basis.

- C. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2004, the Sheriff had 61 outstanding checks over one year old, totaling approximately \$1,010. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Sheriff should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Sheriff:

- A. Transmit phone card profits to the county treasurer on a monthly basis. In addition, invoices for the replenishment of the phone card inventory and other miscellaneous purchases should be paid by the county.
- B. Ensure monthly listings of open items (liabilities) are reconciled to the reconciled bank balances of the Inmate Account on a monthly basis.
- C. Establish procedures to routinely follow up and reissue old outstanding checks. If payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. *They are discussing this matter with the County Commission.*
- B. *They are in the process of implementing this recommendation.*
- C. *This recommendation has been implemented.*

5.

Timeliness of Deposits

Deposits were not made on a timely basis in the Circuit Court, Associate and Probate Divisions, and the Prosecuting Attorney's Office. Deposits were made approximately once a week by the Circuit Court, three times a month for the Associate and Probate Divisions, and twice a week by the Prosecuting Attorney's Office. For the time periods reviewed, deposits averaged \$1,200, \$15,300, and \$800, respectively. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

Similar conditions were noted in a prior report.

WE RECOMMEND the Circuit Court, Associate and Probate Divisions, and Prosecuting Attorney ensure receipts are deposited on a daily basis or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Circuit Clerk indicated she will try to implement this recommendation.

The Associate/Probate Clerk indicated she will try to deposit more timely.

The Prosecuting Attorney indicated he does not feel they have the manpower to deposit more timely.

Follow-Up on Prior Audit Findings

STE. GENEVIEVE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ste. Genevieve County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices

The approved budgets did not adequately project the anticipated financial condition of several county funds. In addition, the cash balance of the Special Road & Bridge Fund and Capital Improvement Sales Tax Fund at December 31, 2000, appeared excessive.

Recommendation:

The County Commission estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that reasonable estimates of the county's financial position are presented in the budgets. In addition, the County Commission should document its plans for the use of the accumulated cash balance or take steps to reduce its balance.

Status:

Partially implemented. The County Commission did not adequately project the anticipated financial condition of the Special Road and Bridge Fund. See MAR finding number 1.

2. Schedule of Expenditures of Federal Awards

The county's schedule of federal awards contained various errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Implemented.

3. Community Mental Health Fund

The accumulated cash balance in the Community Mental Health Fund appeared excessive.

Recommendation:

The Community Mental Health Board review their cash balance and consider reducing the tax levy accordingly. At a minimum, the Board should document the intended use of the funds.

Status:

Partially implemented. The Board budgeted additional monies for renovations and repairs to their building; however, these repairs were not done. See MAR finding number 1.

4. Senate Bill 40 Board Control and Procedures

The Senate Bill 40 Board was not adequately monitoring the use of monies provided to the Ste. Genevieve Group Home and the Ste. Genevieve County Sheltered Workshop.

Recommendation:

The Senate Bill 40 Board adequately monitor the use of monies provided to the group home and sheltered workshop.

Status:

Implemented.

5. Senior Citizens Service Board

The Senior Citizens Board did not adequately monitor the use of monies provided to the Ste. Genevieve County Recycling Center and the Ste. Genevieve Public Access TV station.

Recommendation:

The Senior Citizens Board adequately monitor the use of monies provided to other organizations by requiring them to submit reports of the number of county residents over the age of sixty utilizing their service.

Status:

Implemented.

6. Sheriff's Accounting Controls and Procedures

- A. Missing monies from the Sheriff's commissary commissions had not been recovered and no charges had been filed.
- B. Vehicle mileage logs were not adequately maintained for the county-owned patrol cars. Also a comparison between fuel usage and actual vendor billings was not performed.

Recommendation:

- A. Consider requesting reimbursement from the Sheriff's bonding company for the monies stolen, if recovery of the stolen money is not possible.
- B. Establish procedures for maintaining accurate and complete usage logs for all county-owned patrol cars and compare expenses billed to the county to the vehicle logs.

Status:

- A. Implemented. The Prosecuting Attorney's office indicated \$4,822 was recovered through restitution paid by the defendant.
- B. Implemented.

7. Timeliness of Deposits

The Associate and Probate Division, and the Prosecuting Attorney's office did not make timely deposits.

Recommendation:

The Associate and Probate Divisions, and Prosecuting Attorney ensure receipts are deposited on a daily basis or when accumulated receipts exceed \$100.

Status:

Not implemented. See MAR finding number 5.

8. Juvenile Division Controls and Procedures

- A. The duties of receiving, recording, and depositing juvenile division monies were not adequately segregated.
- B. Listings of open items were not prepared on a timely basis.

Recommendation:

- A. Adequately segregate accounting duties to the extent possible to provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If duties cannot be adequately segregated, at a minimum, there should be a documented review of the reconciliations between receipts and deposits and the bank reconciliation.
- B. Prepare monthly listings of open items and reconcile this to cash balances on a timely basis. Monies that cannot be identified should be turned over to the state Unclaimed Property Section.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

STE. GENEVIEVE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1812, the county of Ste. Genevieve was named after Ste. Genevieve, a saint of France. Ste. Genevieve County is a county-organized, 3rd-class county and is part of the 24th Judicial Circuit. The county seat is Ste. Genevieve.

Ste. Genevieve County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 282 miles of county roads and 21 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 15,180 in 1980 and 17,842 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	181.9	171.9	159.2	157.7	74.8 34.4
Personal property		71.9	70.6	66.3	67.1	17.2 9.6
Railroad and utilities		20.0	25.1	26.8	27.4	17.7 16.9
Total	\$	273.8	267.6	252.3	252.2	109.7 60.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ste. Genevieve County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.2442	.2722	.2488	.1800
Special Road and Bridge Fund *		.2819	.2819	.2700	.2600
Health Center Fund		.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund		.0700	.0700	.0700	.0700
Hospital		.1789	.1801	.1748	.1616
Mental Health		.1000	.1000	.1000	.1000
Senior Services		.0300	.0300	.0300	.0400

- * The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	82,107	81,189	68,376	74,767
General Revenue Fund		653,840	720,032	608,480	446,795
Special Road and Bridge Fund		749,347	752,192	665,153	641,972
Assessment Fund		161,220	131,346	120,610	113,706
Health Center Fund		265,996	268,032	246,758	246,905
Senate Bill 40 Board Fund		186,218	187,661	172,763	172,853
School districts		9,003,461	9,086,747	8,332,432	8,031,705
Library district		265,996	268,032	246,758	246,905
Ambulance district		375,344	379,389	409,994	324,018
Surtax		163,169	169,445	151,192	162,186
Mental Health		265,996	268,032	246,758	212,194
Hospital Maintenance		475,658	480,194	429,777	342,732
Tax Increment Financing		212,734	214,162	143,726	125,435
Cities		10,288	17,400	19,073	18,133
Junior College		137,462	128,040	118,143	102,313
Senior Citizens		79,937	82,620	75,219	98,660
Circuit Levee District #2		62,002	66,573	71,938	65,301
Circuit Court Levee #3		113,755	132,925	134,469	133,310
County Clerk		9,600	8,875	8,975	8,875
County Employees' Retirement		18,687	16,264	13,804	12,199
Commissions and fees:					
General Revenue Fund		264,872	293,393	238,363	213,983
Total	\$	13,557,689	13,752,543	12,522,761	11,794,947

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2002	
Real estate	97	97	96	95	%
Personal property	95	94	94	92	
Railroad and utilities	100	100	100	98	

Ste. Genevieve County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	*	None	

* This tax will decrease to 1/8 of 1% on January 1, 2018.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Albert J. Fults, Presiding Commissioner		31,899	31,899		
Dennis Huck, Presiding Commissioner				30,380	29,390
Linda Hermann, Associate Commissioner		28,380	28,380	28,380	27,390
Ray Gettinger, Associate Commissioner		28,380	28,380	28,380	27,390
Darryle T. Shuh, County Clerk		45,150	45,150	43,000	41,500
David Gegg, Recorder of Deeds		45,150	45,150	43,000	41,500
Carl D. Kinsky, Prosecuting Attorney		55,650	55,650	53,000	51,000
Gary Stolzer, Sheriff		48,000	48,000	48,000	46,000
Judy E. Thomas, County Treasurer		45,150	45,150	31,820	30,710
Leo C. (Chipper) Basler Jr., County Coroner		15,000	15,000	15,000	14,000
F.F. (Stabbie) Staab, Public Administrator		15,000	15,000	15,000	15,000
Jim C. Gettinger, County Collector, year ended February 28 (29),	45,150	45,150	45,150	43,000	41,500
Clement F. Donze, County Assessor (1), year ended August 31,		43,000	43,000	43,000	41,500
Gerald (Duck) Bader, County Surveyor (2)					
(1) Includes \$765 annual compensation received from the state in 2004. Includes \$900 annual compensation received from the state in 2003, 2002, and 2001.					
(2) Compensation on a fee basis.					
State-Paid Officials:					
Carol Steiger, Circuit Clerk		47,900	47,300	47,300	47,300
Raymond Weber, Associate Circuit Judge		96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2005

SOCIAL SERVICES

Family Support Division – Blind Pension Fund and Rehabilitation Services for the Blind



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Social Services, Family Support Division – Blind Pension Fund and Rehabilitation Services for the Blind.

The Blind Pension (BP) and Supplemental Aid to the Blind (SAB) programs were created to provide blind/visually impaired Missouri residents age 18 or older with a reasonable subsistence compatible with decency and health. Although the SAB program is federally mandated, the BP program is not. The total benefit payments from the BP and SAB programs were approximately \$19.7 million, \$18.5 million and \$17.4 million for the years ended June 30, 2004, 2003, and 2002, respectively.

Statutory provisions for the calculation of pension increases and the distribution of excess monies in the Blind Pension Fund are unclear and difficult to apply, which has resulted in different interpretations of the calculations. Additionally, income guidelines for the BP program have not been established. As a result, some blind individuals with incomes as high as \$66,000 are receiving pension payments and state-funded Medicaid benefits. Also, since blind individuals are eligible to receive various other state and federal benefits, the BP program needs to be evaluated to determine whether the program is still necessary for some of the state's blind residents or if guidelines need to be revised.

The Rehabilitation Services for the Blind (RSB) needs to improve its controls over Supplemental Security Income (SSI) reimbursements. SSI reimbursements totaled approximately \$78,000, \$224,000, \$156,000, and \$1,171,000 for the period July 2004 to February 2005, and the years ended June 30, 2004, 2003, and 2002, respectively. Our audit found that the reimbursement claims were not filed on a timely basis. The responsibility for filing SSI reimbursement claims was assigned to several different RSB employees since June 2002, which has resulted in a decrease in the number of claims filed and contributed to the dramatic decline in reimbursements. No claims were filed between June 2003 and November 2004. Furthermore, the use of SSI reimbursement monies per the Vocational Rehabilitation (VR) program's financial records do not agree with the department's federal financial reports.

The RSB does not consider financial need when providing VR services to clients. As a result, some clients with the least financial resources may not be receiving services as needed. Also, VR program guidelines are not always followed.

Expenditures for the VR program totaled approximately \$5.8 million, \$5.6 million, and \$5.2 million for the years ended June 30, 2004, 2003, and 2002, respectively. During our review of 60 VR cases, we noted the following questionable items:

(over)

YELLOW SHEET

- The RSB paid over \$34,000 for dental restoration and related lodging and transportation expenses for a client, who had been employed by the same entity for over 14 years and had served as a supervisor for over 7 years. The dental work did not appear necessary for the client to retain employment.
- The RSB paid over \$700 for lodging less than 15 miles from an employee's home, while the employee attended training funded through their VR case.

In February 2000, the RSB contributed \$12,000 toward the purchase of an \$18,245 color copier for a VR client, with the client responsible for the remaining balance. In January 2002, the RSB was notified that the copier had been repossessed, and in April 2002, the RSB purchased the copier for \$7,300. The RSB has not identified a client that can use the copier, so it has been in storage since April 2002.

The RSB routinely opens a VR case for an employee when the employee wants/needs equipment. We identified 24 RSB employees that had cases open during the three years ended June 30, 2004. Equipment purchases for these cases totaled approximately \$132,000. It is unclear that VR cases for RSB employees are appropriate.

The RSB also needs to improve its procedures for monitoring and enforcing compliance with terms of contracts with personal/vocational adjustment (PVA) facilities. The RSB paid these facilities, located in Missouri, Arkansas, Colorado, Ohio, and South Dakota, \$1,443,002, \$803,465, and \$802,204, during the years ended June 30, 2004, 2003, and 2002, respectively to provide certain training programs to allow clients to live independently. The PVA facility onsite monitoring visits are not always performed on a timely basis. Additionally, the RSB does not ensure issues from past monitoring reports have been properly resolved prior to approving new contracts or renewing contracts with PVA facilities.

The RSB contracts with the Lions Business Opportunities for the Missouri Blind, Inc. (LBOMB), a not-for-profit entity, to provide management services and fund administration for the Business Enterprise Program (BEP). As of June 30, 2004, the BEP was supervising the operation of over 55 vending facilities. The LBOMB's annual audit reports show in-kind donations provided by the RSB totaled \$340,844, \$335,426, and \$291,313, for the years ended September 30, 2004, 2003, and 2002, respectively. However, the RSB does not maintain documentation to support these amounts. The BEP does not require annual audits from a certified public accountant of the vending facilities, and the department's internal auditor no longer performs facility audits due to budget constraints and personnel shortages. Additionally, sanitation inspections of BEP facilities are not performed on a timely basis as required by state regulations.

The audit report also includes some other matters related to personnel, a data conversion contract, and capital asset records and procedures upon which the department should take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
BLIND PENSION FUND AND REHABILITATION SERVICES FOR THE BLIND

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Blind Pension Fund

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Rehabilitation Services for the Blind

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gary Sherman, Director
Department of Social Services
and
Janel Luck, Interim Director
Family Support Division
and
Mike Fester, Deputy Director
Rehabilitation Services for the Blind
Jefferson City, MO 65103

We have audited the Department of Social Services, Family Support Division, Blind Pension Fund and Rehabilitation Services for the Blind. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant

agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Social Services, Family Support Division, Blind Pension Fund and Rehabilitation Services for the Blind.



Claire McCaskill
State Auditor

April 15, 2005 (fieldwork completion date)

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
BLIND PENSION FUND AND
REHABILITATION SERVICES FOR THE BLIND
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Blind Pension and Supplemental Aid to the Blind Programs
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Statutory provisions for the calculation of pension increases and the distribution of excess monies in the Blind Pension Fund are unclear and difficult to apply. Income guidelines have not been established for the pension program and guidelines for the programs are not always followed. Also, the pension program manual has not been updated as guidelines change. Additionally, the Department of Social Services (department), Family Support Division (FSD), and members of the General Assembly need to evaluate whether the pension program is still necessary for some of the state's blind residents or if guidelines need to be revised.

The Blind Pension (BP) and Supplemental Aid to the Blind (SAB) programs were created to provide blind/visually impaired Missouri residents age 18 or older with a reasonable subsistence compatible with decency and health. These programs are managed by the FSD and are funded by a state property tax of three cents per \$100 of assessed valuation, which is deposited in the Blind Pension Fund. Although the SAB program is federally mandated, the BP program is not.

The programs differ slightly in eligibility requirements, and there are income limits for SAB recipients, but not BP recipients. Also, BP recipients must not be eligible for SAB benefits and federal Supplemental Security Income (SSI) benefits. BP/SAB recipients are automatically eligible for Medicaid benefits, regardless of their income, but are not allowed to receive any other public assistance payments, except that SAB recipients may receive SSI. However, SAB payments are reduced by the amount of SSI benefits received.

The total benefit payments from the BP and SAB programs, the monthly maximum benefit amount, and the caseloads for the three years ended June 30, 2004 were:

	2004	2003	2002
Total benefit payments to recipients	\$ 19,763,554	18,567,876	17,431,046
Maximum monthly individual payments to recipients	\$ 470	443	423
Average monthly cases	3,643	3,639	3,548

- A. Statutory provisions for the calculation of the monthly BP/SAB payment amount and the distribution of excess funds in the Blind Pension Fund are unclear and

difficult to apply, which has resulted in different interpretations of the calculations.

Section 209.040.4, RSMo, provides that the blind pension amount should be increased annually by a "monthly pension amount which equals one-twelfth of the quotient obtained by dividing seventy-five percent of the annual growth of funds in the blind pension fund for the preceding fiscal year by the number of persons eligible to receive the monthly pension". In addition, Section 209.130, RSMo, indicates "any balance remaining in the fund after the payment of the pensions may be appropriated for the adequate support of the commission for the blind, and any balance remaining at the end of the biennium shall be transferred to the distributive public school fund."

Unclear provisions include:

- The statute does not define the "annual growth of funds". The department was using the estimated change in the cash balance from year-to-year in the pension increase calculation. However, in response to a pending lawsuit, in fiscal year 2005, the department changed its methodology to define the annual growth as the estimated increase in the revenue from year-to-year. After the change in methodology, the lawsuit was withdrawn.
- The statute does not authorize subsequent adjustments for differences between the estimated and actual amounts used in the annual growth calculation or for caseload growth.

Prior to fiscal year 2005, the pension increase calculation used estimated revenue and expenditures for the current fiscal year (to estimate the next year's beginning cash balance), and estimated caseloads for the upcoming year. However, actual revenues and expenditures differed significantly from the estimations for some years. For example, estimated revenues for the year ended June 30, 2002, were \$19,595,135, while the actual revenues were \$21,016,983, for a difference of \$1,421,848. In addition, estimated expenditures for the year ended June 30, 2004, were \$23,415,906, while the actual expenditures were \$22,645,028, for a difference of \$770,878. An adjustment for the difference between the estimated and actual amounts in one year was not used in the next year's calculation. As a result, when growth was underestimated, the additional growth was not used to increase pensions.

The new pension increase calculation adopted in fiscal year 2005 also estimates the next year's revenue and caseload growth. These estimates are based on the last four fiscal years' actual amounts. Again, an adjustment for the difference between the last year's estimated and actual amounts is not used in the calculation. Also, the pension increase is

reduced so the increase in estimated pension expenditures will not exceed the estimated revenue growth. This reduction is made to prevent the caseload growth costs (estimated caseload growth multiplied by the pension rate prior to the pension increase) from depleting the Blind Pension Fund.

The statute only authorizes the calculation of pension increases, not the full pension amounts to be distributed. As a result, caseload growth could deplete the Blind Pension Fund, because only twenty-five percent of the annual growth of the fund is available to fully fund pension benefits for new cases. The remaining costs for the new cases must be paid from the existing balance of the Blind Pension Fund.

- Because the statute does not clearly define how the balance remaining in the fund at the end of the biennium is to be calculated, the amount to be transferred to the distributive public school fund is questionable. It appears the cash balance of the Blind Pension Fund at June 30, 2004, was a combination of any annual growth which had not been distributed (as noted above) and administrative funds from prior years not spent by the department. The department prepares a biennial calculation to determine if there are any unobligated monies in the fund. At June 30, 2003, the calculation showed all monies were obligated for pensions and administrative expenses.

The FSD should seek legislative changes to Sections 209.040 and 209.130, RSMo, for clarification regarding how distributions from the Blind Pension Fund are to be calculated and to ensure all relevant factors are considered in the calculations.

- B. Although the purpose of the BP program is to provide a subsistence payment, the FSD has not established income guidelines for the program. As a result, some blind individuals earning incomes in excess of \$66,000 are receiving pension payments and state-funded Medicaid benefits. The BP program also excludes some assets such as a home occupied as a residence when determining eligibility. In addition, deferred compensation funds and individual retirement accounts (IRAs) are not considered when determining eligibility unless they are available to be spent by the recipient.

During our review of 49 case files for BP recipients, we identified 24 recipients who earned more than \$1,935 per month, the maximum income allowed for a person in a two-income household to be eligible for Medicaid under other programs administered by the department. The gross salaries and wages of these recipients ranged from \$36,484 to \$66,113 (\$2,027 to \$3,673 per month) during the eighteen months ended March 31, 2004. The Medicaid benefits these recipients received totaled \$59,096, and ranged from \$631 to \$12,528 for each recipient.

We also identified that two of these recipients did not obtain health insurance offered by their employer. It appears the insurance was declined because they received Medicaid benefits. The Medicaid benefits these two recipients received totaled \$11,652 for the eighteen months ended March 31, 2004.

The FSD should consider establishing income guidelines for the BP program to ensure public assistance benefits provided in the form of the blind pension payments are only provided to blind individuals that are financially needy. Also, if health insurance is available from a recipient's employer, the division should consider requiring the recipient to obtain this insurance rather than automatically enrolling the recipient in the state-funded Medicaid program.

C. Program guidelines are not always followed.

1. The FSD does not perform eligibility redeterminations on a timely basis. During our test of 60 BP/SAB cases, we identified 10 cases for which the visual eligibility was not verified within the last five years, and 37 cases for which other eligibility factors were not verified annually. For some cases, the FSD had not performed an annual eligibility determination for up to eight years. Additionally, a vision test was not provided in one case for over 22 years and over 11 years in two other cases.

Section 209.040.1, RSMo, indicates a vision test must be provided to the FSD once every five years after the initial test to ensure the client continues to meet the visual eligibility requirements of the BP program. The FSD policies also impose a similar requirement for the SAB program. Other eligibility requirements of the BP/SAB programs are to be reinvestigated annually. Eligibility determinations should be completed in accordance with state law and FSD policies to ensure benefits are not provided to ineligible recipients.

2. The FSD did not document the determinations of ineligibility for SSI and/or SAB benefits in 4 of 41 BP case files reviewed. Section 209.040.1, RSMo, indicates blind pension benefits shall not be paid unless the blind person has been declared ineligible to receive SSI. In addition, FSD policy indicates BP applicants must have been rejected for SAB benefits. Determinations of ineligibility should be properly documented to ensure compliance with state law and FSD policies.

D. The BP manual is outdated. The most recent updates to the manual were prepared in October 1992. As a result, some of the information in the manual is not correct. For example, the maximum benefit payment amount was \$470 for the year ended June 30, 2004, but the manual indicates the maximum benefit payment is \$340. In addition, the manual indicates maximum amounts the FSD will pay for ophthalmologist reports and other visual examinations but these limitations are no longer enforced.

The BP manual should be updated on a timely basis as program guidelines change to ensure both department employees and recipients are aware of current program guidelines, and for the employees to consistently enforce the guidelines.

- E. The FSD and members of the General Assembly need to evaluate whether the BP program is still necessary for some of the state's blind residents or if the program guidelines need to be revised.

Blind individuals are eligible to receive other state and federal benefits including an annual tax credit on federal and state income taxes, and low-income blind individuals are eligible for the SAB Program. Also, the department's Rehabilitation Services for the Blind (RSB) administers several programs which are designed to provide blind individuals with the opportunity to attain the independent living skills appropriate for the individual and obtain employment commensurate with their goals and abilities. Additionally, as noted above, the BP program does not have income guidelines to ensure only financially needy individuals are receiving these subsistence payments.

We contacted several neighboring states and none of these states currently have a blind pension program. Kansas and Illinois indicated that in the past their state had such a program, however, their program was discontinued and their blind residents were moved to the federal SSI program. The SSI program was created in 1973 to provide assistance to the aged, blind and disabled and replaced Missouri's programs of old age assistance, aid to the blind, and permanent and total disability. Thus, there are many benefits available to blind residents and a monthly cash payment may not be needed.

WE RECOMMEND the department, through the FSD:

- A. Seek legislation to clarify the statutes relating to the payment of pensions and other distributions from the Blind Pension Fund and ensure all relevant factors are considered in the calculations.
- B. Consider establishing income guidelines for the BP program. Additionally, the division should consider requiring BP recipients to obtain health insurance through their employer, when it is available to them, instead of relying on the state's Medicaid Program.
- C. Ensure program guidelines are followed. Procedures should be developed to complete BP/SAB eligibility redeterminations on a timely basis and to document the determinations of ineligibility for SSI and SAB benefits for BP cases.
- D. Establish procedures to ensure the BP manual is updated on a timely basis when program guidelines change.

- E. Along with members of the General Assembly, need to evaluate whether the BP program is still necessary for some of the state's blind residents or if the program guidelines need to be revised.

AUDITEE'S RESPONSE

- A. *We disagree with this recommendation. The Division does not believe that any clarification is needed.*
- B. *We disagree with this recommendation. We will continue to administer the program in accordance with the statutes.*
- C. *We agree with this recommendation. Re-determinations are being done annually in accordance with SB 539. Documentation of determinations will be stressed with staff.*
- D. *We agree with this recommendation. The BP manual is being updated, will be completed by 11/1/05, and will be reviewed annually.*
- E. *We disagree with the recommendation; however, we will be available to participate in any discussions members of the General Assembly want to have.*

2. Vocational Rehabilitation Program – Policies and Procedures

The department's RSB needs to improve its controls over SSI reimbursements, to consider the financial needs of the client when providing services, and to ensure program guidelines are followed. In addition, information on federal reports is not always accurate.

The Vocational Rehabilitation (VR) program, managed by RSB, provides equipment, training, physical restoration, and other services to blind and visually impaired individuals to enable them to prepare for, secure, retain, or regain employment. The program is funded by a federal grant that pays 78.7 percent of the VR costs, up to the total grant award amount.

- A. The RSB needs to improve its controls over SSI reimbursements.
1. SSI reimbursement claims were not always filed on a timely basis, and some claims may not be paid because they were not filed during the allowable timeframe.

Federal regulations allow the RSB to claim reimbursement of costs incurred in providing VR services to SSI recipients that achieve employment in a successful, gainful activity for nine months. SSI reimbursements totaled approximately \$78,000, \$224,000, \$156,000, and

\$1,171,000 for the period July 2004 to February 2005, and the years ended June 30, 2004, 2003, and 2002, respectively.

The responsibility for filing SSI reimbursement claims has been assigned to several different RSB employees since June 2002, which has resulted in a decrease in the number of claims filed and contributed to the dramatic decline in reimbursements noted above. Additionally, between June 2003 and November 2004, no claims were filed.

Federal regulation 20 CFR 416.2216 requires SSI reimbursement claims be filed within one year after the nine month employment requirement is met. The RSB employee currently filing claims is appealing the denial of claims filed late. To maximize SSI reimbursement revenue, the RSB should ensure all SSI reimbursement claims are filed within one year, as required by federal regulation.

2. The SSI reimbursement monies are not accounted for properly. The SSI reimbursements are considered program income of the VR program. Federal regulation 34 CFR 361.63(c) indicates program income, whenever received, must be used, in the year received, for the provision of VR services and the administration of the VR State Plan. It also indicates program income can not be used to meet the state's matching requirement for the VR grant.

- The use of the SSI reimbursement monies per the VR program's financial records do not agree with the department's federal financial reports. The VR financial records shows that SSI reimbursements were not always disbursed in the year they were received. However, the department's quarterly federal financial reports show that all SSI reimbursements were disbursed in the year the monies were received. The quarterly reports are prepared by the department's Division of Budget and Finance (DBF).

For example, in the federal fiscal year ended September 30, 2002, the federal financial report showed program income received/used totaling \$1,019,048; however, the VR financial records showed that program income only paid expenditures totaling \$216,222. In the federal fiscal year ended September 30, 2003, program income received/used was reported as \$77,750, but financial records showed that program income paid expenditures totaling over \$500,000.

- The balance of unspent program income from SSI reimbursements is not known. The RSB maintained a spreadsheet to document receipts and disbursements of SSI reimbursement monies from October 1990 to September 2003. The spreadsheet showed the

balance of unspent SSI reimbursement monies was approximately \$5.7 million at September 30, 2003. However, several amounts recorded on the spreadsheet did not agree to the VR financial records. Thus, the spreadsheet appears to be inaccurate.

The RSB, in conjunction with the DBF, should establish procedures to ensure the receipts, disbursements, and the unspent balance of SSI reimbursement monies are properly accounted for and accurately reported on federal financial reports. Also, the RSB and DBF should ensure program income is disbursed prior to spending grant funds and state monies.

- B. The RSB does not consider financial need when providing VR services to clients. As a result, some clients with the least financial resources may not be receiving services as needed.

For example, the November 2003 minutes of the RSB advisory council indicated the RSB only provided Braille lessons to clients once per month, partly due to budget constraints. Thus, these clients were not receiving the services necessary to achieve their goals in a reasonable amount of time. However, during our review of 60 VR cases, we identified 22 clients who earned over 185% of the federal poverty level. Twenty of these clients were RSB employees, with annual salaries in excess of \$29,000. Additionally, 16 of these clients were also BP recipients and two were SAB recipients.

Federal regulation 34 CFR 361.54(b)(1) allows the state to consider the financial need of eligible individuals for the purpose of determining the extent of their participation in the costs of their VR services. Additionally, the VR program operated by the Department of Elementary and Secondary Education, Division of Vocation Rehabilitation (DESE-DVR) for non-blind individuals utilizes a financial needs test to determine eligibility for agency participation in the cost of VR services.

The RSB could increase funding available for Braille lessons and other pertinent services by requiring clients with higher incomes to participate in the cost of their services. The RSB should consider implementing a financial needs test and requiring clients with income over a specified level to participate in the cost of their VR services.

- C. VR program guidelines are not always followed.
 - 1. A case file for a RSB district supervisor's case could not be located. As a result, we were unable to determine whether the employee was eligible for VR services, whether the services provided were reasonable and necessary to meet the case goals, and whether the case was reviewed annually.

However, RSB's central office maintained invoices, totaling approximately \$13,000, for this case. Expenditures included two computers and supplies, a printer, a scanner, software, furniture, and other supplies and equipment.

Case files should be retained to provide documentation of compliance with VR regulations regarding eligibility, case planning and goals, and annual reviews. In addition, RSB policy requires closed case files to be retained at the applicable office for two years and then sent to state archives for an additional five years.

2. An unqualified RSB employee was appointed to serve as a VR counselor. In January 2002, the acting deputy director appointed a fiscal employee to serve as a VR counselor for RSB district supervisor cases. The fiscal employee had no training in rehabilitation or counseling.

The VR state plan requires all direct client-service positions have a Master's Degree in either rehabilitation or a related field and the counseling staff have a Master's Degree in rehabilitation, counseling, social work or a related discipline, or are working toward achieving this requirement. The RSB should ensure counseling duties are only assigned to individuals meeting the qualifications specified in the VR state plan.

3. Some inactive cases were not closed because annual reviews were not performed as required by federal regulation. Annual reviews were not performed for 2 of 52 VR cases reviewed that had been open for over a year.

In one case, opened in 1999, an individualized plan for employment (IPE) had not been developed. However, other information in the file indicated the client might not be a candidate for competitive employment. The other case was opened in 1992; but, the case has not been reviewed since 1999 when the client stopped attending college.

It appears both of these cases should be closed. Performance measures used to evaluate the effectiveness of the VR program are based on information from cases closed during the year. Failing to close cases on a timely basis may distort the results of performance measurements. In addition, Federal regulation 34 CFR 361.45(d)(5) requires an annual review of IPEs to assess the individual's progress in achieving the identified employment outcome. The RSB should establish procedures to ensure all open cases are reviewed annually and cases are closed on a timely basis.

4. Equipment expenditures exceeding program limits were not always properly authorized. In four of nine VR cases reviewed, equipment

purchases in excess of \$10,000 were not approved by the proper individual. Equipment purchases for these cases ranged from \$11,000 to \$17,000. Additionally, although invoices for the equipment purchases are maintained in the case file, a cumulative total of equipment purchases is not prepared. Thus, a total must be generated each time the total equipment amount is needed.

The program guidelines provide that cumulative equipment purchases in excess of \$10,000 per case must be approved by the applicable district supervisor and cumulative equipment purchases in excess of \$14,000 per case must be approved by the RSB deputy director or his/her designee.

The RSB should require VR counselors to document the cumulative equipment expenditures for each case. This cumulative total should be reviewed prior to authorizing additional equipment purchases for a case. Also, the RSB should establish procedures to ensure equipment purchases in excess of \$10,000 are properly authorized.

5. Policies regarding payment of dental services were not adequately documented and enforced. Dental services for 2 of the 60 VR cases reviewed appeared excessive.

For one client (a RSB supervisor), the RSB paid \$998 each for 27 porcelain/ceramic crowns, while the DESE-DVR schedule only authorizes \$79 for stainless steel crowns. The RSB also paid \$496 each for root canal services on four teeth, while the DESE-DVR schedule only authorizes \$161 per tooth for root canal services. In addition, the RSB paid \$1,662 for additional services that are not listed on the DESE-DVR rate schedule. For the other client, the amount paid exceeded the DESE-DVR limit by \$193.

The RSB program guidelines provides that dental services are to be paid at Medicaid rates. However, office personnel indicated the policy was revised to pay dental services based on the rate schedule established by the DESE-DVR, if a dentist was willing to accept the rates. The RSB has not formally documented this change in policy.

Any change in program guidelines/policies regarding the payment of dental services should be formally documented and be consistently enforced to ensure all clients are treated equitably.

6. Some VR services and/or expenditures were not approved by appropriate personnel.

For example, a clerical employee in one district office signed a VR counselor's name to authorize over \$30,000 of dental work for her district

supervisor's case. Two clerical employees in the central office approved invoices totaling approximately \$4,200 for this district supervisor's case by signing the assistant deputy director's name. These expenditures were for mediation training, office furniture, computer software and supplies, contact lenses, and other supplies and services.

In another district office, a clerical employee signed the assistant deputy director's name to authorize the purchase of goods and services totaling over \$900 for her district supervisor's case. The goods and services included a leather wallet, a cassette player, some low-vision aids, and software maintenance agreements.

The clerical employees were not authorized to sign on behalf of a VR counselor or the RSB's assistant deputy director. To ensure services and expenditures are reasonable and necessary, the RSB should ensure all disbursements are approved by authorized personnel.

7. The RSB overpaid a client for personal incidental expenses. From September 2002 to April 2004, the client was paid \$500 per month for housing and meal expense plus \$120 per month for personal incidental expenses while attending college. However, state regulations at 13 CSR 40-91(14)(B)3 provide the total for housing, meals, and incidentals should not exceed \$500 per month. Although the error was detected in November 2003, the overpayments continued while the client was in school. According to RSB personnel, since the error was RSB's fault, they did not want to penalize the client.

The RSB should consistently enforce payment limits to ensure all clients are treated equitably.

D. Information listed on the RSB's federal reports is not always accurate.

1. Some information reported on quarterly cumulative caseload status reports was incorrect. The RSB did not track the information necessary to readily identify cases for clients that had an approved IPE, but had not started receiving services. Although a status code number has been assigned to identify such cases, the RSB was not using this status code. As a result, the RSB had to review individual cases to identify cases in this status.

Although the RSB identified the number of cases in this status and reported this information on the reports, these cases were already included in the totals reported for cases of eligible clients without an approved IPE or for cases of clients receiving services. Therefore, some cases were counted twice on the reports, under two different case status categories.

The RSB should use case status codes to track all case status information necessary to prepare quarterly cumulative caseload status reports. In addition, the RSB should ensure each case is only reported under one status category.

2. Some expenditures reported on the quarterly federal financial reports for innovation and expansion activities did not appear to be used for these purposes. During the years ended June 30, 2004, 2003, and 2002, the RSB reported innovation and expansion expenditures totaling \$31,290 \$19,350 and \$106,371, respectively.

These amounts included travel costs for conducting on-site monitoring visits of personal vocational adjustment (PVA) facilities that provide services to RSB's VR clients. During our test of 144 RSB expenditures for the three years ended June 30, 2004, we identified PVA monitoring costs totaling \$4,498 recorded as innovation and expansion activities.

Federal regulation 34 CFR 361.35(a)(1) provides that the RSB must use a portion of VR grant funding for the development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services. Expenditures for routine PVA facility monitoring visits do not appear to meet this requirement and should not be included in the innovation and expansion expenditure totals listed on the quarterly federal financial report.

WE RECOMMEND the department, through the RSB:

- A.1. Ensure SSI reimbursement claims are filed within one year, as required by federal regulation.
2. Establish procedures to ensure receipts, disbursements, and the unspent balance of SSI reimbursement monies are properly accounted for and accurately reported on federal financial reports. Also, the RSB should work with the DBF to identify the unspent balance of SSI reimbursement monies and should ensure program income is disbursed prior to spending grant funds and state monies.
- B. Consider implementing a financial needs test and require clients with income over a specified level to participate in the cost of their VR services.
- C.1. Ensure all case files are retained in accordance with RSB policy.
2. Ensure counseling duties are only assigned to individuals meeting the qualifications specified in the VR state plan.
3. Establish procedures to ensure all open cases are reviewed annually and cases are closed on a timely basis.

4. Require the cumulative equipment expenditures be documented in the client's case file. The RSB should also establish procedures to ensure proper authorization is received prior to exceeding cumulative equipment expenditure limits.
 5. Document all policy changes related to dental services and ensure these policies are consistently applied to all clients.
 6. Ensure disbursements for services and other expenditures are only approved by authorized personnel.
 7. Ensure payments for maintenance and personal incidental expenses do not exceed the limit set by state regulation.
- D.1. Use case status codes to track all case status information necessary to prepare quarterly cumulative caseload status reports and ensure each case is only reported under one status category.
2. Discontinue reporting routine PVA facility monitoring costs as innovation and expansion expenditures.

AUDITEE'S RESPONSE

- A.1. *We agree with this recommendation. RSB is now in compliance with this regulation. The Social Security Administration reviewed the situation, established there is "good cause" for late filing, and has temporarily waived the filing deadline. All future closures will be filed on a timely basis.*
2. *Much of this work has already been done. RSB has already developed a detailed tracking system that tracks all amounts submitted for SSI reimbursements and how much RSB receives once the case has been reviewed by the Social Security Administration. Through codes already established in SAM II, RSB will be able to monitor how much of the funds received were spent during the fiscal year. RSB will meet quarterly with the Division of Budget and Finance to ensure we are in agreement on the balance of reimbursement funds.*
- B. *We disagree with this recommendation. RSB has considered the implementation of a financial needs test and believes it is not needed at this time for the following reasons:*
1. *There is no federal requirement that the financial need of the individual be considered in the provision of vocational rehabilitation services and Rehabilitation Services for the Blind may not apply a financial needs test to, or require the financial participation of the individual as a condition for furnishing basic vocational rehabilitation services, including assessment, counseling and guidance, and job related services.*

2. *RSB may not consider the financial means of, or require the financial participation of, an individual as a condition for furnishing any vocational rehabilitation services if that individual has been determined eligible for social security benefits under Title II or XVI (SSI and SSDI respectively) of the social security act.*
3. *RSB has met the needs of all blind and visually impaired consumers who have requested vocational rehabilitation services without having to implement an order of selection.*

RSB will continue to monitor closely its fiscal ability to provide the full range of reasonable and necessary services to all blind and visually impaired Missourians who apply for services. RSB will continue to consider financial needs tests for services within federal regulations as a method to ensure that we maintain the ability to provide the full range of services to all eligible individuals.

- C.1. *This was an isolated incident occurring under a previous administration and RSB will ensure that all case files are retained in accordance with RSB and State Policy.*
2. *This was a single isolated event done by a previous administration. RSB staff has already been instructed on RSB policy and case reviews are conducted to ensure that only qualified vocational rehabilitation counselors may:*
 - A. *determine eligibility of an applicant;*
 - B. *sign and approve the eligible consumer's Individualized Plan of Employment;*
 - C. *conduct an annual review of an eligible individual's Individualized Plan of Employment.*
3. *Procedures are already established. The audit revealed 2 of 52 cases that were lacking documentation of review. RSB's caseload is monitored closely regarding the review of all Individualized Plans of Employment (IPE) at least annually by a qualified vocational rehabilitation counselor. The current IPE form contains a data field for that documentation.*
4. *We agree with this recommendation. RSB will develop and implement appropriate financial data collection policies and procedures that will ensure that cumulative recording of equipment expenditures is maintained in individual case files no later than December 1, 2005.*
5. *RSB will establish and implement a comprehensive policy and fee schedule for dental services that mirrors Medicaid rates by January 1, 2006.*
6. *The previous administration allowed this practice to take place in two instances. RSB has already modified the Authorization for Services form to ensure that services and other expenditures are authorized by appropriate personnel.*

7. *RSB established new policy and procedures regarding maintenance effective December 20, 2004, which ensure that payments do not exceed those limits in state regulation. The audit revealed one case under the previous administration that exceeded that limit.*
- D.1. *We agree with this recommendation. RSB has received input from our federal partner and has corrected the reporting errors that resulted from incorrectly reporting cumulative caseload data.*
2. *We agree with this recommendation. RSB has already corrected the coding which incorrectly categorized PVA monitoring travel expenses as innovation and expansion activities.*

AUDITOR'S COMMENT

- B. If a VR client does not receive SSI or SSDI, federal regulations allow a financial needs test be applied to many VR services. Furthermore, the auditee's response is misleading. The twenty-two VR clients cited in our finding had income levels that made them ineligible for SSI or SSDI. As a result, the auditee's response designated as B.2. does not apply to the exceptions noted in our report.

3. Vocational Rehabilitation Program - Expenditures
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Some expenditures for the VR program did not appear reasonable and/or necessary. Expenditures for the VR program totaled approximately \$5.8 million, \$5.6 million, and \$5.2 million for the years ended June 30, 2004, 2003, and 2002, respectively.

- A. We identified the following questionable items during our review of 60 VR cases.
- The RSB paid over \$34,000 for dental restoration and related lodging and transportation expenses for a client. The client indicated the dental work was necessary to present a confident and professional image when making presentations. However, the client had been employed by the same entity for over 14 years and had served as a supervisor for the entity for over 7 years. The dental work did not appear necessary for the client to retain employment.
 - The RSB also paid over \$700 for lodging less than 15 miles from an employee's home. The lodging costs were incurred while the employee was attending training funded through their VR case. However, department policy provides that lodging costs be reimbursed when the distance traveled is more than 50 miles from the employee's official domicile. Therefore, payment of these lodging expenses does not appear reasonable.

- The RSB reimbursed a client \$10,865 for 20 head of cattle purchased for an existing farm operation. The case file indicates the client had operated the farm for many years and it was profitable. Therefore, it does not appear additional cattle were necessary for the client to sustain this self-employment.

Section 103(a) of the Rehabilitation Act of 1973 indicates allowable VR services are those necessary to prepare for, secure, retain, or regain employment. The expenditures listed above do not appear to meet this criteria and/or department policy. These costs will be questioned and forwarded to the applicable federal agency for resolution as a part of our fiscal year 2005 Single Audit Report to be issued at a later date.

- B. The RSB purchased a copier for a client; however, the copier is not being used. In February 2000, the RSB contributed \$12,000 toward the purchase of an \$18,245 color copier for a VR client. The client was responsible for the remaining balance. In January 2002, the RSB was notified that the copier had been repossessed, because the client stopped making the required payments in July 2000. The balance due on the machine was \$8,615, because the client had continued to use the machine and related supplies after the payments were discontinued.

In April 2002, the RSB purchased the copier for \$7,300, but did not put it into use. Office personnel indicated it was not being used by RSB office personnel because it was purchased for client use. However, RSB has not identified a client that can use the copier, so it has been in storage since April 2002. The RSB should ensure purchases are reasonable and necessary. The copier should be put into service or surplus.

- C. The RSB held a two-day staff meeting at a resort at the Lake of the Ozarks in November 2004. This meeting included at least 26 staff members domiciled in Jefferson City. Meals and lodging for the meeting totaled approximately \$11,900. Of this amount, approximately \$2,500 was related to lodging for the Jefferson City staff that were in attendance and \$676 was for 13 unused rooms that were not canceled on a timely basis. These amounts do not include mileage costs to Lake Ozark from Jefferson City. Additionally, bidding consideration was only given to locations at the Lake of the Ozarks.

According to RSB management, the meeting was held at Lake Ozark because it is a centralized location where staff can meet without distractions. However, if this meeting had been held in Jefferson City, expenditures for lodging, mileage, and some, if not all meals would not have been incurred for Jefferson City staff.

- D. It is not clear that VR cases for RSB employees are appropriate. Additionally, some VR counselors and district supervisors are approving expenditures for

employees in their district office and for members of the State Rehabilitation Advisory Council.

- The RSB routinely opens a VR case for an employee when the employee wants/needs equipment. We identified 24 RSB employees that had cases open during the three years ended June 30, 2004. Equipment purchases for these cases totaled approximately \$132,000. As an employer, it appears the RSB should provide its employees with the equipment necessary to perform their duties. The RSB is reducing its administrative costs by using the VR program to purchase equipment for its employees.
- Except for district supervisor cases which are approved by the RSB assistant deputy director, the approval of all VR case expenditures is done by the applicable district supervisor or VR counselor. This practice could be a potential conflict of interest when approving expenditures for employees and council members.

The RSB should review the practice of allowing employees to have VR cases. Furthermore, VR expenditures for employees and council members should be reviewed and approved by the assistant deputy director of the RSB. This is necessary to ensure services and expenditures for these cases are reasonable, necessary, and comparable to those provided for non-employee/non-council member VR cases.

WE RECOMMEND the department, through the RSB:

- A. Ensure services provided to VR clients are appropriate. The services should enable clients to prepare for, secure, retain, or regain employment and meet applicable department policy.
- B. Ensure purchases are reasonable and necessary. In addition, the used copier purchased in 2002 should be put into service or surplus.
- C. Review expenditures for future staff meetings and ensure the costs are reasonable and necessary.
- D. Review the practice of allowing RSB employees to have VR cases. In addition, the RSB should require its assistant deputy director to review and approve all VR expenditures for its employees and council members.

AUDITEE'S RESPONSE

- A. *RSB already ensures services provided to VR clients are appropriate. Under a previous administration, an unqualified person acting as a vocational rehabilitation counselor authorized services that were excessive and that violated RSB policy regarding services and travel expenses for a vocational rehabilitation consumer in the first two instances*

described in 3.A. above. In the third instance referenced, RSB believes the expense of purchasing additional stock to be fully appropriate and necessary in the support of the individual's goal of self-employment, as justified in his business plan and documented in the Individualized Plan for Employment.

- B. RSB strives to ensure that all purchases are reasonable and necessary. The copier referenced here was purchased in accordance with the Individualized Plan for Employment of a consumer as being a reasonable and necessary component of the consumer's business plan. Following the failure of the consumer's small business venture, the copier was retained by RSB pending its possible use in a future vocational rehabilitation consumer's case. As this equipment was purchased for consumer use, its use in an RSB office would violate federal regulations. The copier is currently being evaluated for use in another vocational rehabilitation consumer's case.*
- C. We agree with this recommendation. RSB has already cancelled plans for a statewide staff meeting to be held in 2005. Any future staff meetings will be conducted in locations and facilities that are selected through a bid process that will ensure the most reasonable and cost effective use of funds.*
- D. We agree with this recommendation. RSB implemented a policy in September 2005 allowing vocational rehabilitation cases for newly hired RSB employees to remain open until completion of their probationary period. Current RSB employees may only open a vocational rehabilitation case in keeping with specific criteria authorized by federal regulations and with the approval of the Deputy Director. The Assistant Deputy Director will review and approve all authorizations for services for RSB employees and State Rehabilitation Council for the Blind members.*

4. Vocational Rehabilitation Program – Training Facilities

The RSB needs to improve its procedures for monitoring and enforcing compliance with terms of contracts with PVA facilities. The RSB has agreements with five PVA facilities to provide comprehensive personal/vocational adjustment services to RSB's VR clients. The facilities are located in Missouri, Arkansas, Colorado, Ohio, and South Dakota.

The services provided include vocational evaluation, orientation and mobility training and equipment, daily living skills training, communication skills (including Braille, oral and written communication skills, and basic computer training), and occupational skills evaluation and training.

The RSB paid these facilities \$1,443,002, \$803,465, and \$802,204, during the years ended June 30, 2004, 2003, and 2002, respectively.

- A. The PVA facility onsite monitoring visits are not always performed on a timely basis. No visits were conducted between July 1 and December 31, 2004, and only one facility was visited during the year ended June 30, 2004. However, the other four facilities were visited during the year ended June 30, 2003. Office personnel*

indicated a monitoring visit is to be conducted during each annual contract period or within six months after the end of the contract period.

The monitoring visits are used to ensure the facilities are providing appropriate services to the clients and are in compliance with contract terms. The RSB needs to perform the onsite monitoring of PVA facilities in a timely manner. Also, to help reduce monitoring costs, the RSB should consider contracting with the VR agency in the home state of each PVA facility to perform the onsite monitoring.

- B. The RSB does not ensure issues from past monitoring reports have been properly resolved prior to approving new contracts or renewing contracts with the PVA facilities.
- The RSB completed the monitoring visit of one PVA facility a few days before the facility's contract expired on June 30, 2003. Because the contract was not renewed, the facility did not provide a response to the monitoring report. Issues cited in the report included noncompliance with record, service, and operational requirements. In September 2003, the RSB entered into a new contract with the facility without ensuring the deficiencies identified had been properly resolved.
 - The RSB did not require another facility to provide a complete corrective action plan addressing all issues cited in its monitoring report. Issues cited included noncompliance with requirements relating to records, reports, payments/invoices, residential services, orientation and mobility, general contractual terms, and other issues. The facility did not respond to all the concerns listed in the report and the RSB did not require the facility to submit any additional documentation to address the concerns.

The RSB should ensure all deficiencies cited in a PVA facility monitoring report are adequately addressed by the facility. The benefits intended to be realized from monitoring visits are significantly diminished if the RSB does not ensure deficiencies are corrected. Additionally, all concerns should be resolved prior to approving or renewing contracts with the facility.

WE RECOMMEND the department, through the RSB:

- A. Establish procedures to ensure PVA facility onsite monitoring visits are conducted on a timely basis. Also, to help reduce costs, the RSB should consider contracting with the VR agency in the facility's home state to perform the monitoring visit.
- B. Establish procedures to ensure all deficiencies cited in the PVA facility monitoring reports are adequately addressed. In addition, the RSB should ensure all concerns are resolved prior to approving or renewing contracts with the facilities.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. RSB will communicate with the vocational rehabilitation agencies in the states where our contracted PVA facilities are located and attempt to establish a cooperative agreement to allow that agency to perform annual monitoring visits to the local facility. This will be completed by January 1, 2006. RSB staff would continue to perform an on-site monitoring visit every three years, or upon contract renewal.*
- B. *The previous RSB Administration appears to have not followed this policy. RSB has established procedures as part of the contracting process that will require that monitoring reports reflecting deficiencies must be addressed by the PVA facility in a timely fashion. These procedures will ensure that any deficiencies noted in a monitoring report must be corrected to RSB's satisfaction prior to the issuance of a new or renewed contract.*

5. Business Enterprise Program

State resources provided to the administrative agent for the Business Enterprise Program (BEP) are not adequately monitored and documented. In addition, annual audits of BEP facilities are not required and sanitation inspections of BEP facilities are not performed on a timely basis. Also, the RSB does not actively pursue vending sites in some state locations.

The Randolph-Sheppard Vending Stand Act mandates that priority be given to legally blind individuals in the operation of vending facilities existing or to be developed on federally owned, leased, or occupied property. State law provides similar preference in state buildings. The provisions of the Act are administered by the RSB through its BEP. The BEP assists blind persons to achieve success as self-employed business persons by providing facilities, training, inventory, and equipment to enable blind persons to operate vending facilities. Vending facilities include cafeterias, snack bars, convenience stores, and vending machines, including vending machines located in rest areas along the interstate highway system.

The RSB contracts with the Lions Business Opportunities for the Missouri Blind, Inc. (LBOMB), a not-for-profit entity, to provide management services and fund administration for the BEP. The RSB's BEP supervisor serves as the chief operating officer of the LBOMB and supervises the LBOMB's three employees. The LBOMB employees are housed at the RSB central office. As of June 30, 2004, the BEP was supervising the operation of over 55 vending facilities.

- A. State resources (office space, utilities, personnel, equipment and supplies) provided to the LBOMB are not adequately monitored and documented. The agreement between the RSB and LBOMB does not define what state resources the RSB will provide to the LBOMB or any resources the LBOMB is expected to provide.

The LBOMB's annual audit reports show in-kind donations provided by the RSB totaled \$340,844, \$335,426, and \$291,313, for the years ended September 30, 2004, 2003, and 2002, respectively. The 2004 amount included rent, utilities, fifty percent of the BEP supervisor's salary, and twenty-five percent of the assistant BEP supervisor's salary. However, the RSB does not maintain documentation to support these amounts. RSB employees do not prepare time sheets or other supporting documentation to support the time spent on BEP activity. Also, office personnel indicated the RSB provides office supplies, a check printer, a computer printer, phones and phone service, e-mail, Internet service, and computers to the LBOMB employees. Additionally, the RSB pays the salary and fringe benefits of the blind vendor who operates the cafeteria used as a training facility. These costs were not included in the in-kind donation calculation.

To ensure both the RSB and LBOMB have a clear understanding of their obligations, the agreement between the RSB and LBOMB should indicate what resources each entity is expected to provide for the administration of the BEP. In addition, the RSB should track the value of in-kind donations provided to the LBOMB and ensure the in-kind donations are supported by adequate documentation. This is necessary to properly evaluate the costs of administering the BEP.

- B. The BEP does not require annual audits from a certified public accountant (CPA) of the vending facilities, and the department's internal auditor no longer performs facility audits due to budget constraints and personnel shortages.

The last audit of vending facilities performed by the department's internal auditor was for the year ended December 31, 2002. This audit, of eleven facilities in state buildings, cited various problems with facility records and procedures including internal control weaknesses, inadequate records, mathematical errors, failure to submit reports timely, noncompliance with vendor contract terms, failure to submit all required payments to the LBOMB, cash overages and shortages (including fraud), errors made by the LBOMB, improper payroll reporting, and the need for additional training of vending facility managers.

To improve accountability for vending facility operations and ensure facilities are operating in accordance with BEP guidelines, the BEP should require vending facilities to obtain annual audits. These audits should be submitted to the RSB and the RSB should follow-up on any problems cited in the audits.

- C. Sanitation inspections of BEP facilities are not performed on a timely basis. No BEP sanitation inspection forms were located for four of five large vending facilities reviewed. Office personnel indicated sanitation inspections have not been completed timely by the BEP area supervisors, due to budget cuts, personnel shortages, and additional duties for supervising or operating facilities without permanent managers. In addition, office personnel indicated semi-annual

inspections completed by the county health department are not always completed timely. No copies of county health department inspections were on file for the facilities reviewed.

State regulations at 13 CSR 40-91.010(11) require each vending facility manager to maintain the facility according to state and local health laws and regulations and the RSB to conduct a bi-monthly inspection of each vending facility to ensure it is being operated in accordance with federal and state laws and regulations.

The BEP should ensure sanitation inspections of vending facilities are performed on a timely basis to ensure the health and safety of facility patrons is adequately safeguarded.

- D. The BEP has not actively pursued vending sites in colleges, universities, and other large state agency locations. For example, there is only one BEP vending site operating within Department of Corrections' facilities and there are no BEP vending sites within state colleges and universities, or the Department of Transportation offices. BEP personnel indicated past efforts to pursue vending sites at some of these facilities have met with substantial resistance, so site development efforts have been minimal the last few years. For example, colleges and universities may receive large bonuses from their vending contractors; therefore, it appears they are reluctant to release vending operations to the BEP. In addition, some departments operate their own vending machines and use the profits to benefit inmates (Corrections) or pay for employee social events.

Section 8.705, RSMo, indicates blind persons shall be given priority in the operation of vending facilities on state property, including real property owned, leased, rented, or otherwise controlled or occupied by any department, agency or body of this state, including roadside rest areas, except the Department of Mental Health. The BEP should actively pursue vending sites in colleges, universities, and other large state agency locations to maximize opportunities for blind persons to achieve success as self-employed business persons by operating vending facilities.

WE RECOMMEND the department, through the RSB:

- A. Ensure future contracts with the LBOMB clearly document the resources to be provided by each entity to administer the BEP. In addition, the RSB should monitor and track state resources provided to the LBOMB and ensure the value of these resources is supported by adequate documentation so the cost of administering the BEP can be properly evaluated.
- B. Require independent audits of BEP facilities. The RSB should follow-up on any problems cited in the audit reports.
- C. Ensure sanitation inspections of BEP facilities are performed on a timely basis.

- D. Actively pursue BEP vending facility sites at colleges, universities, and other state agency locations.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. Clearer definition of responsibilities and the provision of resources as stated in the nominee agreement will be considered during the next meeting of the LBOMB board of directors in January, 2006. RSB will set up a process through SAM II coding to permit better tracking of BEP costs to the RSB. This will be in place no later than January 1, 2006.*
- B. *We disagree with this recommendation. Area Supervisors and office accounting staff ensure accountability and operational function of the managed facilities on a daily basis in accordance with the BEP administrative rule, including verification of expenses and income which must be reported to LBOMB/BEP on a weekly basis. An independent annual audit, including facility reports and receipts, is conducted on BEP and LBOMB. BEP will follow-up on any audit findings received from the independent annual audit.*
- C. *We partially agree with this recommendation. The BEP program has taken action to improve the issue of timely facility inspections, including hiring area supervisors to fill positions that have been vacant since 2001. The BEP cannot however, dictate the timeliness of local health department reviews. In order to capture data provided by city, county or federal inspectors, BEP has begun requiring copies of these outside inspections be filed at the RSB central office.*
- D. *We agree with this recommendation. RSB agrees that expansion to new vending sites is important but it must not be grown past the staff resources available to manage them. The BEP will continue ongoing discussions with state agencies, colleges and universities not currently served by a BEP facility in order to develop new vending opportunities. BEP will continue to develop the resources and the number of trained managers necessary to allow for expansion to operate additional facilities.*

AUDITOR'S COMMENT

- B. The functions performed by the Area Supervisors and office accounting staff may not be sufficient to prevent and/or correct various problems with facility records and procedures. The functions performed by these employees were in place during the period the internal audits performed by the department revealed significant internal control weaknesses and other problems. It does not appear reasonable to eliminate the auditing function.

6. Personnel Matters

Proposals for vision-related consulting services are not requested, and payments to the State Ophthalmologist's and a medical consultant's businesses may be conflicts of interest. Also, consulting services are not adequately monitored. Additionally, a federal

grant was used to pay an employee that worked for a non-federal program, and the Deputy Director is not serving the RSB on a full-time basis.

- A. Requests for proposals are not prepared for consultants providing vision-related services, and payments to the State Ophthalmologist's and a medical consultant's businesses may be conflicts of interest. Although these consultants are considered part-time state employees, they do not account for their time spent on state business and their services are not adequately monitored.

The FSD employs a consultant to act as the State Ophthalmologist to review vision tests and make visual eligibility determinations for BP and SAB applicants. This consultant's company also provides vision-related services to RSB and other department clients. As State Ophthalmologist, the consultant is paid \$833 a month.

Additionally, the RSB employs two medical consultants to provide services as needed to vocational rehabilitation counselors, because the State Ophthalmologist was unable to provide consulting services to them on a timely basis. One of the consultants resigned in February 2004 and has not been replaced. The other consultant's company also provided vision-related services to the RSB. The consultants are paid \$150 each, per month.

The consultants were paid the following for vision-related services for the three years ended June 30, 2004:

<u>Consultant</u>	<u>Amount</u>
State Ophthalmologist	\$ 29,988
State Ophthalmologist's business	46,339
Medical consultants	10,125
Medical consultant's business	4,569

We noted the following problems with these arrangements:

- Request for proposals are not periodically prepared for these services. Department personnel indicated that the State Ophthalmologist and medical consultants have been used for many years. However, it is unclear how these consultants were chosen.
- The use of the State Ophthalmologist's and a medical consultant's businesses may be conflicts of interest. Section 105.454.1, RSMo prohibits appointed officials or employees from engaging in various financial transactions with the agency with which they are affiliated and receiving in excess of \$1,500 annually, unless the transaction occurs pursuant to an award on a contract let or sale made after public notice and competitive bidding, provided that the bid or offer is the lowest received.

- The State Ophthalmologist and medical consultants are not required to prepare a time sheet or otherwise document the time spent on state business. They are considered part-time state employee, who do not receive state benefits. The RSB does not monitor and account for the type of work performed by the medical consultants to determine whether the services are necessary and the amounts paid are reasonable.

The RSB, in conjunction with the department, should periodically solicit proposals for the State Ophthalmologist and other medical consultants for vision-related services, rather than placing the consultants on the department's payroll. Soliciting proposals and entering into a truly competitive bidding process does not preclude the department from selecting the individual best suited to provide the service required.

Additionally, written agreements should be obtained which specify the services to be rendered and the manner and amount of compensation to be paid. The services should be monitored to substantiate the validity, propriety, and reasonableness of the services.

- B. The RSB used a federal grant to pay the salary and fringe benefits of an employee that worked for a non-federal program. The salary and fringe benefits paid totaled \$34,301, \$32,862, and \$32,808, for the years ended June 30, 2004, 2003, and 2002, respectively. These amounts do not include indirect costs charged to the federal grant at the state's indirect cost rate. The employee worked for the Prevention of Blindness Program, which is 100 percent state funded; however, the payroll position code assigned to the employee was incorrect. Thus, the salary and fringe benefits for the employee were charged to the federal grant for vocational rehabilitation.

The RSB should establish procedures to ensure funding for employees' salaries and fringe benefits is appropriate, based on the employees' job duties.

- C. The Deputy Director of RSB is not serving the RSB on a full-time basis, as required by federal regulation. In addition to overseeing the operations of the RSB, the Deputy Director serves as the legislative liaison for two divisions within the department and supervised the Children's Division's Constituent Unit until May 2004. The Deputy Director estimated approximately five percent of his time was spent on each of these two duties. Federal regulation 34 CFR 361.13(b)(1)(ii) requires the director of the state RSB agency to be a full-time director. The RSB needs to ensure only duties directly related to its activities are assigned to the Deputy Director.

WE RECOMMEND the department, through the RSB:

- A. Periodically solicit proposals for vision-related consulting services, rather than placing the consultants on the department's payroll. A formal written agreement

for services should be obtained which specify the services to be rendered, and the manner and amount of compensation to be paid. In addition, the services should be monitored to ensure services are valid and proper.

- B. Establish procedures to ensure funding for employees' salaries and benefits is appropriate, based on the employees' job duties.
- C. Ensure the Deputy Director serves the RSB on a full-time basis, as required by federal regulation.

AUDITEE'S RESPONSE

- A. *We partially agree with this recommendation. RSB concurs with the recommendation that vision consulting services should be performed by contracted personnel, rather than by temporary employees of the agency and RSB will discontinue the employment of the one remaining vision consultant. However, we feel that a bidding process for services of a person to perform the duties of State Supervising Ophthalmologist is not necessary.*
- B. *We agree with this recommendation. RSB has been working closely with the Division of Budget and Finance for the past 4 weeks to redo our time study. The revised study will help ensure the appropriateness of where salaries and benefits are charged in terms of Federal Grants.*
- C. *We disagree with this recommendation. RSB's Deputy Director position is appointed by the Director of the Family Support Division. As with all FSD Deputy Directors, additional duties are required of the RSB Deputy Director, including some legislative liaison duties and any other duties that support the Division. During the recent Section 107 monitoring conducted by RSB's federal partner, the nature and scope of the Deputy Director's additional duties were discussed with the monitoring personnel and were not included in the out-briefing of areas of concern.*

7. Data Conversion Contract

The RSB did not perform a thorough assessment of its needs and the problems with the existing computer system prior to contracting for data conversion and computer consulting services. In addition, the RSB oversight and monitoring of the conversion has been inadequate. Also, it appears the contract limits were designed to circumvent bid advertisement requirements and the limits were not enforced. These deficiencies have resulted in cost overruns and conversion delays.

Originally expected to be completed by September 1, 2001, at a cost of \$7,500, the RSB currently expects the conversion project to be completed in the fall 2005. Through February 2005, the RSB paid consultants over \$110,000 for data conversion and computer consulting services.

Background Information

In August 2001, the RSB contracted with a CPA firm to convert data from four older databases to one new type of database. The data included client case and payment information for the Vocational Rehabilitation, Older Blind Services, Independent Living, and Prevention of Blindness programs. The contract also provided for the training of RSB personnel to prepare reports using the new database and included a completion date of September 1, 2001, with a maximum payment of \$7,500 to be charged at \$75 per hour. However, the conversion project was not completed by September 1, 2001, and after the maximum payment was met, the CPA firm continued to work part-time on the project without a contract at \$75 per hour through August 2003.

In March 2004, the RSB contracted with a database design firm (consultant) to finish the project. The consultant was a former employee of the CPA firm and had worked on the project. The contract provided a maximum payment of \$24,500, to be charged at \$40 per hour.

In October 2004, after all funds authorized by the contract were paid to the consultant and the project was still incomplete, the RSB hired the consultant as a part-time employee at \$40 per hour (with no benefits), while waiting for the Office of Administration (OA) to procure a contract to continue the project. In March 2005, the OA executed a single feasible source procurement contract between the RSB and the consultant. The contract provides for a rate of \$45 per hour, expires on September 30, 2005, and has no dollar limit. According to RSB personnel, they expect the project to be completed when the contract expires.

Project Costs

Data conversion costs and timeframes have significantly exceeded expectations. As noted above, the project was expected to be completed in 100 hours at a cost of \$7,500. According to RSB records, the project costs from August 2001 through February 2005 are:

<u>Vendor</u>	<u>Cost</u>
CPA Firm	\$ 33,187
Consultant	39,628
Consultant, as part-time employee	<u>37,629</u>
Total cost	<u>\$110,444</u>

Problems Identified

The following contributed to the cost overrun and conversion delay:

- The RSB did not evaluate its old databases, identify the new database criteria, and estimate a reasonable cost and timeframe for the data conversion. Rather, the vendors provided their services at a specified hourly rate. As a result, the

successful outcome and cost of the conversion project was highly dependent on the RSB's ability to communicate system needs to the vendors and to monitor the ongoing project for satisfactory results.

- The RSB did not provide the vendors with clear, written guidelines for the format of the data in the new database and the type of reports needed. It appears that the monitoring of the vendors was communicated informally through discussions with the vendors.
- The old databases contained outdated and erroneous information. Both old and current federal coding related to the type of services provided was used in the old database. Thus, the same code was used for two different services. The coding had to be corrected in the old databases before conversion. In addition, some data did not pass edit checks when converted. For example, a client might have two different social security numbers or be shown to have more than one case open at a time. RSB personnel had to research the edit check errors and manually enter the correct information in the new database.
- The RSB required some information which had been previously tracked manually be entered in the new database. This information includes the amount and purpose of each expenditure for each case. The addition of this information was not considered part of the project when planning the conversion.
- The RSB required the consultant to perform duties other than those listed in the scope of the contract, including extracting information from the old databases for the preparation of federal reports.

Additionally, it appears the RSB did not follow the intent of state bidding laws or provide a legitimate opportunity for prospective vendors to compete. The RSB paid the CPA firm over \$25,000 after the initial contract expired. Also, the maximum limit in the March 2004 contract with the consultant was established at less than \$25,000, even though the RSB had not estimated the amount of time necessary to complete the project. Additionally, although bids were obtained, the consultant, who had previously worked on the project with the CPA firm, was considered the only responsive bidder for the March 2004 contract and was awarded the current contract as a single feasible source.

The RSB must comply with the state's purchasing guidelines, such as soliciting competitive bids for purchases of \$3,000 or more, and referring purchases of \$25,000 or more to OA. Chapter 34, RSMo provides that bids/proposals be advertised for purchases over \$25,000. Soliciting proposal and entering into a truly competitive bidding process does not preclude the RSB from selecting the vendor or individual best suited to provide the service required. Good bidding practices provide the RSB with a range of possible choices and allow it to make a better informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

Summary and Conclusion

It appears the RSB could have reduced the cost and time spent on the data conversion and computer consulting by performing and documenting a thorough assessment of its needs and the problems with the existing computer system, advertising for competitive bids, and enforcing contract limits. It will continue to be critical for the RSB to monitor the project closely to ensure the database is complete and accurate, the anticipated completion date is met, and cost overruns are kept to a minimum.

WE RECOMMEND the department, through the RSB, closely monitor the project progress. In the future, if the RSB procures computer system services, the RSB should perform and document a thorough needs assessment and identify the problems with existing systems prior to entering into contracts for computer services. The procurement process should be handled in a manner consistent with the intent of state law. Also, a written agreement should be prepared which clearly specifies the services to be provided, the cost of the services, and a reasonable estimate of the time necessary to provide the services.

AUDITEE'S RESPONSE

We agree with this recommendation. RSB will continue to closely monitor the data conversion project. If future work is needed which involves any computer consulting, RSB will do a thorough needs assessment in conjunction with the division's information technology personnel and will follow all state procurement procedures.

8. Capital Asset Records and Procedures
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The RSB needs to improve its records and procedures for capital assets. The department's Division of General Services (DGS) is responsible for maintaining all department capital assets records, with the RSB being responsible for attaching property tags and taking the physical inventories. At May 12, 2005, the RSB was responsible for capital assets totaling approximately \$3.4 million.

- A. A physical inventory of the capital assets is not completed on an annual basis as required by state regulations.

Office personnel indicated physical inventories had not been requested by the DGS for several years prior to January 2004, and a physical inventory of the BEP capital assets was not conducted in January 2004 because the DGS did not provide an inventory listing for the physical inventory. In addition, the January 2004 physical inventory of the RSB central office capital assets was not completed. Only a portion of the capital assets were located. The inventory list indicated 72 items were located, 384 items were not located, and 86 items were sent to the DGS to be surplus. However, our review of the capital asset records showed some of the surplus items were not removed from the capital asset

records by the DGS as of June 2005. It appears the RSB made no effort to complete the 2004 physical inventory or to resolve the discrepancies.

Annual physical inventories are necessary to establish proper accountability over capital assets. In addition, the Code of State Regulations, at 15 CSR 40-2.031, requires an annual physical inventory of capital assets and the reconciliation of this inventory with the capital asset records and with the prior annual physical inventory. Timely and proper review of discrepancies is necessary to maximize the benefit of the physical inventory procedure.

- B. Some purchases were not recorded in the capital asset records. Four cafeteria equipment purchases and the related installation charges, totaling approximately \$490,000, were not recorded in the capital asset records. For two of the purchases, paid invoices were not itemized to provide the cost of each item purchased. For the third purchase, an itemized invoice was received, but was not provided to the employee responsible for obtaining inventory tags for the items, so the items were not tagged and added to the capital asset records. The fourth purchase was added to the capital asset records after we brought the omission to the attention of RSB personnel. In addition, a vehicle purchased in February 1995 for \$10,500 was not recorded on the capital asset records until we inquired about the vehicle's tag number.

The failure to record property items reduces the control and accountability over capital assets and increases the potential for loss, theft, or misuse of assets. In addition, all disbursements for capital assets should be supported by itemized documentation to ensure capital asset costs can be determined and the amounts paid are proper and represent appropriate uses of public funds.

WE RECOMMEND the department, through the RSB:

- A. Conduct an annual physical inventory of the capital assets, reconcile the physical inventory to the capital asset records, and resolve any discrepancies. Also, the documentation of the physical inventories should be retained to show compliance with state regulations.
- B. Establish procedures to ensure all capital assets are tagged and recorded in the capital asset records. Additionally, disbursements for capital assets should be supported by itemized documentation.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. RSB is currently working closely with the Division of General Services to develop a current inventory list which can be used to conduct a physical inventory.*

- B. We agree with this recommendation. RSB has already begun tagging and recording all capital assets and documenting their acquisition.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
BLIND PENSION FUND AND
REHABILITATION SERVICES FOR THE BLIND
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Division of Family Services (DFS) was established in 1974. Pursuant to the Governor's Executive Order 03-02, issued in February 2003, the duties of the Income Maintenance Unit of the DFS were transferred to the newly created Family Support Division (FSD). The FSD administers several financial assistance programs, including the Blind Pension and Supplemental Aid to the Blind programs, and maintains an office in each county and in the city of St. Louis. Denise Cross served as the Director of the FSD until June 2005. She was replaced by Janel Luck, as Interim Director, who continues in that position.

The Rehabilitation Services for the Blind (RSB) is a unit within the FSD which administers service programs for the blind and visually impaired and serves as the commission for the blind. The RSB has local offices in seven locations in the state. The Deputy Director of the RSB is appointed by the Director of the FSD. Sally Howard served as the Deputy Director until January 2002. She was replaced on an interim basis by Bill Hagood, who served in that capacity until March 2003. Dr. Betty Davidson was appointed Deputy Director at that time and served until November 2003. She was replaced by Mike Fester who served as Interim Deputy Director until December 2003, when he was named full-time Deputy Director. Mr. Fester continues in that position.

The State Rehabilitation Advisory Council for the Blind was established by the Governor's Executive Order 93-01, issued in February 1993, to advise the RSB on planning, development, support, implementation, and evaluation of rehabilitation services. The council consists of up to 21 individuals appointed by the Governor to be broadly representative of rehabilitation interests of persons in the state who are blind or severely visually impaired.

Blind Pension (BP): The BP program was established in 1921 and is governed by Sections 209.010 to 209.160, RSMo. The program is funded by a state property tax of three cents per \$100 of assessed valuation, which is deposited in the Blind Pension Fund. The tax is authorized by Article III, Section 38(b) of the Missouri Constitution and Section 209.130, RSMo. The program provides assistance for blind persons who do not qualify under the supplemental aid to the blind law (state funded program) and who are not eligible for Supplemental Security Income (SSI) benefits (federally funded). BP recipients must not have real or personal property worth more than \$20,000, excluding real estate occupied as a home. Each eligible person receives a monthly cash grant and state-funded Medicaid, but is not allowed to receive any other public assistance payments.

Supplemental Aid to the Blind (SAB): The SAB program was established to comply with Title XVI, Section 1618, of the Social Security Act and Section 208.030, RSMo. The program is operated in conjunction with the BP program and is funded by the Blind Pension Fund. The SAB program provides blind persons, age 18 or older, who meet certain requirements, with reasonable subsistence in accordance with the standards developed by the FSD. SAB recipients

must not have real or personal property, excluding real estate occupied as a home, worth more than \$2,000 for a single individual, or \$4,000 for a married couple, and must comply with the income limits established by the FSD. Eligible individuals receive a monthly cash grant and Medicaid, but are not allowed to receive any other public assistance payments, except SSI. SAB payments are reduced by the amount of SSI benefits received.

Vocational Rehabilitation (VR): The VR program provides services necessary to enable blind and visually impaired individuals to obtain and retain suitable employment. Services include counseling and guidance, job placement, travel, training, equipment, physical restoration, and instruction in communication, personal management and homemaking skills. The program is funded by both federal and state funds and is governed by the Rehabilitation Act of 1973, as amended by Rehabilitation Act Amendments of 1992, the Workforce Investment Act of 1998, and the Rehabilitation Act Amendments of 1998.

Business Enterprise Program (BEP): The Randolph-Sheppard Vending Stand Act and Section 8.705, RSMo, mandate that priority be given to legally blind individuals in the operation of vending facilities existing or to be developed on property owned, leased, or occupied by the federal and state governments. The provisions of the Act are administered by the RSB through its BEP and the program is funded with both federal and state funds through the VR program. The BEP assists blind persons to achieve success as self-employed business persons by providing facilities, training, inventory, and equipment to enable blind persons to operate vending facilities.

Supported Employment: This program provides time-limited intensive on-the-job support services for clients with the most severe disabilities that have not been successful in obtaining and retaining employment through the VR program. The program is funded by both federal and state funds and is governed by the Rehabilitation Act of 1973, as amended by the Rehabilitation Act Amendments of 1998.

Independent Living Rehabilitation: This program provides services 1) to families with visually impaired children up to age 14 for educational advocacy, parent education referral and resource information, and counseling, 2) to visually impaired adults for equipment, physical restoration, training in areas of communication, personal management and homemaking skills, 3) to blind and visually impaired individuals over age 55 for eye exams, peer counseling, low vision aids, training in orientation and mobility, communication and other activities of daily living. This program is funded with both federal and state funds and is governed by the Rehabilitation Act of 1973, as amended by Rehabilitation Act Amendments of 1992.

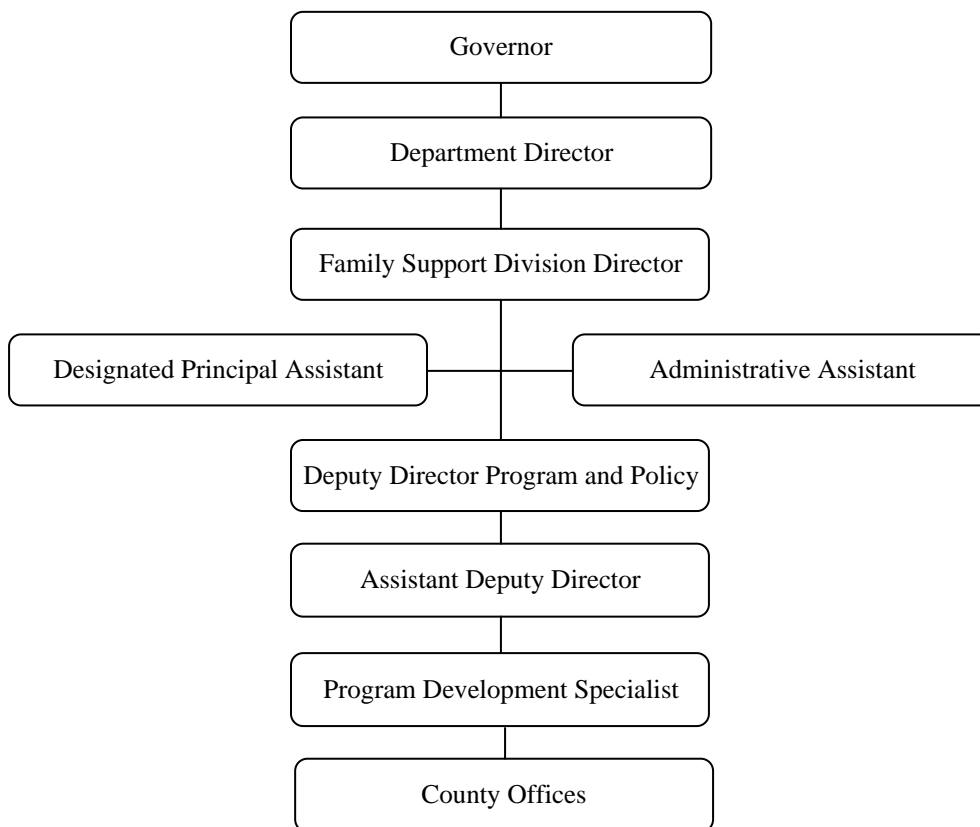
Prevention of Blindness: This program arranges for and provides eye care to medically indigent persons, including treatment, surgery, hospitalization, medication, and other physical restoration services, as well as a glaucoma program and screening clinics for glaucoma and vision. The program is funded entirely with state funds and is governed by Sections 207.010, 207.202, and 209.010, RSMo.

Readers for the Blind: This program provides up to \$500 per year to meet the cost of reader services for eligible blind individuals who are attending eligible post-secondary institutions. The

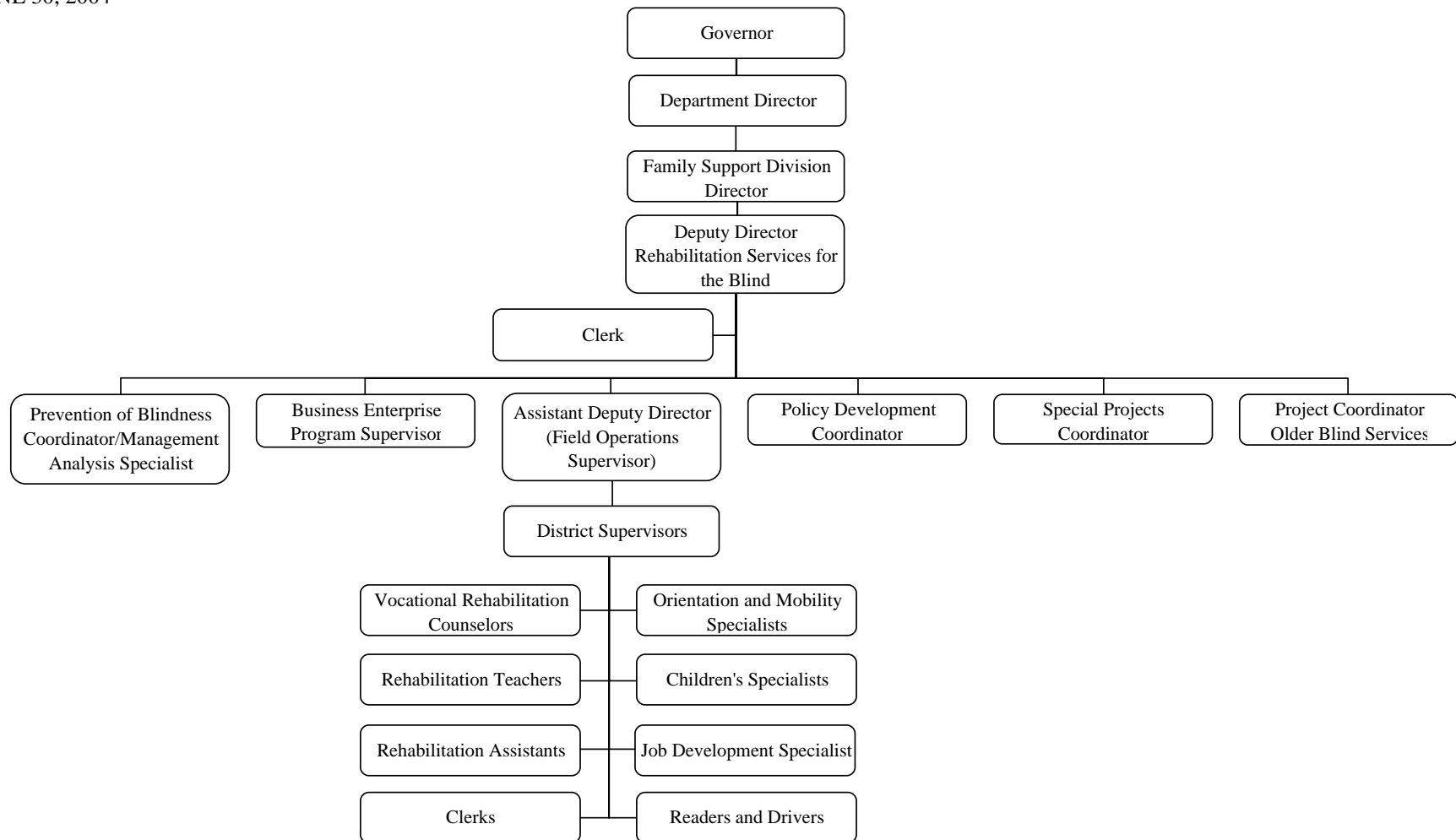
program is funded entirely with state funds and is governed by Sections 178.160 to 178.180, RSMo.

At June 30, 2004, the RSB employed 102 full-time and 48 part-time staff. The part-time staff includes 39 readers/drivers, for the blind and visually impaired RSB staff. The readers/drivers are utilized on an as needed basis. Organization charts for the BP/SAB programs and RSB follow:

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
BLIND PENSION AND SUPPLEMENTAL AID TO THE BLIND PROGRAMS
ORGANIZATION CHART
JUNE 30, 2004



DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 REHABILITATION SERVICES FOR THE BLIND
 ORGANIZATION CHART
 JUNE 30, 2004



Appendix A

DEPARTMENT OF SOCIAL SERVICES

FAMILY SUPPORT DIVISION

BLIND PENSION FUND

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH AND INVESTMENTS

	Year Ended June 30,		
	2004	2003	2002
RECEIPTS			
Penalties and court awards	\$ 0	6,664	0
Cost reimbursements	41,593	48,777	25,509
Pension refunds	73,105	11,659	3,402
Blind pension tax	22,762,851	21,490,139	20,988,032
Miscellaneous	559	2,630	40
Total Receipts	<u>22,878,108</u>	<u>21,559,869</u>	<u>21,016,983</u>
DISBURSEMENTS			
Personal service	836,131	548,403	542,901
Employee fringe benefits	275,914	171,511	175,555
Expense and equipment	335,838	178,622	165,768
Hancock refunds	0	13,761	0
State office building rent	7,796	7,431	12,142
State office building maintenance and repair	1,084	1,010	1,625
Program distributions	<u>21,188,265</u>	<u>18,592,574</u>	<u>17,619,656</u>
Total Disbursements	<u>22,645,028</u>	<u>19,513,312</u>	<u>18,517,647</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	233,080	2,046,557	2,499,336
CASH AND INVESTMENTS, JULY 1	<u>12,495,281</u>	<u>10,448,724</u>	<u>7,949,388</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 12,728,361</u>	<u>12,495,281</u>	<u>10,448,724</u>

Appendix B

DEPARTMENT OF SOCIAL SERVICES

FAMILY SUPPORT DIVISION

BLIND PENSION FUND

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

				Year Ended June 30,									
				2004			2003			2002			
				Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	
BLIND PENSION FUND													
Blind Administration Personal Service				\$	854,016	836,131	17,885	573,580	548,403	25,177	573,580	542,901	30,679
Blind Administration Expense and Equipment					210,637	210,630	7	93,027	71,207	21,820	93,027	58,773	34,254
Blind Pensions					20,580,572	19,763,554	817,018	18,793,348	18,567,876	225,472	17,567,588	17,431,046	136,542
Division of Family Services, Administrative Services													
Expense and Equipment					0	0	0	62,417	0	62,417	62,417	37,233	25,184
Services for Visually Impaired					1,549,935	1,549,908	27	310,000	132,046	177,954	310,000	267,017	42,983
Unemployment Benefits					0	0	0	200	74	126	0	0	0
Total Blind Pension Fund				\$	23,195,160	22,360,223	834,937	19,832,572	19,319,606	512,966	18,606,612	18,336,970	269,642

Appendix C

DEPARTMENT OF SOCIAL SERVICES

FAMILY SUPPORT DIVISION

BLIND PENSION FUND

COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2004	2003	2002
Salaries and wages	\$ 836,131	548,403	542,901
Travel, in-state	110,937	36,033	23,553
Travel, out-of-state	2,803	896	2,078
Fuel and utilities	857	375	186
Supplies	21,134	7,034	5,612
Professional development	11,996	400	475
Communication services and supplies	32,479	9,697	9,272
Services:			
Professional	129,391	109,990	110,630
Housekeeping and janitorial	1,142	649	126
Maintenance and repair	4,073	4,287	4,378
Office equipment	1,325	7,061	418
Other equipment	10,113	2,048	6,850
Building lease payments	60	0	0
Equipment rental and leases	338	36	0
Miscellaneous expenses	9,179	123	1,740
Program distributions	21,188,265	18,592,574	17,628,751
Total Expenditures	\$ <u>22,360,223</u>	<u>19,319,606</u>	<u>18,336,970</u>

Appendix D

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
REHABILITATION SERVICES FOR THE BLIND
COMPARATIVE STATEMENT OF EXPENDITURES (BY FUND)

		Year Ended June 30,		
		2004	2003	2002
General Revenue Fund	\$	821	1,582,791	893,835
Division of Family Services Donation Fund		80,809	0	91,869
Temporary Assistance for Needy Families Fund - Federal		61	88	0
Department of Social Services - Federal and Other		8,049,713	8,364,267	8,125,721
Blind Pension Fund		2,595,838	750,541	867,063
Total Expenditures	\$	<u>10,727,242</u>	<u>10,697,687</u>	<u>9,978,488</u>

Appendix E

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
REHABILITATION SERVICES FOR THE BLIND
COMPARATIVE STATEMENT OF EXPENDITURES (BY TYPE)

	Year Ended June 30,		
	2004	2003	2002
Salaries and wages	\$ 3,387,544	3,552,523	3,745,482
Travel, in-state	232,496	269,348	337,043
Travel, out-of-state	8,043	9,745	16,668
Fuel and utilities	6,436	2,758	2,969
Supplies	95,589	88,292	88,762
Professional development	12,473	12,123	10,789
Communication services and supplies	74,260	68,018	83,762
Services:			
Professional	193,519	147,411	112,550
Housekeeping and janitorial	5,055	2,831	1,675
Maintenance and repair	25,479	33,437	35,939
Computer equipment	72,957	27,967	117,078
Office equipment	28,347	18,880	7,647
Other equipment	364,298	486,198	161,684
Property and improvements	275	0	0
Real property rentals and leases	120	213,910	200,726
Equipment rental and leases	411	1,101	462
Miscellaneous expenses	16,283	25,574	26,777
Program distributions	6,203,657	5,737,571	5,028,475
Total Expenditures	\$ <u>10,727,242</u>	<u>10,697,687</u>	<u>9,978,488</u>

Appendix F

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
REHABILITATION SERVICES FOR THE BLIND
COMPARATIVE STATEMENT OF EXPENDITURES (BY PROGRAM)

	Year Ended June 30,		
	2004	2003	2002
Vocational rehabilitation program	\$ 5,896,896	5,621,043	5,201,730
Business enterprise program	387,739	495,921	165,853
Supported employment program	43,200	38,656	30,927
Independent living program - children and adults	65,970	53,738	57,887
Independent living program - older adults	559,481	571,914	340,283
Prevention of blindness program	250,974	250,447	309,632
Other programs	135,438	113,445	126,694
Personal service*	3,387,544	3,552,523	3,745,482
	<u>\$ 10,727,242</u>	<u>10,697,687</u>	<u>9,978,488</u>

* Personal service costs are not included in the applicable program amounts. Personal service costs are allocated to various programs as direct charges or through time studies.



Claire McCaskill

Missouri State Auditor

December 2005

Maries County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Maries, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Maries County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

Numerous findings in this report are repeated from the previous audit report performed for the two years ended December 31, 2000. Although various county officials indicated in that report that the recommendations would be implemented, very little improvement was made.

The long term liability of the county continues to increase yearly as the county continues to finance new road and bridge equipment. The ratio of the annual loan payments to total annual receipts continues to increase. In 2004, the ratio was approximately 16 percent and based on 2005 budgeted receipts, the ratio is expected to average 17 percent over the next three years. At December 31, 2004, the county has \$818,659 in outstanding debt. In addition, while there are payment schedules for the nine loans held, the county does not follow these schedules to ensure payments are made on time and, as a result, two loan payments were made late resulting in additional interest payments of \$3,560.

The county failed to include \$200,000 invested in a savings account on the county's published financial statements and the budget documents. Also, transactions between the savings and checking accounts were improperly recorded as disbursements and receipts to the General Fund and the county's budgets contained several other misclassifications of receipts and disbursements.

The county did not solicit bids or retain bid documentation for various purchases totaling over \$258,000 for the two years ended December 31, 2004. In addition, some invoices were not marked paid or cancelled to prevent duplicate payments, and the County Commission approved payments to vendors totaling approximately \$35,000 based on inadequate supporting documentation. Federal Forms 1099 were not always issued and fuel tax reimbursements were not claimed on a timely basis.

(over)

YELLOW SHEET

Several problems were noted concerning the county officials' salaries and compensation including problems with cost of living adjustments, improper salary increases, and the use of the wrong salary schedule and incorrect assessed valuations. Similar problems were noted in our prior audit; however, the salary commission did not meet in 1999 or 2001. The salary commission did meet in 2003 and 2005 and appears to be working to correct some of these problems.

Several problems were noted concerning the county's budget and financial statements including actual disbursements exceeded budgeted amounts in several funds and budget amendments were made after the budget was exceeded. The County Commission approved deficit budgets and formal budgets were not approved for some county funds. In addition, fund activities per the County Clerk's ledgers were not reconciled to the Treasurer's records to identify and correct variances on a timely basis.

In the Sheriff's office, receipts are not deposited timely and old outstanding checks are not adequately followed up. In addition, monthly bank balances are not reconciled with listings of liabilities. Accounting duties in the Sheriff's office are not adequately segregated and no documented independent review of the records is performed.

Other areas where concerns were noted included overtime paid to Sheriff's deputies that was not in compliance with the county's policy, the payment of the Treasurer's and Collector's bonds from an incorrect fund, property and vehicle records and procedures, and computer controls. In addition, the audit included recommendations to the ex officio Recorder of Deeds, the Circuit Clerk, the Associate and Probate Divisions, the County Clerk, the Prosecuting Attorney, and the Licensing Office regarding various accounting controls and procedures.

All reports are available on our website: www.auditor.mo.gov

MARIES COUNTY, MISSOURI

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MARIES COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Maries County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Maries County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Maries County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 19, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Maries County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 19, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Tsetsegsaikhan Chadraabal (Flower)
Audit Staff:	Jennifer Martin
	Carrie Kaprowski
	Ryan A. Shepherd



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Maries County, Missouri

We have audited the financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Maries County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Responses as finding numbers 04-1 and 04-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding number 04-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Maries County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Maries County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 19, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

MARIES COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 132,269	1,228,209	1,065,169	295,309
Road and Bridge #1	67,277	517,302	562,839	21,740
Road and Bridge #2	39,555	470,072	495,851	13,776
Assessment	612	121,618	119,742	2,488
Prosecuting Attorney Training	226	283	369	140
Prosecuting Attorney Bad Check	2,618	6,014	4,049	4,583
Children's Trust	30	337	256	111
Recorder's Record Storage	38,102	8,239	2,741	43,600
Law Enforcement Training	6,833	2,644	2,944	6,533
Citizens' Safety	3,285	138,171	137,208	4,248
Sheriff's Special	8,784	10,327	7,016	12,095
Law Enforcement	0	616	0	616
Maries County Law Enforcement	997	86	0	1,083
911	48,359	74,156	79,336	43,179
Law Library	156	6,999	6,844	311
Circuit Clerk Interest	5,136	140	0	5,276
Associate Circuit Division Interest	54	22	10	66
Tax Maintenance	7,508	8,348	3,283	12,573
Election Service	2,225	1,973	1,602	2,596
Prosecuting Attorney Delinquent Tax	1,250	869	0	2,119
HAVA	0	15,021	0	15,021
Total	\$ 365,276	2,611,446	2,489,259	487,463

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MARIES COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 68,959	1,063,117	999,807	132,269
Road and Bridge #1	47,135	797,350	777,208	67,277
Road and Bridge #2	43,429	560,596	564,470	39,555
Assessment	1,340	113,144	113,872	612
Prosecuting Attorney Training	52	229	55	226
Prosecuting Attorney Bad Check	3,982	5,362	6,726	2,618
Children's Trust	244	260	474	30
Recorder's Record Storage	33,189	9,054	4,141	38,102
Law Enforcement Training	8,464	1,621	3,252	6,833
Citizens' Safety	11,641	107,979	116,335	3,285
Sheriff's Special	9,542	8,785	9,543	8,784
Law Enforcement	268	5	273	0
Maries County Law Enforcement	938	59	0	997
911	49,996	80,032	81,669	48,359
Law Library	90	8,393	8,327	156
Circuit Clerk Interest	4,821	315	0	5,136
Associate Circuit Division Interest	66	26	38	54
Tax Maintenance	0	8,037	529	7,508
Election Service	2,694	864	1,333	2,225
Prosecuting Attorney Delinquent Tax	0	1,250	0	1,250
Total	\$ 286,850	2,766,478	2,688,052	365,276

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,347,368	2,596,425	249,057	3,364,818	2,765,228	(599,590)
DISBURSEMENTS	2,538,714	2,489,259	49,455	3,399,950	2,688,052	711,898
RECEIPTS OVER (UNDER) DISBURSEMENTS	(191,346)	107,166	298,512	(35,132)	77,176	112,308
CASH, JANUARY 1	365,003	365,276	273	286,995	286,850	(145)
CASH, DECEMBER 31	173,657	472,442	298,785	251,863	364,026	112,163
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	303,978	306,170	2,192	270,989	286,920	15,931
Sales taxes	285,500	516,305	230,805	432,500	431,160	(1,340)
Intergovernmental	173,800	101,199	(72,601)	19,761	56,537	36,776
Charges for service:	173,900	182,837	8,937	167,260	173,386	6,126
Interest	2,300	1,587	(713)	1,400	2,382	982
Other	65,912	55,664	(10,248)	38,649	46,588	7,939
Transfers in	64,350	64,447	97	64,139	66,144	2,005
Total Receipts	1,069,740	1,228,209	158,469	994,698	1,063,117	68,419
DISBURSEMENTS						
County Commission	61,508	60,764	744	60,681	60,119	562
County Clerk	59,496	59,228	268	52,036	51,968	68
Elections	50,725	48,090	2,635	22,442	17,434	5,008
Buildings and ground:	66,975	66,606	369	48,415	56,216	(7,801)
Employee fringe benefit:	134,432	183,319	(48,887)	127,018	160,108	(33,090)
County Treasurer	25,448	25,140	308	24,994	24,821	173
County Collector	63,882	63,052	830	62,598	61,283	1,315
Circuit Clerk and Ex Officio						
Recorder of Deeds	24,976	24,494	482	23,236	22,686	550
Associate Circuit and Probate Court:	13,555	7,921	5,634	11,705	7,660	4,045
Court administration	11,210	7,051	4,159	11,478	3,692	7,786
Public Administrator	18,842	17,247	1,595	23,317	21,782	1,535
Sheriff	92,161	86,145	6,016	101,231	107,162	(5,931)
Jail	130,263	127,595	2,668	123,087	119,081	4,006
Prosecuting Attorney	62,246	61,874	372	63,025	65,722	(2,697)
Juvenile Officer	23,408	18,660	4,748	32,541	17,183	15,358
County Coroner	14,751	9,004	5,747	11,731	8,782	2,949
License office	44,860	44,484	376	38,645	38,867	(222)
Other	6,500	3,136	3,364	6,700	2,845	3,855
Trash Patrol	4,500	4,844	(344)	2,170	3,881	(1,711)
Other Government	101,185	94,516	6,669	108,452	104,711	3,741
Public health and welfare service:	8,000	6,685	1,315	8,000	6,872	1,128
Transfers out	45,314	45,314	0	36,932	36,932	0
Emergency Fund	32,092	0	32,092	29,841	0	29,841
Total Disbursement:	1,096,329	1,065,169	31,160	1,030,275	999,807	30,468
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,589)	163,040	189,629	(35,577)	63,310	98,887
CASH, JANUARY 1	131,996	132,269	273	68,959	68,959	0
CASH, DECEMBER 31	105,407	295,309	189,902	33,382	132,269	98,887

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2004			2003			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>ROAD AND BRIDGE FUND #1</u>						
RECEIPTS						
Property taxes	107,836	107,884	48	97,733	100,913	3,180
Sales taxes	65,000	63,969	(1,031)	40,000	59,281	19,281
Intergovernmental	246,000	250,274	4,274	283,050	282,400	(650)
Interest	1,500	1,017	(483)	1,100	1,665	565
Loan proceeds	15,000	51,445	36,445	525,000	0	(525,000)
Sale of equipment	20,000	21,500	1,500	330,000	330,250	250
Other	28,725	21,213	(7,512)	7,450	22,841	15,391
Total Receipts	484,061	517,302	33,241	1,284,333	797,350	(486,983)
DISBURSEMENTS						
Salaries	115,000	118,388	(3,388)	111,540	110,941	599
Employee fringe benefit:	35,673	41,865	(6,192)	38,780	38,130	650
Supplies	59,000	73,364	(14,364)	55,000	53,866	1,134
Insurance	7,000	7,000	0	4,000	7,008	(3,008)
Road and bridge materials	104,500	105,049	(549)	145,000	89,552	55,448
Equipment repairs	15,000	25,972	(10,972)	15,000	20,270	(5,270)
Equipment purchase:	102,491	72,395	30,096	312,000	113,572	198,428
Construction, repair, and maintenance	11,500	6,970	4,530	35,000	39,341	(4,341)
Lease payment:	90,009	89,884	125	537,000	284,629	252,371
Other	10,800	9,062	1,738	13,000	7,019	5,981
Transfers out	12,890	12,890	0	12,880	12,880	0
Total Disbursement:	563,863	562,839	1,024	1,279,200	777,208	501,992
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,802)	(45,537)	34,265	5,133	20,142	15,009
CASH, JANUARY 1	67,276	67,276	0	47,135	47,135	0
CASH, DECEMBER 31	(12,526)	21,739	34,265	52,268	67,277	15,009
<u>ROAD AND BRIDGE FUND #2</u>						
RECEIPTS						
Property taxes	85,000	84,855	(145)	82,306	84,249	1,943
Sales taxes	50,000	54,165	4,165	46,900	48,502	1,602
Intergovernmental	230,050	202,943	(27,107)	187,075	201,693	14,618
Interest	1,500	655	(845)	1,000	1,542	542
Loan proceeds	15,000	100,900	85,900	175,000	0	(175,000)
Sale of equipment	3,000	2,369	(631)	216,000	210,000	(6,000)
Other	45,800	24,185	(21,615)	11,115	14,610	3,495
Total Receipts	430,350	470,072	39,722	719,396	560,596	(158,800)
DISBURSEMENTS						
Salaries	115,000	105,438	9,562	111,540	92,016	19,524
Employee fringe benefit:	35,673	37,130	(1,457)	38,780	35,352	3,428
Supplies	59,000	64,235	(5,235)	64,500	63,700	800
Insurance	5,000	5,000	0	3,600	4,685	(1,085)
Road and bridge materials	90,500	67,254	23,246	32,500	18,553	13,947
Equipment repairs	500	3,715	(3,215)	500	5,253	(4,753)
Equipment purchase:	77,009	114,316	(37,307)	407,000	32,878	374,122
Construction, repair, and maintenance	31,000	6,257	24,743	35,500	71,080	(35,580)
Lease payment:	64,404	64,304	100	6,413	224,141	(217,728)
Other	8,800	18,202	(9,402)	9,450	6,960	2,490
Transfers out	10,000	10,000	0	9,852	9,852	0
Total Disbursement:	496,886	495,851	1,035	719,635	564,470	155,165
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,536)	(25,779)	40,757	(239)	(3,874)	(3,635)
CASH, JANUARY 1	39,556	39,556	0	43,429	43,429	0
CASH, DECEMBER 31	(26,980)	13,777	40,757	43,190	39,555	(3,635)

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	76,605	92,093	15,488	81,550	76,289	(5,261)
Charges for service:	400	600	200	400	385	(15)
Interest	130	92	(38)	160	125	(35)
Other	0	15	15	5	16	11
Transfers in	51,787	28,818	(22,969)	40,794	36,329	(4,465)
Total Receipts	128,922	121,618	(7,304)	122,909	113,144	(9,765)
DISBURSEMENTS						
Assessor	129,018	119,742	9,276	122,920	113,872	9,048
Total Disbursement:	129,018	119,742	9,276	122,920	113,872	9,048
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96)	1,876	1,972	(11)	(728)	(717)
CASH, JANUARY 1	612	612	0	1,340	1,340	0
CASH, DECEMBER 31	516	2,488	1,972	1,329	612	(717)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	227	282	55	290	227	(63)
Interest	2	1	(1)	10	2	(8)
Total Receipts	229	283	54	300	229	(71)
DISBURSEMENTS						
Prosecuting Attorney	100	369	(269)	300	55	245
Total Disbursement:	100	369	(269)	300	55	245
RECEIPTS OVER (UNDER) DISBURSEMENTS	129	(86)	(215)	0	174	174
CASH, JANUARY 1	226	226	0	52	52	0
CASH, DECEMBER 31	355	140	(215)	52	226	174
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	5,300	5,968	668	6,000	5,280	(720)
Interest	80	46	(34)		82	82
Total Receipts	5,380	6,014	634	6,000	5,362	(638)
DISBURSEMENTS						
Prosecuting Attorney	7,750	4,049	3,701	7,039	6,726	313
Total Disbursement:	7,750	4,049	3,701	7,039	6,726	313
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,370)	1,965	4,335	(1,039)	(1,364)	(325)
CASH, JANUARY 1	2,618	2,618	0	3,982	3,982	0
CASH, DECEMBER 31	248	4,583	4,335	2,943	2,618	(325)

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDRENS TRUST FUND</u>						
RECEIPTS						
Charges for service:	250	335	85	280	255	(25)
Interest	0	2	2	7	5	(2)
Total Receipts	250	337	87	287	260	(27)
DISBURSEMENTS						
Payments to domestic violence shelter	450	256	194	287	474	(187)
Total Disbursement:	450	256	194	287	474	(187)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	81	281	0	(214)	(214)
CASH, JANUARY 1	30	30	0	244	244	0
CASH, DECEMBER 31	(170)	111	281	244	30	(214)
<u>RECORDER'S RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for service:	8,200	7,647	(553)	6,100	8,340	2,240
Interest	650	592	(58)	1,000	714	(286)
Total Receipts	8,850	8,239	(611)	7,100	9,054	1,954
DISBURSEMENTS						
Ex Officio Recorder of Deeds	8,500	2,741	5,759	8,500	4,141	4,359
Total Disbursement:	8,500	2,741	5,759	8,500	4,141	4,359
RECEIPTS OVER (UNDER) DISBURSEMENTS	350	5,498	5,148	(1,400)	4,913	6,313
CASH, JANUARY 1	38,102	38,102	0	33,189	33,189	0
CASH, DECEMBER 31	38,452	43,600	5,148	31,789	38,102	6,313
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	900	1,128	228	2,000	958	(1,042)
Interest	150	103	(47)	300	163	(137)
Other	1,000	1,413	413	500	500	0
Total Receipts	2,050	2,644	594	2,800	1,621	(1,179)
DISBURSEMENTS						
Sheriff	6,750	2,944	3,806	8,400	3,252	5,148
Total Disbursement:	6,750	2,944	3,806	8,400	3,252	5,148
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,700)	(300)	4,400	(5,600)	(1,631)	3,969
CASH, JANUARY 1	6,833	6,833	0	8,464	8,464	0
CASH, DECEMBER 31	2,133	6,533	4,400	2,864	6,833	3,969
<u>CITIZENS' SAFETY FUND</u>						
RECEIPTS						
Sales taxes	110,000	118,134	8,134	122,000	107,782	(14,218)
Interest	200	37	(163)	0	197	197
Transfers in	0	20,000	20,000	0	0	0
Total Receipts	110,200	138,171	27,971	122,000	107,979	(14,021)
DISBURSEMENTS						
Sheriff	123,720	137,208	(13,488)	114,005	116,335	(2,330)
Total Disbursement:	123,720	137,208	(13,488)	114,005	116,335	(2,330)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,520)	963	14,483	7,995	(8,356)	(16,351)
CASH, JANUARY 1	3,285	3,285	0	11,641	11,641	0
CASH, DECEMBER 31	(10,235)	4,248	14,483	19,636	3,285	(16,351)

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Charges for service:	8,500	10,176	1,676	7,500	8,600	1,100
Interest	150	151	1	300	185	(115)
Total Receipts	8,650	10,327	1,677	7,800	8,785	985
DISBURSEMENTS						
Sheriff	9,300	7,016	2,284	10,400	9,543	857
Total Disbursement:	9,300	7,016	2,284	10,400	9,543	857
RECEIPTS OVER (UNDER) DISBURSEMENTS	(650)	3,311	3,961	(2,600)	(758)	1,842
CASH, JANUARY 1	8,784	8,784	0	9,542	9,542	0
CASH, DECEMBER 31	8,134	12,095	3,961	6,942	8,784	1,842
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest	0	6	6	0	5	5
Other	0	610	610	0	0	0
Total Receipts	0	616	616	0	5	5
DISBURSEMENTS						
Transfers out	0	0	0	0	273	(273)
Total Disbursement:	0	0	0	0	273	(273)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	616	616	0	(268)	(268)
CASH, JANUARY 1	0	0	0	268	268	0
CASH, DECEMBER 31	0	616	616	268	0	(268)
<u>MARIES COUNTY LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for service:	40	70	30	0	40	40
Interest	20	16	(4)	0	19	19
Total Receipts	60	86	26	0	59	59
DISBURSEMENTS						
Total Disbursement:	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	60	86	26	0	59	59
CASH, JANUARY 1	997	997	0	938	938	0
CASH, DECEMBER 31	1,057	1,083	26	938	997	59

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Charges for service:	79,100	73,356	(5,744)	80,000	78,763	(1,237)
Interest	1,000	800	(200)	2,000	1,269	(731)
Total Receipts	80,100	74,156	(5,944)	82,000	80,032	(1,968)
DISBURSEMENTS						
Salaries	0	0	0	4,797	1,187	3,610
Office expense	10,590	8,345	2,245	11,202	10,032	1,170
Equipment expense	22,200	19,850	2,350	18,370	20,286	(1,916)
Other	500	863	(363)	700	696	4
Transfers out	50,059	50,278	(219)	51,000	49,468	1,532
Total Disbursement:	83,349	79,336	4,013	86,069	81,669	4,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,249)	(5,180)	(1,931)	(4,069)	(1,637)	2,432
CASH, JANUARY 1	48,359	48,359	0	49,996	49,996	0
CASH, DECEMBER 31	45,110	43,179	(1,931)	45,927	48,359	2,432
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	1,400	1,685	285	1,890	1,370	(520)
Other	0	0	0	0	91	91
Transfers in	7,000	5,314	(1,686)	5,900	6,932	1,032
Total Receipts	8,400	6,999	(1,401)	7,790	8,393	603
DISBURSEMENTS						
Law Library	8,400	6,844	1,556	7,790	8,327	(537)
Total Disbursement:	8,400	6,844	1,556	7,790	8,327	(537)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	155	155	0	66	66
CASH, JANUARY 1	156	156	0	90	90	0
CASH, DECEMBER 31	156	311	155	90	156	66
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	170	140	(30)	250	315	65
Total Receipts	170	140	(30)	250	315	65
DISBURSEMENTS						
Circuit Clerk	170	0	170	250	0	250
Total Disbursement:	170	0	170	250	0	250
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	140	140	0	315	315
CASH, JANUARY 1	5,136	5,136	0	4,966	4,821	(145)
CASH, DECEMBER 31	5,136	5,276	140	4,966	5,136	170

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	30	22	(8)	30	26	(4)
Total Receipts	30	22	(8)	30	26	(4)
DISBURSEMENTS						
Associate Circuit Divisor	54	10	44	30	38	(8)
Total Disbursement:	54	10	44	30	38	(8)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24)	12	36	0	(12)	(12)
CASH, JANUARY 1	54	54	0	66	66	0
CASH, DECEMBER 31	30	66	36	66	54	(12)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	7,375	8,233	858	6,000	7,948	1,948
Interest	0	115	115	50	59	9
Other	0	0	0	0	30	30
Total Receipts	7,375	8,348	973	6,050	8,037	1,987
DISBURSEMENTS						
Collector	2,350	3,283	(933)	3,750	529	3,221
Total Disbursement:	2,350	3,283	(933)	3,750	529	3,221
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,025	5,065	40	2,300	7,508	5,208
CASH, JANUARY 1	7,508	7,508	0	0	0	0
CASH, DECEMBER 31	12,533	12,573	40	2,300	7,508	5,208
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,936	936	1,000	812	(188)
Interest	50	37	(13)	75	52	(23)
Other	500	0	(500)	0	0	0
Total Receipts	1,550	1,973	423	1,075	864	(211)
DISBURSEMENTS						
Equipment	0	0	0	1,000	1,167	(167)
Other	1,725	1,602	123	100	166	(66)
Total Disbursement:	1,725	1,602	123	1,100	1,333	(233)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(175)	371	546	(25)	(469)	(444)
CASH, JANUARY 1	2,225	2,225	0	2,694	2,694	0
CASH, DECEMBER 31	2,050	2,596	546	2,669	2,225	(444)

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAXES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	844	(156)			
Interest	1	25	24			
Total Receipts	1,001	869	(132)			
DISBURSEMENTS						
Total Disbursement:	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,001	869	(132)			
CASH, JANUARY 1	1,250	1,250	0			
CASH, DECEMBER 31	2,251	2,119	(132)			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MARIES COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Delinquent Tax Fund	2003
HAVA Fund	2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2004
Tax Maintenance Fund	2004
Children's Trust Fund	2003
Law Enforcement Fund	2003
Law Library Fund	2003
Associate Circuit Division Interest Fund	2003
Election Services Fund	2003
Citizens' Safety Fund	2004 and 2003

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Road and Bridge Fund #1	2004
Road and Bridge Fund #2	2004
Children's Trust Fund	2004
Citizens' Safety Fund	2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the year ended December 31, 2004 included all funds presented in the accompanying financial statements. However, the county's published financial statements for the year ended December 31, 2003, did not include the Law Library Fund, Circuit Clerk Interest Fund, Associate Circuit Division Interest Fund, and Tax Maintenance Fund.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing

public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Circuit Clerk Special Account Fund's cash balance of \$128,865 at January 1, 2003, was previously reported but is not presented as it is an agency fund.

The Special Road and Bridge Fund, as previously reported, is now reported as two separate funds, Road and Bridge Fund #1 and Road and Bridge Fund #2.

Schedule

MARIES COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

04-1.	Budgets and Financial Reporting
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In 2004, the county failed to include \$200,000 invested in a savings account on the county's published financial statements and the budget documents. Also, transactions between the savings and checking accounts were improperly recorded as disbursements and receipts to the General Fund. As a result, the reported financial statement and the budget documents did not include all available resources and receipts and disbursements were overstated. In addition, the county's budgets contained several misclassifications of receipts and disbursements. Transfers between funds totaling approximately \$45,000 and \$37,000 were incorrectly recorded as other government disbursements for the years ending December 31, 2004 and 2003, respectively. Also, sales tax revenue of \$43,435 for the General Revenue fund was incorrectly recorded as intergovernmental revenue. Adjustments have been made to the audited financial statements to correct these misclassifications.

The county's budgets and published financial statements should include accurate classifications of receipts and disbursements and correct ending balances to ensure the county's financial information is consistently presented and to increase the effectiveness of the budgets as management tools.

WE RECOMMEND the County Commission ensure all significant receipts and disbursements are properly classified on the budget documents. In addition, the County Commission should ensure complete financial information for all county funds is properly reported on the budget and in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission indicated they will ensure the 2005 financial statement will accurately report the investment balance. They will also work to ensure the receipts and disbursements are properly reported on the 2005 financial statements and budget documents.

04-2.	Road and Bridge Capitalized Lease Obligations
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The long term liability balance for the two road and bridge funds continues to increase yearly as the county continues to buy new equipment. In addition, while there are payment schedules for the loans, the county does not follow these schedules to assure payments are made on time. Although similar conditions were made in the last two audit reports, and the

County Commission indicated the recommendations would be implemented, conditions have not improved.

- A. The County Commission has financed the purchase of road and bridge equipment such as brush cutters, loaders, dump trucks, and motor graders for several years, and the long term liability balance for the two road and bridge funds continues to increase. The county's policy is to finance the purchase of new road and bridge equipment over a period of approximately five to eight years. However, most equipment is only kept by the county for the life of the warranty period which usually runs five years. The county is constantly buying and selling or trading equipment each year.

The ratio of the annual loan payments to total annual receipts continues to increase. In 2004, the ratio was approximately 16 percent and based on 2005 budgeted receipts and assuming a five percent annual increase, the ratio for the next three years averages 17 percent. If the county purchases additional new equipment, this ratio could increase.

During the two years ended December 31, 2004, the county lease purchased ten new pieces of equipment costing \$770,000. The total interest payments for these 10 new items will be \$117,927 over the five to eight year life of the loans.

The following schedule shows the outstanding balance of the total lease and loan agreements assuming no additional purchases are made. However, based on past experience, the county will dispose of and purchase additional new equipment during this time period.

<u>Year ended December 31,</u>	<u>Outstanding lease and loan balances</u>
2004	\$ 818,659
2005	795,690
2006	667,238
2007	542,627
2008	101,028

The County Commission indicated that it is more cost effective to periodically trade road and bridge equipment for new equipment to save on labor and repair costs. However, the County Commission has not prepared a formal cost/benefit analysis comparing the labor and repair costs saved to the cost of interest incurred by financing the lease purchased items. At December 31, 2004, the county had seven outstanding loans for 15 pieces of equipment, and assuming no additional purchases are made by the year ending December 31, 2012, the total interest paid on these loans between 2003 and 2012 will be \$179,961. The total interest paid for the two years ended December 31, 2004 was \$65,939.

The future required annual principal and interest payments through the year ending

December 31, 2012, also assuming no additional purchases are made are as follow:

<u>Year ended December 31,</u>	<u>Annual principal and interest payment</u>
2005	\$ 167,186
2006	139,141
2007	128,268
2008	437,577
2009 -2012	60,509

In addition, between January and September 2005, the county entered into two new loans for two pieces of equipment totaling \$106,300. The County Commission should evaluate the significant costs related to the purchase of new equipment and monitor the ability of these funds to meet the future debt obligations.

- B. While there are payment schedules for the seven loans, the county does not follow these schedules to assure payments are made on time. As a result, two loan payments of \$220,027 and \$174,107 due by February 10, 2003, were not paid until March 27 and May 9, 2003, respectively. As a result, the county was charged with additional interest of \$1,349 and \$2,211.

Due to the large number of leases the county maintains, maintaining records of loan payments and payables is necessary to ensure the County Commission is informed of the financial condition of the two road and bridge funds and to assist in planning for upcoming disbursements and ensure all payments are made in a timely manner.

WE AGAIN RECOMMEND the County Commission:

- A. Carefully review the increased borrowing and monitor the ability of the road and bridge funds to meet debt obligations. In addition, the County Commission should perform a cost benefit analysis of repair costs saved in comparison to the cost of interest incurred by financing.
- B. Maintain records documenting the lease and loan payments made and balances due. These records should be used to monitor when payments are due to ensure timely payment and to prevent unnecessary penalties and interests.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will evaluate their process for buying equipment during the next year. Also, they will try to stagger the purchases so they are not borrowing as much at one time. They are going to track the repair costs they would pay if they did not have a warranty.*

B. The County Commission stated they are working on putting a schedule together.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MARIES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Property Tax Reduction Due to Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under the provisions of Section 67.505, RSMo.

Recommendation:

The County Commission should continue to reduce the property tax levy adequately to meet sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Partially implemented. The County Clerk's rollback for 2003 and 2004 was sufficient for those years and resulted in a reduction of approximately \$7,059 in the balance of prior years' excess property tax revenue collections. In the 2002 audit report, the County Commission responded "Maries County unintentionally rolled back the Road District 1 and 2 levies in 1996, therefore, shorting the Road District #1 of \$14,140 and Road District #2 of \$15,731, for a total of \$29,871." Therefore, the County Commission believed the excess tax revenue collection balance should be \$29,871 less than reported in the audit report or \$14,106. With the reduction made in 2004, the remaining excess property tax revenue collection balance at December 31, 2004 is \$7,047. In 2005, the county further reduced the excess taxes by an additional \$4,500. Although not repeated in the current report, our recommendation remains as stated above.

02-2. Road and Bridge Capitalized Lease Obligations

- A. The county continued to increase the amount of debt and lease obligations. The increased amount had expanded principal and interest payments which could adversely impact the county's ability to meet ongoing obligations.
- B. The county did not maintain records documenting payments made and balances due on all lease and loan agreements.

Recommendation:

- A. Carefully review this trend of increased borrowing and monitor the ability of this fund to meet debt obligations. The County Commission should perform a cost benefit analysis of repair costs saved in comparison to the cost of interest incurred by refinancing. The Commission should also develop a program to stagger the purchase of equipment, especially motor graders, in order to minimize the financial impact related to the debt payments when a large number are purchased at once.
- B. Maintain records documenting the lease and loan payments made and balances due.

Status:

A&B. Not implemented. See finding number 04-2.

02-3. County Sales Tax Passed in November 2001

The voters of Maries County passed a one-half of one percent sales tax for the purpose of general operations in November 2001. Although the ballot did not specify a statutory reference, the County Clerk indicated that this sales tax was imposed under Section 67.547, RSMo. With this additional general operations sales tax, the county has imposed a levy of one-half of one percent above the statutory maximum allowed by Section 67.547.

Recommendation:

The County Commission review the various sales taxes being imposed to determine which are valid and consider passing a sales tax under another section of the Missouri statutes.

Status:

Not implemented. The county has not passed any additional sales tax, and no other changes have occurred. In the 2002 and 2000 audit reports the County Commission responded, "In the best interest of Maries County, the sales tax was distributed as it was presented to the voters on the November 6, 2001 ballot. The voters passed this tax by an overwhelming margin. The Statute number was not printed on the ballot. The 1990 sales tax has been and will continue to be distributed as it was presented to the voters." Although not repeated in the current report, our recommendation remains as stated above.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MARIES COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 19, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Maries County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Disbursements

The county did not always solicit bids or retain bid documentation for various purchases. Some invoices were not marked paid to prevent duplicate payment, and the County Commission approved some payments to vendors based on inadequate supporting documentation. In addition, Federal Forms 1099 were not always issued and fuel tax reimbursements were not claimed on a timely basis.

- A. The county did not solicit bids or requests for proposals for various purchases nor did the County Clerk retain bid documentation. Recurring regular business purchases during the two years ended December 31, 2004 were not bid as follows:

<u>Items Purchased</u>	<u>Cost</u>
Rock	\$ 175,791
Truck	30,073
Ready mix	26,543
Property insurance	8,137
Dozer repair service	6,724
Steel pipe	6,363
Truck repair service	5,298

We also noted an additional purchase of microfilming for \$6,735 which had a lower bid of \$4,902; however, the low bid was not selected and no justification was documented noting the reasons.

In addition, the county did not solicit bids for its depository services as required by Section 110.130, RSMo. To ensure the quality of banking services and ensure interest earnings received by the county are maximized, the county should procure its banking services through a competitive bid process.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

- B. The County Commission approved several disbursements for payment without

requiring or retaining adequate supporting documentation. Examples of items which did not have supporting vendor provided invoices are as follows:

<u>Items Purchased</u>	<u>Cost</u>
Road and Bridge truck	\$ 30,000
Road and Bridge fuel purchases	4,736
Assessor conference lodging	262

All disbursements should be supported by receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. Without adequate supporting documentation, the County Commission cannot determine the validity and propriety of the disbursements.

- C. The receipt of goods or services was not indicated on several invoices that were approved for payment. Examples include dozer repair services, fuel purchases, and a brush-cutter tractor purchase. To ensure payments are valid and for goods or services actually received, evidence of receipt of goods or services should always be noted prior to payment.
- D. Invoices were not always noted as paid or otherwise canceled upon payment. In addition, the county made payments to vendors based on statements received rather than actual invoices and in one instance a vendor refunded \$365 to the county because the amount had been paid previously.

The possibility that an invoice will be paid twice is increased when payments are made based on statements and invoices are not properly canceled. To ensure against duplicate payment of bills, payments should be supported by invoices, which should be marked paid when a check has been issued by the county.

- E. The county did not prepare Federal IRS Form 1099 Miscellaneous for payments for legal services totaling \$1,617 and bridge repair services totaling \$4,595 during 2003. The County Clerk indicated she overlooked these vendors when preparing the forms. Sections 6041 through 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Forms 1099.

- F. The county has not claimed reimbursements from the state for fuel taxes on a timely basis. The last reimbursement claim was dated August 2003. The Missouri Department of Revenue reimburses the county for taxes paid at 17 cents per gallon of fuel purchased. The county has a one year period to claim the reimbursement from the date of payment for the fuel purchase. We noted twelve paid invoices for 13,052 gallons of fuel that have elapsed the one year claim period. This resulted in a loss of reimbursement of \$2,219. The County Commission should ensure the reimbursement claims for all fuel taxes are submitted timely.

Conditions similar to those noted in A, B, and D were noted in the 2000 audit report and the County Commission indicated the recommendations would be implemented by January 2002; however, conditions have not improved.

WE AGAIN RECOMMEND the County Commission:

- A. Solicit bids for all purchases and services in accordance with state law and maintain documentation of the bidding process, including all bids received and justification for selecting and rejecting bids. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented. In addition, the County Commission should seek competitive bids for its banking services in compliance with state law.
- B. Ensure adequate supporting documentation is obtained to support all expenditures.
- C. Ensure all invoices indicate receipt of goods or services.
- D. No longer allow payments to be made based on statements alone and ensure all invoices are properly cancelled upon payment.
- E. Ensure 1099 forms are issued in accordance with IRS regulations.
- F. Ensure claims for fuel tax reimbursement are made on a timely basis.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they did bid on some of these items but failed to keep documentation. The rock and ready mix are purchased at the supplier located closest to the job site. They will try to better document future bids and decisions.*
- B. *The County Commission indicated they will ensure better documentation is kept in the future.*
- C. *The County Commission indicated they will ensure receipt of goods or services is indicated on all invoices.*

- D. *The County Commission stated they are implementing a new computer system which will ensure invoices are paid only once.*
- E. *The County Commission stated they will ensure the 1099 forms are prepared for 2005 and future years.*
- F. *The County Commission indicated they will ensure fuel reimbursement claims are filed starting immediately. In 2005, they have an agreement with one vendor to waive the sales tax on the road and bridge fuel purchases.*

2.	County Officials' Compensation and Bonds
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Several problems were noted concerning the county officials' salaries and compensation. The compensatory time earned by Sheriff's department deputies is not in compliance with the county's personnel policy. In addition, the County Treasurer's and County Collector's bond premiums were paid from a fund that is not in accordance with state law.

- A. Several problems were noted concerning the county officials' salaries and compensation.
 - Cost of living adjustments (COLA) have not been paid correctly. In 1997, the Salary Commission met and discussed giving a two and a half percent COLA increase to each official each year; however, the salary commission minutes did not clearly document the approval of the COLA. In addition, instead of giving the COLA as a two and a half percent increase to each elected official, the county increased the elected officials' salaries in 2003 and 2002 by two and a half percent of the difference between the current salaries and the statutory maximum. In addition, the elected officials received a two and a half percent increase for the year ending December 31, 2004 but the county employees received a 25 cents per hour increase. Section 50.333(12), RSMo, allows a COLA that is the same percentage for all county officials but not to exceed the percentage increase given to the other county employees. By providing increases in this manner, the county can not be assured it is in compliance with the state law.
 - The Salary Commission also approved a one time salary increase of ten percent of the difference between the statutory maximum and the current salaries to the officials who took office in 1999. However, there was not adequate information in the salary commission minutes or written legal opinions from the Prosecuting Attorney to support these increases and the method used to calculate them.
 - Officials are being paid salaries based on an older salary schedule instead of the most recent one which took effect in 1997. In addition, some officials were not paid the proper percentage of the salary schedule.

- An incorrect assessed valuation was used in calculating the 2005 salaries and salaries in 2004 and 2003 were not adjusted when the county assessed valuation increased to over \$87 million. The Salary Commission met in 1997 and approved to adjust salaries annually when the assessed valuation increases.

Similar problems were noted in our 2000 report; however, the Salary Commission did not meet in 2001, and no action was taken to correct the problems. In addition the Salary Commission did not meet in 1999. Section 50.333, RSMo provides for the salary commission to meet in each odd numbered year to determine the compensation to be paid to county officials beginning with their next term of office. The Salary Commission did meet in 2003 and again in 2005 and is working to correct some of the above problems. The County Commission should ensure all future salary commission decisions are thoroughly documented and that official's salaries are paid in compliance with state law.

- B. The county is not compensating Sheriff's department deputies for overtime and compensatory time as stated in the county's personnel policy manual. The county's written policy states that Sheriff's department deputies must work more than 171 hours within a 28 day period to be eligible for compensatory time or overtime pay. However, Sheriff's department deputies currently earn overtime and compensatory time at a straight rate for every hour they work over eight hours a day and at half time for every hour they work over 171 hours within a 28 day period.

For example, a deputy that worked a total of 210 hours in 28 days should have earned overtime of 58.5 hours (39×1.5) in accordance with the county policy. However, because 50 of the hours were hours over 8 hours a day or on weekends, the deputy received 69.5 hours (39×0.5 plus 50×1).

The Sheriff's department current practice allows the deputies to earn overtime before the deputies reach the required 171 hours. Therefore, the overtime hours are not in compliance with the county's personnel policy.

- C. The County Treasurer's regular and school bond and County Collector's regular bond premiums totaling \$1,006 and \$818, respectively, for January 1, 2003 through December 31, 2006, were paid from the School Fines Fund. Although a similar condition was noted in the 2000 report, this has not been corrected. As a result, the schools have received less funding. Section 54,160, RSMo, provides for only the \$608 cost of the County Treasurer's bond covering school monies be paid from this fund. The remaining cost should be paid from the General Revenue Fund. In addition, Section 52.020, RSMo, provides for the cost of the County Collector's bond to be paid by the General Revenue Fund.

WE RECOMMEND the County Commission:

- A. Ensure all future salary commission decisions are thoroughly documented and that official's salaries are paid in compliance with state law. In addition, the Salary Commission should meet as required.
- B. Compute overtime for law enforcement personnel based on 171 hours over a 28-day period as established in the county's personnel policy manual.
- C. Authorize to transfer \$1,216 from the General Revenue Fund to the School Fines Fund, and in the future, pay the County Collector's bond and the county portion of the County Treasurer's bond from the General Revenue Fund.

AUDITEE'S RESPONSE

- A. *The County Commission stated that the salary commission met in 2005 and set officials' salaries in accordance with the state law. Future COLAs will be given in compliance with the law.*
- B. *The County Commission will discuss this issue with the Sheriff by the beginning of 2006 and will determine the proper overtime policy for the county.*
- C. *The County Commission stated they will pay future bond payments from the proper fund. In addition, they will transfer the \$1,216 from the General Revenue Fund to the School Fines Fund.*

3. Budgets and Financial Reporting

Several problems were noted concerning the county's budgets and financial statements. Actual disbursements exceeded budgeted amounts in several funds and budget amendments were made after the budget was exceeded. The County Commission approved deficit budgeting and formal budgets were not prepared for some of the county funds. In addition, fund activities per the County Clerk's ledgers were not reconciled to the Treasurer's records to identify and correct variances on a timely basis.

Although similar conditions were noted in the 2002 and 2000 audit reports and the County Commission indicated the recommendations would be implemented, conditions have not improved.

- A. Although budget to actual data is provided to the County Commission, the county's procedures and reports are not resulting in effective monitoring of various budgets. As a result, actual disbursements exceeded the budgeted amounts in the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
Prosecuting Attorney Training	\$ 269	N/A
Tax Maintenance	933	N/A
Children's Trust	N/A	187
Law Enforcement	N/A	273
Law Library	N/A	537
Associate Circuit Division Interest	N/A	8
Election Services	N/A	233
Citizens' Safety	13,488	2,330

The County Commission did not amend the budgets for these funds to reflect unexpected receipts and increased disbursements made during the year. On December 6, 2004, the County Commission reviewed and approved a budget amendment for Road and Bridge Funds #1 and #2 increasing disbursements by \$85,000 and \$100,000, respectively; however, as of September 2004, the disbursements for both funds had already exceeded the original budget by at least \$7,000 and \$43,000, respectively. Amendments made after disbursements have exceeded the budget do not allow for the budget to be used as an effective management tool. In addition, the budget amendment was not filed with the State Auditor's Office.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. The County Commission budgeted a deficit fund balance for the following funds for the year ended December 31, 2004.

<u>Fund</u>	<u>Deficit Amount</u>
Road and Bridge #1	\$ 12,526
Road and Bridge #2	26,980
Children's Trust	170
Citizens' Safety	10,235

As discussed in part A above, the County Commission increased Road and Bridge Fund #1 and #2 budgeted disbursements by \$85,000 and \$100,000, respectively, but only increased budgeted receipts for the Road and Bridge Fund #2 by \$32,000 which caused deficit budgets for both funds for the year ended December 31, 2004. Section

50.610, RSMo, requires balanced budgets, and Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting.

- C. No formal budget was prepared for the Prosecuting Attorney Delinquent Taxes Fund for the year ended December 31, 2003, and the HAVA (Help America Vote Act) Fund for the year ended December 31, 2004.

In addition, budget documents for the Law Enforcement Fund projected no activities for the two years ending December 31, 2004; however, the fund had disbursements. For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operations and current financial position, the budgets should accurately reflect reasonable estimates of receipts and disbursements, and the anticipated ending cash balances.

Chapter 50, RSMo, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- D. Fund activities per the County Clerk's ledgers were not reconciled to the Treasurer's records to identify and correct variances on a timely basis. As a result, the budget documents for several funds did not reflect the correct receipts, disbursements, and cash balance. The differences occurred because fringe benefit payments were posted on the fund ledger as disbursements of one fund but were actually paid from a different fund. For example, the fringe benefits for the Citizens' Safety Fund were posted as disbursements from that fund but were actually paid from the General Revenue Fund. As a result, the disbursements for the Citizens' Safety Fund were overstated by \$7,519 and \$3,559 for the years ended December 31, 2004 and 2003, respectively.

In total, the General Revenue Fund cash balance was overstated by \$14,283 and \$22,166 for the years ended December 31, 2004 and 2003, respectively, for fringe benefits recorded to other funds. These differences were recorded as budget adjustments on the cash reconciliation section of the county budget documents. Other funds affected by the incorrect fringe benefit payments were Road and Bridge Fund #1, Road and Bridge Fund #2, and the Assessment Fund. Adjustments have been made to the audited financial statements to correct these differences.

A reconciliation of the fund ledger to the cash ledger on a monthly basis would have caught these differences. For taxpayers of Maries County to fully understand the financial activities of the county, the budgets should be accurate and reflect the actual cash disbursements from each fund.

WE AGAIN RECOMMEND the County Commission:

- A. Not authorize disbursements in excess of the budget. In addition, if valid reasons necessitate excess disbursements, the budget should be amended timely following the same process by which the annual budget is approved, including holding public hearings and filing the amendment with the State Auditor's Office.
- B. Discontinue deficit budgeting.
- C. Prepare budgets for all funds as required by law.
- D. Reconcile fund ledgers to cash balances of the County Treasurer periodically and investigate any differences identified.

AUDITEE'S RESPONSE

- A. *The County Commission stated they will monitor the budget and ensure amendments are made when necessary.*
- B. *The County Commission indicated they will ensure budgets are balanced.*
- C. *The County Commission indicated these were new funds and they will prepare budgets for all funds in the future.*
- D. *The County Commission indicated they will require the County Clerk and County Treasurer to begin reconciling the cash balance per the County Clerk's record to the County Treasurer's cash balance starting in 2006 and will investigate any differences.*

4. Property Records and Procedures

Although the county maintains a list of county property, it is not complete and up to date and procedures have not been established to ensure its accuracy. Although similar conditions were noted in the 2000 audit report, and the County Commission indicated the recommendations would be implemented by June 2002, conditions have not improved. In addition, there were no procedures in place for disposing of county owned property items such as a printer and a typewriter and no written authorization was obtained from the County Commission for the approval of the dispositions.

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, the listing is not complete and it has not been updated for property acquired or disposed of since 2002. In addition, the County Clerk does not reconcile equipment purchases with additions to the fixed asset records. Examples of items purchased which were not included on the fixed asset listing included two trucks totaling approximately \$55,000 and six other pieces of Road and Bridge equipment totaling

approximately \$158,000.

In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and buildings have not been performed.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo, provides that the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, inventories and inspections of county properties including all county land and buildings should be performed by each county official and the County Clerk, and general fixed asset purchases should be periodically reconciled to general fixed asset additions.

AUDITEE'S RESPONSE

The County Commission indicated they will establish a capital asset policy within the next six months. The County Clerk is working on completing a current capital asset list.

5.

Vehicle Procedures

The county does not maintain usage logs for county owned vehicles used for road and bridge and law enforcement purposes to ensure the vehicles are used for official business only. In addition, there are no procedures for the Road and Bridge department to periodically reconcile the fuel purchases with mileage driven to ensure reasonableness of fuel charges. Although the Sheriff receives a monthly listing of fuel charges from vendors and compares it to the deputies' monthly reports of mileage, his review for reasonableness is not documented.

For the years ended December 31, 2004 and 2003, the county paid \$15,333 and \$13,165, respectively, for fuel for the vehicles assigned to the Sheriff's department. For the vehicles assigned to the Road and Bridge department, the county paid \$68,118 and \$52,740 for fuel for the years ended December 31, 2004 and 2003, respectively.

Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only. A usage log should indicate the person using the vehicle/equipment, the date used, mileage driven, destination, starting and ending odometer reading, purpose of the trip, and the amount of fuel purchased. In addition, to reduce the risk of loss, misuse, or theft, mileage per the vehicle log should be reconciled to fuel purchases, and significant differences should be investigated.

WE RECOMMEND the County Commission require usage logs be maintained for all county owned vehicles to monitor the usage of the vehicles. In addition, the County Commission and the Sheriff should review and reconcile these logs to fuel purchases and investigate significant differences. All reviews and reconciliations should be documented.

AUDITEE'S RESPONSE

The County Commission indicated they will begin requiring a usage log starting in January 2006, and will review the logs periodically.

6.

Computer Controls

Several concerns were noted with the operation of the computer systems including passwords are not changed on a periodic basis to ensure confidentiality and there is no system in place to stop incorrect log-on attempts after a certain number of tries. In addition, backup disks are not stored at an off-site location. The County Clerk, Treasurer, Assessor, and Collector use separate computer systems to perform general ledger accounting, budgetary accounting and reporting, cash disbursing, assessment, and tax collection functions.

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. There is no system in place on all computer systems to stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files.

To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.

- C. The county does not keep backup disks of computer files at an off-site location. As a result, they are susceptible to the same damage as the master files. Backup disks should be maintained and stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. Ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A&B. The County Commission indicated they will work with the programmer to implement the recommendations. They will try to get these implemented within the next six months.*
- C. The County Commission indicated they will require the officials to begin storing backup disks at an offsite location immediately.*

7. Sheriff's Controls and Procedures

Receipts are not deposited timely and adequate follow up is not performed on old outstanding checks. Monthly bank balances are not reconciled with listings of liabilities. Although similar conditions were noted in the 2000 audit report and the Sheriff indicated the recommendations would be implemented, conditions have not improved. In addition, the interest earned on the regular account was not distributed to the County Treasurer on a timely basis and accounting duties are not adequately segregated.

The Sheriff's office received monies for civil and criminal fees, gun permits, bonds, and other miscellaneous receipts totaling approximately \$210,000 and \$247,000 during the years ending December 31, 2004 and 2003, respectively.

- A. Monies collected in the Sheriff's office are not deposited to the bank on a timely basis. Deposits are generally made twice a week and averaged approximately \$2,400 for the years ended December 31, 2004 and 2003. A cash count performed on July 19, 2005, totaling \$389 included \$184 of cash and receipts from July 11, 2005.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- B. The Sheriff's office does not adequately follow up on old outstanding checks. At December 31, 2004, the Sheriff's three bank accounts had a total of \$457 in outstanding checks that are over a year old. Several of the outstanding checks date back to 1996. Old outstanding checks create additional and unnecessary record-keeping responsibilities.

If payees cannot be located, the monies should be disbursed in accordance with Section 447.500 through 447.585, RSMo, or other applicable statutes that allow for the disposition of unclaimed funds.

- C. A monthly listing of liabilities (open items) is not prepared for the regular account and special civil account, and although a list is prepared for the bond account, it is not reconciled with the bank balance. The reconciled bank balances at December 31, 2004 for the regular account and special civil account totaled \$48 and \$895, respectively. However, as discussed in part D below, the regular account should have had an interest balance of \$189 at December 31, 2004, for a shortage of \$141. The bond account balance was \$4,976, while the identified liabilities totaled only \$4,305, leaving an unreconciled balance of \$671.

Complete and accurate listings of open items should be prepared monthly and reconciled to the bank balances to ensure records are in balance and sufficient funds are available for the payment of all liabilities. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with the requirements of Chapter 447.500 through 447.595 and Section 50.500, RSMo.

- D. The interest earned on the regular account was not distributed to the county on a timely basis. The regular account earned \$88 and \$101 in interest during the years ended December 31, 2004 and 2003, respectively. However, as of December 31, 2004, none of the interest had been turned over to the County Treasurer. On January 14, 2005, the Sheriff's office paid over the remaining balance to the County Treasurer. Sections 50.360 and 50.370, RSMo, require all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer.
- E. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts are not adequately segregated. During the two years ending December 31, 2004, the Sheriff's office manager was primarily responsible for these duties. In addition, there is no indication that supervisory reviews are performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

WE RECOMMEND the Sheriff:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Follow up on old outstanding checks routinely. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- C. Prepare monthly open items listings and reconcile the listings to the bank balance for all accounts.
- D. Turn over interest on a timely basis in accordance with state statutes.
- E. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

- A. *The Sheriff indicated his office is now depositing money when they get \$100 or more in receipts.*
- B. *The Sheriff indicated he is planning to turn these checks over to unclaimed property by March 31, 2006.*
- C. *The Sheriff indicated he will require his office administrator begin to prepare an open items list for the special civil account starting in January 2006. In addition, they will investigate the difference in the bond account balance by December 31, 2005 and will make corrections as needed. The office administrator indicated that if she turns over the interest monthly, an open-items list will not be necessary for the regular account.*
- D. *The Sheriff indicated they will start transmitting the interest monthly starting in January 2006.*
- E. *The Sheriff will review the accounting records and document his review starting on December 1, 2005.*

8. Ex Officio Recorder of Deeds' Controls and Procedures

The Ex Officio Recorder of Deeds does not reconcile the composition of monies received to deposits. In addition, the Recorder does not have written agreements with abstract companies and billing to these companies is not done timely.

During the two years ended December 31, 2004 and 2003, the Ex Officio Recorder of Deeds collected approximately \$87,600 and \$91,500, respectively, for fees for copies and recording marriage licenses, deeds, tax liens, and other commercial paper.

- A. The Recorder does not reconcile the composition of monies received to deposits. The Recorder accepts checks for more than the required amount and refunds cash for the difference. However, the actual amount received and the amount of the refund is not always recorded. This causes the composition of the receipts per the records to not agree with the composition of the deposit.

To ensure all receipts are deposited, the Recorder should reconcile the composition of receipts recorded to the composition of the deposits.

- B. The Recorder does not have formal written contracts for providing copy services to abstract companies. In addition, the Recorder does not bill the abstract companies timely. One abstract company has not been billed for services since December 2003 and, as of September 14, 2005, owed the Recorder \$1,632. The other abstract company has not been billed since November 2004, and the balance due as of September 14, 2005 was \$206.

Section 432.070, RSMo, requires all county contracts to be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding. In addition, to maximize revenues, billings should be prepared in a timely manner.

WE RECOMMEND the Ex Officio Recorder of Deeds:

- A. Reconcile the composition of receipts recorded to the composition of deposits.
- B. Enter into written contracts that specifically state the services to be provided and the fees to be collected for the services rendered. In addition, the Ex Officio Recorder of Deeds should ensure the abstract companies are billed timely.

AUDITEE'S RESPONSE

- A *The ex-officio Recorder indicated he has implemented the recommendation.*

- B. *The ex-officio Recorder indicated he has billed the abstract companies for the balances due and received payment. He will ensure they are billed timely in the future. Also, he will have the Prosecuting Attorney draft a contract.*

9. Circuit Clerk's Controls and Procedures

Receipts for the Circuit Clerk's office are not deposited timely and old outstanding checks are not followed up on timely. During the two years ended December 31, 2004 and 2003, the Circuit Clerk's office collected approximately \$64,243 and \$86,727, respectively, for civil and criminal court costs.

- A. Civil and criminal court costs collected in the Circuit Clerk's office are not deposited to the bank on a timely basis. Deposits are made approximately twice a week and usually are greater than \$200.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- B. The Circuit Clerk does not adequately follow up on old outstanding checks. At December 31, 2004, the Circuit Clerk's account had \$390 in outstanding checks that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities.

If payees cannot be located, the monies should be disbursed in accordance with Section 447.500 through 447.585, RSMo, or other applicable statutes that allow for the disposition of unclaimed funds.

WE RECOMMEND the Circuit Clerk:

- A. Deposit all monies daily or when accumulated receipts exceed \$100.
- B. Follow up on old outstanding checks routinely. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *The Circuit Clerk indicated he is now depositing receipts daily.*
- B. *The Circuit Clerk indicated he has turned over \$59 in outstanding checks to unclaimed property. Checks have been reissued for the rest of the balance.*

10. Associate and Probate Divisions' Controls and Procedures

The Associate Division does not deposit monies in a timely manner and has not established procedures to routinely follow up on outstanding checks. In addition, fees collected by the Probate Division are not disbursed in a timely manner.

The Associate and Probate Divisions are responsible for processing receipts for criminal and civil cases, traffic tickets, garnishments, and bonds. Receipts for the Associate and Probate Divisions totaled \$25,765 and \$30,343 during the years ending December 31, 2004 and 2003, respectively.

- A. Monies collected in the Associate Division are not deposited to the bank on a timely basis. Deposits are made approximately once or twice a week and averaged approximately \$600 for the years ended December 31, 2004 and 2003.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- B. The Associate Division does not adequately follow up on outstanding checks. At December 31, 2004, the Associate Division's account had \$205 in outstanding checks that were over a year old. These old outstanding checks create additional and unnecessary record keeping responsibilities.

If the payees cannot be located, the monies should be disbursed in accordance with Section 447.500 through 447.585, RSMo, or other applicable statutes that allow for the disposition of unclaimed funds.

- C. Disbursements to the state, county, and other applicable parties for fees collected in the Probate Division are not made timely. Fees received in July were not distributed until October. State law requires that all fees collected by the Probate Division for court cases be distributed monthly to the state and County Treasurer. Timely disbursement of fees collected is necessary to provide adequate controls over account balances and to increase the likelihood that discrepancies are detected in a timely manner.

WE RECOMMEND the Associate and Probate Divisions:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Follow up on old outstanding checks routinely. If the payees cannot be located, these monies should be disposed of in accordance with state law.

- C. Disburse Probate Division fees to the applicable parties monthly as required by state law.

AUDITEE'S RESPONSE

The Associate Circuit Judge responded:

It is the role of the Maries County Associate Circuit and Probate Divisions to take care of the business of the people of Maries County as efficiently and economically as possible with the resources we are allowed by the State of Missouri. What works in large counties may not be efficient or economical for Maries County. While we appreciate the efforts of the auditors, their recommendations for changes without taking into account our ability to implement the changes or considering the trade offs required to implement the changes, what they say is meaningless.

The Associate Circuit and Probate Judge works in other counties about 40 to 50 percent of the time. Two and a half days each week there is only one employee in the Associate Circuit and Probate office. Overtime is prohibited by the Circuit Court Budget Committee. Comp. time is limited also. On days when there is only one employee on duty, being out of the office requires the office to be closed and not available to the public we serve. On days when there is only one employee, the office must be closed any time, including but not limited to (1) when probate hearings have to be recorded, (2) when the mail is dropped off or picked up, and, (3) during trips to the bank.

I will address your findings and recommendations in the same order you presented them to us.

- A. *Monies collected are mostly in the form of checks. It is deposited as often as practical taking into account the desirability of not closing the office when only one employee is available. Checks are stamped "Deposit Only" when they are received. No funds have been lost, stolen or misappropriated in the last 10 years. In our judgment, the system we use works well and best serves the public. We do not plan to make any change.*
- B. *We have been deprived of sufficient staff, therefore, it is necessary to prioritize work. Tracking down the small amount of outstanding checks carries a lower priority than the other work we do. That task is at the end of the work list. We anticipate all outstanding checks will be resolved by January 31, 2006.*
- C. *We have one employee who handles the bookkeeping. She must be out of the office for vacation for two weeks. We have made the decision not to have part time or temporary employees to do any of the bookkeeping. When the clerk returns from vacation, there is a backlog of work and it takes a few weeks to become current. Some of the disbursements are held over and accumulated because the amounts are so small. It is our practice to hold over disbursements when the cost of making the disbursement is greater than the amount being disbursed.*

Monies are transmitted to the County Treasurer monthly. In addition, the County Clerk does not maintain an account book with the County Collector. The County Clerk collects monies for liquor licenses, auctioneer's licenses, notary commissions, election fees and County Clerk fees. Receipts totaled approximately \$5,700 and \$7,000 for the year ended December 31, 2004 and 2003, respectively.

- A. The County Clerk transmits receipts to the County Treasurer on a monthly basis. Monies averaging \$530 were transmitted to the County Treasurer approximately once a month for the two year ended December 31, 2004. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.
- B. The County Clerk does not maintain an account book with the County Collector. An account book summarizes all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Additionally, Section 51.150.2, RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can also be used by the County Commission to verify the County Collector's annual settlements.

WE RECOMMEND the County Clerk:

- A. Transmit all monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- B. Establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.

AUDITEE'S RESPONSE

- A. *The County Clerk indicated she has started transmitting money to the Treasurer as soon as she receives \$100 or more.*
- B. *The County Clerk indicated she has started maintaining a monthly spreadsheet to verify the settlement with the Collector.*

12. Prosecuting Attorney's Controls and Procedures

Receipts are not deposited on a timely basis and checks and money orders are not restrictively endorsed immediately upon receipt. During the year ended December 31, 2004 and 2003, the Prosecuting Attorney's office collected approximately \$50,100 and \$45,500, respectively, for bad check restitution, court ordered restitution, and other miscellaneous items.

Deposits are made approximately once a week and averaged approximately \$1,000 for the years ended December 31, 2004 and 2003. In addition, checks and money orders are only endorsed at the time the deposit is made. Although similar conditions were noted in the 2000 audit report, conditions have not improved.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, all checks and money orders should be restrictively endorsed immediately upon receipt.

WE AGAIN RECOMMEND the Prosecuting Attorney ensure all receipts are deposited daily or when accumulated receipts exceed \$100. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Prosecuting Attorney responded:

We honestly try to do this to the best of our ability. However, we are very under staffed. There are many court days where defendants come in and make various payments for bad checks and restitution. However, having only one full-time employee in the office makes this task impossible. On such days, this office cannot be left unattended. Therefore, it results in our inability to maintain this requirement.

Be assured that we will try, to the best of our ability, to meet this requirement on a daily basis. Also, we will immediately correct the problem of all checks and money orders being restrictively endorsed immediately upon receipt.

13. Licensing Office Controls and Procedures

The county serves as the fee agent for the Department of Revenue (DOR) and receives fees for providing licensing services to the residents of the county. The County Commission does not reconcile county fees charged and collected by the license office to amounts deposited into the county fee account. In addition, the licensing office does not follow up on missing inventory items nor take any action to prevent any further loss.

The license office collected county fees in 2004 and 2003 of approximately \$49,000 and \$44,200, respectively.

- A. Although the County Commission receives a monthly report prepared by the license office which documents the amount of fees deposited into the county fee account, the County Commission does not review the report for accuracy and agree the amounts to the actual deposits made. A similar condition was noted in the 2000 report and the County Commission indicated the recommendation was implemented; however, the condition has not improved.

To ensure all fees charged and collected are properly accounted for, the County Commission should reconcile county fees charged and collected to amounts deposited into the county fee account, and any differences should be investigated.

- B. The licensing office does not follow up on missing inventory items nor take any action to prevent further losses. The licensing office performs a physical inventory twice a year and for any missing items such as handicapped tags, license plates, and stickers for various types of vehicles, the Missouri Department of Revenue charges the licensing office. These charges are paid from the county fees collected in the license office. For the two years ended December 31, 2004, the licensing office paid a total of \$717 to the DOR for missing inventory items. According to the licensing office manager, some inventory items do not agree to the records due to untimely and/or erroneous recording of items sold.

To prevent any further loss of inventory items and county fees, the licensing office and the County Commission should follow up on missing inventory items and take necessary preventive actions. The licensing office should ensure all sold items are recorded timely and accurately.

WE RECOMMEND the County Commission:

- A. Reconcile county fees charged and collected by the license office to amounts deposited into the county fee account and any differences should be investigated.
- B. Ensure the licensing office follows up on missing inventory items and takes necessary actions to prevent further losses. The licensing office should ensure the inventory items are recorded timely and accurately.

AUDITEE'S RESPONSE

- A. *The County Commission stated they will begin reviewing the monthly report in December 2005 to ensure the amount is correct.*
- B. *The County Commission stated that the license office has started using a new computer system which will help to prevent future inventory losses.*

Follow-Up on Prior Audit Findings

MARIES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures and Revenues

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases.
- B. The county did not obtain or retain supporting documentation for some travel related expenditures.
- C. Invoices were not always noted as paid or otherwise canceled upon payment.
- D. The county entered into a contract with an individual to coordinate 911 services and do rural addressing in the county. The contract provided that the county would pay the individual \$200 per month for May, June, and July 1995 and \$500 per month beginning September 1, 1995, and until December 31, 1996 when all work was to be completed. The work was not completed until March 2001, and the county continued to pay this individual \$500 per month without an amended contract. The county did not receive or maintain any documentation of actual services rendered or time spent each month to determine whether the amount paid was reasonable compared to the services rendered.
- E. The county did not have an adequate drug-free workplace policy in compliance with federal requirements. Although the county's personnel manual had a general policy statement prohibiting bringing drugs to the workplace or using them while on duty, the policy did not include specific statements about the actions that would be taken against violators. In addition, there was no evidence that an ongoing awareness program existed.
- F. The county did not receive 911 surcharge fees due from a telecommunications company totaling \$2,552.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure adequate documentation is received and maintained to support all expenditures.
- C. Ensure invoices are properly canceled upon payment.
- D. Require detailed documentation of the services provided to ensure payments are reasonable. In the future, the county needs to develop contracts which clearly specify the services to be provided to the county in exchange for compensation.
- E. Establish a drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.
- F. And the County Treasurer monitor receipts received to ensure recurring amounts due are collected.

Status:

- A-C. Not implemented. See MAR No. 1.
- D. This contract ended in March 2001.
- E. Implemented.
- F. Implemented. The county collected these surcharge fees in October 2001.

2. County's Financial Condition and Sales Tax

The 2001 budget reflected an anticipated decline in cash balance of approximately \$77,000 resulting in an estimated ending cash balance of approximately \$5,400 at December 31, 2001. In anticipation of the fund's declining financial condition, the County Commission submitted to the voters of Maries County and passed a one-half of one percent sales tax for the purpose of general operations in November 2001. Although the ballot did not specify a statutory reference, the County Clerk indicated that this sales tax was imposed under Section 67.547, RSMo. With this additional general operations sales tax, the county has imposed a levy of one-half of one percent above the statutory maximum allowed by Section 67.547.

Recommendation:

The County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes. In addition, the County Commission should consider passing a sales tax under another Section of RSMo and closely monitor the financial condition of the General Revenue Fund.

Status:

Not implemented. The county's financial condition appears to be stabilized. The General Revenue Fund's cash balance has increased from \$10,261 at January 1, 2002 to \$259,309 at December 31, 2004. The county has not passed any additional sales tax, and no other changes have occurred. In the 2002 and 2000 audit reports, the County Commission responded, "In the best interest of Maries County, the sales tax was distributed as it was presented to the voters on the November 6, 2001 ballot. The voters passed this tax by an overwhelming margin. The statute number was not printed on the ballot. The 1990 sales tax has been and will continue to be distributed as it was presented to the voters." Although not repeated in the current report, our recommendation remains as stated above.

3. Budgets and Financial Reporting

- A. Actual expenditures exceeded budgeted amounts for various funds. In addition, budget amendments were not properly handled.
- B. Formal budgets were not prepared for various county funds for the years ended December 31, 2000 and 1999.
- C. The county's annual published financial statements did not include the financial activity for some county funds.
- D. The 2000 General Revenue Fund budget was amended to allow for \$108,005 in additional costs associated with various elected officials' offices. However, the budget was only amended for additional revenue sources totaling \$27,246 and did not include other available resources to offset the deficit budget balance.

Recommendation:

The County Commission:

- A. Implement procedures to ensure budgets are properly amended, if necessary, expenditures are kept within budgetary limits, and ensure budget amendments are properly made prior to incurring the actual expenditures, ensure valid reasons which necessitate excess disbursements are provided, and public hearings are held prior to adopting budget amendments as required by state law.

- B. Ensure budgets are obtained or prepared for all county funds.
- C. Ensure financial information, as provided for by law, is properly presented in the published financial statements for all county funds.
- D. Discontinue deficit budgeting.

Status:

A-D. Not implemented. See MAR No. 3.

4. County Officials' Compensation and Bonds

- A. Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. Based on this statute, Maries County's Associate County Commissioners' salaries were each increased approximately \$2,200, yearly. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office.
- B. County officials received a two and a half percent cost of living adjustment (COLA) in both January 1999 and 2000. However, the salary commission minutes did not clearly document the approval of the COLA. In addition, the Salary Commission approved an increase in elected officials' salaries by ten percent of the difference between the current salaries and the statutory maximum, effective for the terms of office beginning in 1999. There was not adequate information in the salary commission minutes or a written legal opinion from the Prosecuting Attorney to support these increases and the method used to calculate them.
- C. Various county employees who handled monies were not bonded.
- D. The entire cost of the County Treasurer's and County Collector's bonds were paid from the School Fines Fund.

Recommendation:

The County Commission:

- A. Review the impact of this court decision and develop and plan for obtaining repayment of the salary overpayments.

- B. Ensure all salary commission minutes clearly document all decisions made and obtain written legal opinions from the Prosecuting Attorney to support their decisions.
- C. Acquire a bond for all county employees handling assets.
- D. Authorize the transfer of \$1,073 from the General Revenue Fund to the School Fines Fund and, in the future, pay the County Collector's bond and the county portion of the County Treasurer's bond from the General Revenue Fund.

Status:

- A. Not implemented. The County Commission has verbally agreed the mid-term salary increase will not be paid back to the county. However, there is no formal documentation supporting this contention. Although not repeated in the current MAR, our recommendation remains as stated as above.
- B&D. Not implemented. See MAR No. 2.
- C. Implemented.

5. Property Tax System and Computer Controls

- A. Controls over property tax additions and abatements were not adequate.
- B. The Assessor's office did not always retain the original forms prepared to support the changes to the property tax data files for real estate additions, abatements, and supplements.
- C. The County Clerk did not maintain an account book with the County Collector.
- D. The County Clerk did not prepare the Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstracts for 1999 and 2000.
- E. Passwords which restrict employee access to computer files were not changed periodically to prevent unauthorized access to computer files.

Recommendation:

The County Commission:

- A. Revise the addition/abatement process so that the County Collector does not have the capability to make changes to the property tax data or ensure that independent comparisons of these changes to tax data files are performed along with subsequent verification with the County Collector's annual settlement.

- B. Ensure the Assessor's office maintains supporting documentation of all real estate additions, abatements, and supplements.
- C. Ensure the County Clerk establishes and maintains an account book with the County Collector for the County Commission to use to verify the accuracy of the County Collectors' annual settlements.
- D. Ensure the County Clerk prepares and files the Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstract with the Department of Revenue and State Tax Commission as required.
- E. Ensure the County Assessor, County Collector, County Treasurer, and the County Clerks' offices passwords are changed periodically and remain confidential.

Status:

A, B
&D. Implemented.

C. Not implemented. See MAR No. 11.

E. Not implemented. See MAR No. 6.

6. General Fixed Assets

The County Commission or its designee had not maintained a complete detailed record of county property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. The County Commission should ensure adequate insurance coverage is obtained for all county assets. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed on all fixed assets immediately upon receipt.

Status:

Not implemented. See MAR No. 4.

7. Sheriff's Records and Procedures

- A. The bond account had several significantly aged items. In addition, the cash balance in the bond account exceeded the total open items balance by approximately \$417. An open items listing was not prepared for the regular account.
- B. Checks and money orders received were not restrictively endorsed immediately upon receipt.
- C. Receipts were deposited approximately once a week.
- D. The method of payment was not always indicated on the receipt slips.
- E. Civil fees were turned over to the Treasurer annually in 1999 and semi-annually in 2000, respectively.
- F. Checks written on the Sheriff's office accounts had been outstanding for over one year.
- G. The Sheriff's office did not maintain mileage and fuel logs.
- H. The Sheriff did not maintain records to document the number and the average cost of meals served to inmates.

Recommendation:

The Sheriff:

- A. Establish procedures to routinely follow-up on open items remaining over a period of time to determine the proper disposition. Investigate differences between the open items listing and the reconciled bank balance and if applicable, any unidentified monies should be disposed of in accordance with state law. In addition, monthly listings of open items should be prepared and reconciled to the cash balance for all accounts.
- B. Restrictively endorse checks immediately upon receipt.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- E. Turn over all fees monthly to the County Treasurer and prepare and file monthly reports of fees received, as required by state law.

- F. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable period of time.
- G. Require mileage and fuel usage logs to be maintained and reconciled to the amount of fuel purchased. In addition, any documentation of these reconciliations as well as all mileage and fuel logs should be properly retained. Any significant differences should be investigated and resolved.
- H. Ensure records are maintained to account for the number and average cost of meals served to inmates.

Status:

- A. Partially implemented. Bond account open items remaining over a period of time are now properly disposed; however, the cash balance in the bond account still exceeds the total open items balance and an open items list is not maintained for the regular account. See MAR No. 7.
- C. Not implemented. See MAR No. 7.
- B&D. Implemented.
- E. Partially implemented. Although civil fees are turned over to the Treasurer monthly, interest earned on the account was not turned over on a timely basis. See MAR No. 7.
- H. Not implemented. Although records are maintained of the total food cost and the number of jail days, the Sheriff does not document his calculation of the average daily cost of the meals. Although not repeated in the current report, our recommendation remains the same as stated above.

8. License Office Records and Procedures

- A. All fees charged and collected were not accounted for properly.
- B. The license office waived county fees for county employees and relatives of employees of the license office.
- C. Accurate balances were not maintained in the check register and bank reconciliations were not properly reconciled to the check book register. In addition, the license office manager performed all duties of receiving, recording, and depositing receipts and also prepared the bank reconciliations.
- D. The method of payment was not always indicated on the DOR receipt forms which included the county agent fees.

Recommendation:

The County Commission:

- A. Reconcile county fees charged and collected by the license office to amounts deposited into the county fee account, and any differences should be investigated.
- B. Review whether county employees' county license fees should be waived and, if necessary, update the personnel policy. In addition, the county should discontinue waiving fees for relatives of license office employees.
- C. Ensure the license office prepares accurate check registers and bank reconciliations, and any errors are corrected. In addition, adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Ensure the license office indicates the method of payment on DOR receipt forms, and reconciles the composition of receipts to the composition of the monies being deposited.

Status:

- A. Not implemented. See MAR No.13.
- B. Implemented. The county discontinued waiving license fees for county employees and relatives of license office employees.
- C. Implemented.
- D. Not implemented. The license office is in the process of putting in a new computer system which requires certain information including method of payment. Although not repeated in the current report, our recommendation remains the same as stated above.

9. Public Administrator's Procedures

- A. Annual settlements and annual status reports were not filed in a timely manner.
- B. The Public Administrator did not file an inventory and appraisal for two of her estates in a timely manner.
- C. The Public Administrator held monthly retirement checks totaling \$1,927 that had accumulated over a sixteen month period before depositing them into one estate's bank account.

- D. The Public Administrator did not always pay bills in a timely manner.
- E. Real estate owned by one client was not accounted for on the annual settlements.

Recommendation:

- A&B. The Associate Circuit Judge require the Public Administrator to file the annual settlements and/or status reports in a timely manner, and file inventories and appraisements within statutory timeframes for all cases.
- C. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100.
- D. The Public Administrator pay all bills when due.
- E. The Public Administrator list any real estate as assets on the annual settlements.

Status:

A-E. Implemented.

10. Prosecuting Attorney's Records and Procedures

- A. Money orders received were not restrictively endorsed immediately upon receipt.
- B. Deposits were made approximately once a week.
- C. The Prosecuting Attorney occasionally reduced the amount of bad check fees charged to the bad check writer without documenting his approval in the case file.
- D. The duties of receiving, recording, and depositing monies were all performed by the Prosecuting Attorney's administrative assistant. In addition, there was no indication that supervisory reviews were performed to ensure that all transactions were accounted for properly and assets were adequately safeguarded.

Recommendation:

The Prosecuting Attorney:

- A. Restrictively endorse money orders immediately upon receipt.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Document the reductions of bad check fees charged.

- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.

Status:

A&B. Not implemented. See MAR No. 12.

C&D. Implemented.

11. County Clerk's Procedures

- A. Fees collected by the County Clerk were not turned over to the County Treasurer on a timely basis.
- B. The method of payment was not indicated on the receipt slips.
- C. Checks received were not restrictively endorsed immediately upon receipt.

Recommendation:

The County Clerk:

- A. Turn over all fees to the County Treasurer on a monthly basis as required by state law.
- B. Indicate the method of payment on all receipts, and reconcile the composition of receipts to the composition of the monies transmitted to the County Treasurer.
- C. Restrictively endorse checks immediately upon receipt.

Status:

- A. Implemented. Although fees are turned over to the County Treasurer monthly, receipts averaged \$530 per month and should be transmitted on a more timely basis. See MAR No. 11.

B&C. Implemented.

12. Associate Circuit Division Procedures

The Associate Circuit Division did not use prenumbered receipt slips to adequately account for all receipts.

Recommendation:

The Associate Circuit Division issue prenumbered receipt slips for all monies received and account for their numerical sequence.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MARIES COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Maries was named after the two principal streams flowing through the county, the Big and Little Maries Rivers. Maries County is a county-organized, third-class county and is part of the Twenty-Fifth Judicial Circuit. The county seat is Vienna.

Maries County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 398 miles of county roads and approximately 20 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 7,551 in 1980 and 8,903 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	51.9	50.7	49.7	47.8	22.0	11.4
Personal property		21.8	21.5	19.7	18.9	5.5	4.4
Railroad and utilities		13.9	14.9	13.9	14.6	9.5	7.2
Total	\$	87.6	87.1	83.2	81.3	37.0	23.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Maries County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	0.3300	0.3500	0.3300	0.3200
Road and Bridge Fund #1*		0.2729	0.2685	0.2685	0.2600
Road and Bridge Fund #2*		0.2336	0.2336	0.2289	0.2300

* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the two county Road and Bridge Funds retain one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
State of Missouri	\$ 27,301	26,537	25,312	24,660
General Revenue Fund	296,792	304,313	275,182	260,793
Road and Bridge Fund #1	109,788	107,303	96,548	93,263
Road and Bridge Fund #2	87,599	83,947	81,586	78,803
Assessment Fund	56,521	47,390	36,294	33,054
Special road districts	31,505	30,129	30,854	29,776
Library	144,917	140,612	133,958	130,572
Tax Maintenance Fund	8,570	7,678	3,751	0
School districts	2,823,569	2,789,392	2,511,182	2,448,668
Ambulance districts	196,379	188,679	180,640	175,804
Fire protection district	52,470	55,068	47,005	42,602
Cities	76,356	63,366	13,723	14,451
County Clerk	992	951	995	968
County Employees' Retirement	24,201	20,912	20,390	19,993
Commissions and fees:				
General Revenue Fund	64,133	63,903	56,473	53,239
Total	\$ 4,001,092	3,930,181	3,513,895	3,406,646

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
Real estate	94	94	94	94 %
Personal property	92	91	91	91
Railroad and utilities	100	100	98	100

Maries County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%
1/3 Sales Tax	0.005	None	None	
Citizens Safety	0.005	March 2007	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
James Kleffner, Presiding Commissioner		21,052	20,639	20,046	19,503
Glenn Dressendofer, Associate Commissioner		18,891	18,521	17,909	17,349
Ed Fagre, Associate Commissioner		18,891	18,521	17,909	17,349
Rhonda Brewer, County Clerk		30,335	29,740	29,075	28,465
Richelle Martin, Prosecuting Attorney		35,378	34,684	33,698	32,796
Doug DiNatale, Sheriff		34,727	34,046	33,273	32,565
Rhonda Slone, County Treasurer		21,047	20,634	19,928	19,281
David Martin, County Coroner		6,458	6,331	5,836	5,496
Eugene Meyer, Public Administrator		16,074	15,759	13,171	12,945
Jayne Helton, County Collector, year ended February 28 (29),	30,764	30,161	29,562	29,014	
Judy Logan, County Assessor *, year ended August 31,		33,585	32,818	32,664	32,388

* Includes \$878 and \$752 annual compensation received from the state in 2004 and 2003, respectively, and \$900 annual compensation received from the state in 2002 and 2001.

State-Paid Officials:

Leo Thompson, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
John Clayton, Associate Circuit Judge	96,000	96,000	96,000	96,000

As of December 31, 2004, the county has seven outstanding loans for 15 pieces of road and bridge equipment with a total outstanding principal balance of \$818,659.



Claire McCaskill

Missouri State Auditor

December 2005

Perry County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Perry, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Perry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county. The county did not enter into a formal written agreement for excavation services.
- County commission minutes are not signed by the County Clerk or the County Commission. Minutes are not always prepared to document closed meetings.
- The county does not maintain adequate usage logs for Road and Bridge vehicles and equipment and the county van. In addition, an inventory record is not maintained for bulk fuel tanks used for vehicles and equipment for the Road and Bridge and Sheriff departments. Fuel purchases are not tracked for the county van. County vehicles are used for commuting by eight Road and Bridge employees and this benefit is not recorded on the employee's W-2.
- Salary commission minutes did not clearly document the cost of living adjustment given to county officials. Various county officials are not covered by an employee bond.
- The Circuit Clerk's Office does not issue receipt slips immediately for some monies received and monies are not always deposited timely. Checks and money orders are not restrictively endorsed immediately upon receipt. The Circuit Clerk's Office has not established procedures to follow up on outstanding checks and to ensure all accrued costs are adequately identified and pursued.
- The Prosecuting Attorney's cash handling and receipt procedures are not adequate. Restitution payments are not made to victims on a timely basis. In addition, an adequate system to account for bad check complaints has not been established.

(over)

YELLOW SHEET

- The Sheriff's Office does not deposit receipts on a timely basis and does not prepare a monthly listing of open items (liabilities) for comparison to the commissary bank account. Commissary account and vending machine profits are not turned over to the county. There are no written contracts for the housing of prisoners from some political subdivisions.
- Closed meeting minutes are not always prepared by the Landfill/Transfer Station committee. Monies are not turned over to the County Clerk on a timely basis and the method of payment is not always included on invoices. In addition, the County Clerk's Office does not issue receipt slips for monies received from the Landfill/Transfer Station.
- Health Center Board minutes are not signed by the board. Bid documentation was not always solicited or advertised nor was bid documentation always retained. Receipts are not deposited on a timely basis and receipt slips are not issued for some monies received.

Also included in the audit were recommendations related to budgetary practices, the property tax system, and the lack of a road maintenance plan. The audit also suggested improvements in the procedures of the County Collector and the Recorder of Deeds.

All reports are available on our website: www.auditor.mo.gov

PERRY COUNTY, MISSOURI

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PERRY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Perry County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Perry County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Perry County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 1, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Perry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Carl Zilch, Jr.
Audit Staff:	Julie Vollmer
	Kate Petschonek
	Julie Moore



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Perry County, Missouri

We have audited the financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Perry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Perry County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Perry County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 1, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

PERRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 644,026	2,559,211	2,436,984	766,253
Special Road and Bridge	421,948	1,365,051	1,346,571	440,428
Assessment	0	226,484	226,484	0
Landfill/Transfer Station	181,092	521,747	519,687	183,152
Recycling Center	14,517	136,089	93,052	57,554
911 Emergency	327,340	195,480	247,016	275,804
Mental Health	276,549	226,242	212,466	290,325
Law Enforcement Training	2,248	8,126	7,176	3,198
Prosecuting Attorney Training	1,399	1,479	0	2,878
Prosecuting Attorney Bad Check	5,926	19,638	17,256	8,308
Recorder's User Fee	43,994	20,794	21,667	43,121
Election Services	3,875	18,456	1,409	20,922
Perry County Health Center Building	212	20,398	20,389	221
Local Park Sales Tax	589,064	1,017,828	1,042,203	564,689
Sheriff's Civil Fees	10,360	34,866	33,676	11,550
Health Center	289,392	758,438	721,756	326,074
Law Library	12,105	8,753	5,319	15,539
Associate Circuit Division Interest	5,602	292	4,969	925
Circuit Division Interest	4,822	1,419	0	6,241
Sheriff's Reserve	3,454	5,450	3,044	5,860
Commissary	8,517	44,000	34,904	17,613
Senate Bill 40 Board	126,261	222,994	284,467	64,788
Collector's Tax Maintenance	9,007	13,918	8,266	14,659
Circuit Clerk's Time Payment Record	10	912	0	922
Circuit Clerk's Juvenile Fees	533	599	0	1,132
Sheriff's Revolving Fund	0	2,248	1,602	646
Total	\$ 2,982,253	7,430,912	7,290,363	3,122,802

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PERRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 535,110	2,294,295	2,185,379	644,026
Special Road and Bridge	478,462	1,330,565	1,387,079	421,948
Assessment	4,410	199,969	204,379	0
Landfill/Transfer Station	146,716	519,445	485,069	181,092
Recycling Center	26,472	73,069	85,024	14,517
911 Emergency	319,728	188,115	180,503	327,340
Mental Health	219,295	219,302	162,048	276,549
Law Enforcement Training	190	5,666	3,608	2,248
Prosecuting Attorney Training	7,924	1,017	7,542	1,399
Prosecuting Attorney Bad Check	8,456	17,902	20,432	5,926
Recorder's User Fee	46,234	33,896	36,136	43,994
Election Services	6,050	1,128	3,303	3,875
Perry County Health Center Building	214	120,397	120,399	212
Local Park Sales Tax	632,487	966,276	1,009,699	589,064
Sheriff's Civil Fees	17,218	38,836	45,694	10,360
Perry County Health Insurance	1,579	57,595	59,174	0
Health Center	339,327	745,982	795,917	289,392
Law Library	7,255	9,204	4,354	12,105
Associate Circuit Division Interest	4,730	872	0	5,602
Circuit Division Interest	4,284	538	0	4,822
Sheriff's Reserve	5,662	50	2,258	3,454
Commissary	6,318	29,134	26,935	8,517
Senate Bill 40 Board	197,848	218,158	289,745	126,261
Collector's Tax Maintenance	458	11,628	3,079	9,007
Circuit Clerk's Time Payment Record	0	10	0	10
Circuit Clerk's Juvenile Fees	200	333	0	533
Total	\$ 3,016,627	7,083,382	7,117,756	2,982,253

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,085,866	7,413,235	327,369	6,867,086	7,083,039	215,953
DISBURSEMENTS	7,731,195	7,280,495	450,700	7,508,569	7,117,756	390,813
RECEIPTS OVER (UNDER) DISBURSEMENTS	(645,329)	132,740	778,069	(641,483)	(34,717)	606,766
CASH, JANUARY 1	2,971,279	2,972,703	1,424	3,016,427	3,016,427	0
CASH, DECEMBER 31	2,325,950	3,105,443	779,493	2,374,944	2,981,710	606,766
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	442,000	444,882	2,882	437,182	441,372	4,190
Sales taxes	1,050,000	1,075,533	25,533	990,000	1,023,598	33,598
Intergovernmental	110,610	112,498	1,888	57,255	74,257	17,002
Charges for services	728,810	867,750	138,940	641,205	704,676	63,471
Interest	12,000	20,812	8,812	22,000	16,556	(5,444)
Other	82,800	37,736	(45,064)	49,600	33,836	(15,764)
Transfers in	20,000	0	(20,000)	56,000	0	(56,000)
Total Receipts	2,446,220	2,559,211	112,991	2,253,242	2,294,295	41,053
DISBURSEMENTS						
County Commissioner	97,019	95,325	1,694	92,069	93,560	(1,491)
County Clerk	98,852	100,241	(1,389)	95,004	93,412	1,592
Elections	64,400	46,951	17,449	61,000	7,664	53,336
Buildings and grounds	209,633	186,799	22,834	219,266	159,420	59,846
Employee fringe benefit	410,000	386,336	23,664	295,200	305,957	(10,757)
County Treasurer	47,080	46,421	659	46,113	44,578	1,535
County Collector	92,372	88,973	3,399	85,972	84,568	1,404
Ex Officio Recorder of Deed	91,029	88,781	2,248	79,413	83,682	(4,269)
Circuit Clerk	14,400	14,207	193	6,860	5,301	1,559
Associate Circuit Court	0	0	0	6,000	4,177	1,823
Court administration	37,128	29,788	7,340	33,584	30,990	2,594
Public Administrator	16,664	16,661	3	16,150	16,113	37
Sheriff	395,404	402,751	(7,347)	332,297	344,782	(12,485)
Jail	286,600	301,153	(14,553)	277,000	288,117	(11,117)
Prosecuting Attorney	122,020	120,660	1,360	118,825	117,327	1,498
Juvenile Officer	60,000	34,337	25,663	89,438	15,888	73,550
County Coroner	14,117	17,554	(3,437)	13,857	15,272	(1,415)
Dispatch Operations	117,140	114,478	2,662	118,750	114,613	4,137
Insurance	55,000	59,157	(4,157)	60,000	50,945	9,055
University Extension Center	39,000	37,275	1,725	38,000	37,504	496
Postage	17,000	17,188	(188)	16,000	16,778	(778)
Equipment	15,000	12,236	2,764	0	0	0
Perry County IDA	60,000	61,928	(1,928)	54,340	54,787	(447)
Safety Attendance Office	25,804	25,804	0	23,745	23,745	0
Lease-Recorder's Office	19,817	13,337	6,480	0	0	0
Higher Education Commitment	25,000	25,000	0	25,000	25,000	0
Domestic violence	7,600	10,035	(2,435)	7,700	7,624	76
Miscellaneous grants	11,000	10,972	28	15,000	15,978	(978)
Debt service	9,000	0	9,000	9,188	9,189	(1)
Other	51,209	49,209	2,000	78,596	72,453	6,143
Transfers out	28,088	23,427	4,661	38,593	45,955	(7,362)
Emergency Fund	77,000	0	77,000	70,000	0	70,000
Total Disbursements	2,614,376	2,436,984	177,392	2,422,960	2,185,379	237,581
RECEIPTS OVER (UNDER) DISBURSEMENTS	(168,156)	122,227	290,383	(169,718)	108,916	278,634
CASH, JANUARY 1	644,027	644,026	(1)	535,110	535,110	0
CASH, DECEMBER 31	475,871	766,253	290,382	365,392	644,026	278,634

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	708,000	715,445	7,445	657,970	695,528	37,558
Intergovernmental	584,500	595,913	11,413	565,100	577,914	12,814
Charges for services	40,000	39,126	(874)	35,000	39,744	4,744
Interest	14,000	10,091	(3,909)	22,000	13,852	(8,148)
Other	8,325	4,476	(3,849)	3,125	3,527	402
Total Receipts	1,354,825	1,365,051	10,226	1,283,195	1,330,565	47,370
DISBURSEMENTS						
Salaries	400,000	386,075	13,925	395,000	378,152	16,848
Employee fringe benefit	150,300	145,286	5,014	123,220	121,671	1,549
Supplies	83,800	103,985	(20,185)	87,300	82,193	5,107
Insurance	24,600	23,783	817	19,000	21,888	(2,888)
Road and bridge materials	100,000	138,131	(38,131)	225,000	231,646	(6,646)
Equipment repairs	89,500	95,741	(6,241)	81,500	86,617	(5,117)
Rentals	500	0	500	500	0	500
Equipment purchases	131,000	27,398	103,602	16,000	207	15,793
Construction, repair, and maintenance	323,500	278,891	44,609	247,500	299,018	(51,518)
County's Portion to City:	84,000	80,766	3,234	84,000	82,869	1,131
Debt service	46,500	46,348	152	46,500	46,348	152
Other	25,800	20,167	5,633	28,090	21,949	6,141
Transfers out	40,000	0	40,000	51,500	14,521	36,979
Total Disbursements	1,499,500	1,346,571	152,929	1,405,110	1,387,079	18,031
RECEIPTS OVER (UNDER) DISBURSEMENTS	(144,675)	18,480	163,155	(121,915)	(56,514)	65,401
CASH, JANUARY 1	421,948	421,948	0	478,462	478,462	0
CASH, DECEMBER 31	277,273	440,428	163,155	356,547	421,948	65,401
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	187,310	197,057	9,747	179,000	186,062	7,062
Interest	1,000	542	(458)	1,500	810	(690)
Other	7,200	5,458	(1,742)	5,500	6,087	587
Transfers in	32,088	23,427	(8,661)	8,573	7,010	(1,563)
Total Receipts	227,598	226,484	(1,114)	194,573	199,969	5,396
DISBURSEMENTS						
Assessor	227,598	226,484	1,114	195,933	200,506	(4,573)
Transfers out	0	0	0	3,050	3,873	(823)
Total Disbursements	227,598	226,484	1,114	198,983	204,379	(5,396)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4,410)	(4,410)	0
CASH, JANUARY 1	0	0	0	4,410	4,410	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LANDFILL/TRANSFER STATION FUND</u>						
RECEIPTS						
Charges for services	520,000	519,599	(401)	490,000	516,618	26,618
Interest	3,000	2,030	(970)	3,800	2,827	(973)
Other	100	118	18	100	0	(100)
Total Receipts	523,100	521,747	(1,353)	493,900	519,445	25,545
DISBURSEMENTS						
Salaries	56,136	58,749	(2,613)	51,575	52,639	(1,064)
Employee fringe benefit	20,950	20,315	635	15,810	18,461	(2,651)
Office expenditures	4,025	9,447	(5,422)	3,825	3,397	428
Equipment purchases	85,019	19,751	65,268	79,517	13,100	66,417
Methane migration/buyout	0	21,623	(21,623)	5,000	0	5,000
Tonnage fee	26,500	26,824	(324)	26,000	26,391	(391)
Waste disposal	205,000	205,185	(185)	205,000	201,189	3,811
Waste transportation	145,000	141,177	3,823	130,000	141,247	(11,247)
Other	12,885	16,616	(3,731)	22,510	26,709	(4,199)
Transfers out	0	0	0	1,240	1,936	(696)
Total Disbursements	555,515	519,687	35,828	540,477	485,069	55,408
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,415)	2,060	34,475	(46,577)	34,376	80,953
CASH, JANUARY 1	181,092	181,092	0	146,716	146,716	0
CASH, DECEMBER 31	148,677	183,152	34,475	100,139	181,092	80,953
<u>RECYCLING CENTER FUND</u>						
RECEIPTS						
Intergovernmental	9,000	5,245	(3,755)	14,850	9,050	(5,800)
Charges for services	57,715	127,615	69,900	60,000	53,235	(6,765)
Interest	200	1,229	1,029	350	261	(89)
Other	2,500	2,000	(500)	9,000	10,523	1,523
Total Receipts	69,415	136,089	66,674	84,200	73,069	(11,131)
DISBURSEMENTS						
Salaries	38,282	41,028	(2,746)	25,180	27,013	(1,833)
Employee fringe benefit	11,125	11,253	(128)	5,690	6,865	(1,175)
Equipment purchases	15,100	33,500	(18,400)	44,305	42,078	2,227
Building expenses	0	0	0	2,100	933	1,167
Other	7,700	7,271	429	6,925	7,658	(733)
Transfers out	0	0	0	310	477	(167)
Total Disbursements	72,207	93,052	(20,845)	84,510	85,024	(514)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,792)	43,037	45,829	(310)	(11,955)	(11,645)
CASH, JANUARY 1	14,517	14,517	0	26,472	26,472	0
CASH, DECEMBER 31	11,725	57,554	45,829	26,162	14,517	(11,645)

During 2003 and 2004, the Recycling Center Fund was part of the Landfill/Transfer Station Fund and the budget was monitored as one fund.

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 EMERGENCY FUND</u>						
RECEIPTS						
Charges for services	183,000	183,767	767	185,000	181,861	(3,139)
Interest	4,000	6,884	2,884	6,000	6,128	128
Other	200	4,829	4,629	1,000	126	(874)
Total Receipts	187,200	195,480	8,280	192,000	188,115	(3,885)
DISBURSEMENTS						
Salaries	62,214	62,025	189	59,526	59,295	231
Employee fringe benefit	20,100	19,503	597	16,400	15,801	599
Office expenditures	6,975	8,624	(1,649)	6,700	5,922	778
Equipment purchases	91,000	80,572	10,428	83,500	84,585	(1,085)
Mileage & training	6,500	7,244	(744)	2,500	5,387	(2,887)
Vehicle purchase	28,000	27,791	209	0	0	0
Lightning damage repairs	28,000	28,281	(281)	0	0	0
Other	9,300	12,976	(3,676)	12,200	7,577	4,623
Transfer out	0	0	0	1,550	1,936	(386)
Total Disbursements	252,089	247,016	5,073	182,376	180,503	1,873
RECEIPTS OVER (UNDER) DISBURSEMENTS	(64,889)	(51,536)	13,353	9,624	7,612	(2,012)
CASH, JANUARY 1	327,340	327,340	0	319,728	319,728	0
CASH, DECEMBER 31	262,451	275,804	13,353	329,352	327,340	(2,012)
<u>MENTAL HEALTH FUND</u>						
RECEIPTS						
Property taxes	210,000	219,867	9,867	200,000	212,056	12,056
Intergovernmental	1,000	484	(516)	500	1,251	751
Interest	5,000	5,778	778	3,000	5,833	2,833
Other	100	113	13	150	162	12
Total Receipts	216,100	226,242	10,142	203,650	219,302	15,652
DISBURSEMENTS						
Office expenditures	23,000	16,051	6,949	23,000	14,625	8,375
Equipment purchases	20,000	394	19,606	20,000	795	19,205
Contract services	190,000	190,000	0	107,800	140,000	(32,200)
Other	29,000	6,021	22,979	29,000	6,628	22,372
Total Disbursements	262,000	212,466	49,534	179,800	162,048	17,752
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,900)	13,776	59,676	23,850	57,254	33,404
CASH, JANUARY 1	276,549	276,549	0	219,295	219,295	0
CASH, DECEMBER 31	230,649	290,325	59,676	243,145	276,549	33,404

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,600	2,367	767	1,800	1,714	(86)
Charges for service:	4,000	5,730	1,730	4,000	3,946	(54)
Interest	10	29	19	50	6	(44)
Total Receipts	5,610	8,126	2,516	5,850	5,666	(184)
DISBURSEMENTS						
Training expenses:	7,858	7,176	682	6,000	3,608	2,392
Total Disbursements	7,858	7,176	682	6,000	3,608	2,392
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,248)	950	3,198	(150)	2,058	2,208
CASH, JANUARY 1	2,248	2,248	0	190	190	0
CASH, DECEMBER 31	0	3,198	3,198	40	2,248	2,208
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,446	446	950	981	31
Interest	50	33	(17)	200	36	(164)
Total Receipts	1,050	1,479	429	1,150	1,017	(133)
DISBURSEMENTS						
Prosecuting Attorney	2,400	0	2,400	8,300	7,542	758
Total Disbursements	2,400	0	2,400	8,300	7,542	758
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,350)	1,479	2,829	(7,150)	(6,525)	625
CASH, JANUARY 1	1,399	1,399	0	7,924	7,924	0
CASH, DECEMBER 31	49	2,878	2,829	774	1,399	625
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	18,000	19,570	1,570	15,000	17,853	2,853
Interest	100	68	(32)	180	49	(131)
Other	100	0	(100)	100	0	(100)
Total Receipts	18,200	19,638	1,438	15,280	17,902	2,622
DISBURSEMENTS						
Salaries	1,500	1,126	374	1,500	1,126	374
Office expenditures:	11,108	8,545	2,563	9,650	8,239	1,411
Equipment purchases:	7,000	6,085	915	8,000	9,567	(1,567)
Rent	1,500	1,500	0	1,500	1,500	0
Total Disbursements	21,108	17,256	3,852	20,650	20,432	218
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,908)	2,382	5,290	(5,370)	(2,530)	2,840
CASH, JANUARY 1	5,926	5,926	0	8,456	8,456	0
CASH, DECEMBER 31	3,018	8,308	5,290	3,086	5,926	2,840

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Intergovernmental	0	3,498	3,498	20,077	11,129	(8,948)
Charges for Services	23,113	16,604	(6,509)	19,875	21,996	2,121
Interest	460	430	(30)	520	456	(64)
Other	200	262	62	160	315	155
Total Receipts	23,773	20,794	(2,979)	40,632	33,896	(6,736)
DISBURSEMENTS						
Ex Officio Recorder of Deed	24,150	21,667	2,483	41,087	36,136	4,951
Total Disbursements	24,150	21,667	2,483	41,087	36,136	4,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	(377)	(873)	(496)	(455)	(2,240)	(1,785)
CASH, JANUARY 1	43,994	43,994	0	46,234	46,234	0
CASH, DECEMBER 31	43,617	43,121	(496)	45,779	43,994	(1,785)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	3,000	18,377	15,377	1,500	1,033	(467)
Interest	100	79	(21)	100	95	(5)
Total Receipts	3,100	18,456	15,356	1,600	1,128	(472)
DISBURSEMENTS						
Training	6,000	1,409	4,591	3,600	3,303	297
Total Disbursements	6,000	1,409	4,591	3,600	3,303	297
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,900)	17,047	19,947	(2,000)	(2,175)	(175)
CASH, JANUARY 1	3,875	3,875	0	6,050	6,050	0
CASH, DECEMBER 31	975	20,922	19,947	4,050	3,875	(175)
<u>PERRY COUNTY HEALTH CENTER BUILDING FUND</u>						
RECEIPTS						
Interest	6	9	3	12	8	(4)
Transfers in	20,389	20,389	0	120,389	120,389	0
Total Receipts	20,395	20,398	3	120,401	120,397	(4)
DISBURSEMENTS						
Building Payment	20,389	20,389	0	120,389	120,389	0
Other	0	0	0	0	10	(10)
Total Disbursements	20,389	20,389	0	120,389	120,399	(10)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6	9	3	12	(2)	(14)
CASH, JANUARY 1	212	212	0	214	214	0
CASH, DECEMBER 31	218	221	3	226	212	(14)

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL PARK SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	958,000	1,011,163	53,163	937,550	956,598	19,048
Interest	8,000	6,665	(1,335)	16,000	9,678	(6,322)
Total Receipts	966,000	1,017,828	51,828	953,550	966,276	12,726
DISBURSEMENTS						
City of Perryville	239,500	252,791	(13,291)	234,388	239,281	(4,893)
Legal fees	200	0	200	10,000	6,823	3,177
Debt service	794,394	789,412	4,982	772,525	763,595	8,930
Total Disbursements	1,034,094	1,042,203	(8,109)	1,016,913	1,009,699	7,214
RECEIPTS OVER (UNDER) DISBURSEMENTS	(68,094)	(24,375)	43,719	(63,363)	(43,423)	19,940
CASH, JANUARY 1	589,064	589,064	0	632,487	632,487	0
CASH, DECEMBER 31	520,970	564,689	43,719	569,124	589,064	19,940
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Intergovernmental	4,850	1,579	(3,271)	4,800	4,842	42
Charges for services	23,000	21,822	(1,178)	22,000	20,855	(1,145)
Interest	400	168	(232)	500	228	(272)
Donations	6,000	11,297	5,297	0	8,818	8,818
Transfers In	0	0	0	4,093	4,093	0
Total Receipts	34,250	34,866	616	31,393	38,836	7,443
DISBURSEMENTS						
Supplies	0	6,180	(6,180)	5,000	2,350	2,650
Equipment purchases	17,500	18,933	(1,433)	27,000	26,718	282
SEMO Drug Task Force	2,500	2,500	0	2,500	2,500	0
K-9 expenses	11,000	0	11,000	11,000	11,156	(156)
Training	0	1,515	(1,515)	0	679	(679)
Other	1,000	4,548	(3,548)	0	2,291	(2,291)
Total Disbursements	32,000	33,676	(1,676)	45,500	45,694	(194)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,250	1,190	(1,060)	(14,107)	(6,858)	7,249
CASH, JANUARY 1	10,360	10,360	0	17,218	17,218	0
CASH, DECEMBER 31	12,610	11,550	(1,060)	3,111	10,360	7,249
<u>PERRY COUNTY HEALTH INSURANCE</u>						
RECEIPTS						
Transfers in				46,150	57,595	11,445
Total Receipts				46,150	57,595	11,445
DISBURSEMENTS						
Medical insurance				47,500	59,174	(11,674)
Total Disbursements				47,500	59,174	(11,674)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,350)	(1,579)	(229)
CASH, JANUARY 1				1,579	1,579	0
CASH, DECEMBER 31				229	0	(229)

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER</u>						
RECEIPTS						
Property taxes	413,000	430,917	17,917	415,000	415,462	462
Intergovernmental	275,000	277,103	2,103	266,700	281,723	15,023
Charges for Services	34,000	42,359	8,359	32,000	39,094	7,094
Interest	8,000	6,762	(1,238)	10,000	8,438	(1,562)
Other	0	1,297	1,297	1,300	1,265	(35)
Total Receipts	730,000	758,438	28,438	725,000	745,982	20,982
DISBURSEMENTS						
Salaries	417,500	420,451	(2,951)	438,000	421,884	16,116
Employee fringe benefit	134,000	129,853	4,147	116,500	110,094	6,406
Office expenditure:	18,000	15,674	2,326	17,300	17,654	(354)
Equipment purchases:	12,000	8,236	3,764	8,000	9,213	(1,213)
Mileage & training	20,000	20,876	(876)	18,500	16,001	2,499
Medical supplies	35,000	39,144	(4,144)	35,000	34,038	962
Contracted services	39,000	27,955	11,045	34,000	38,137	(4,137)
Building expense	9,000	12,340	(3,340)	9,000	8,336	664
Other	25,000	26,838	(1,838)	28,200	20,171	8,029
Transfers Out	20,500	20,389	111	120,500	120,389	111
Total Disbursements	730,000	721,756	8,244	825,000	795,917	29,083
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	36,682	36,682	(100,000)	(49,935)	50,065
CASH, JANUARY 1	289,392	289,392	0	339,327	339,327	0
CASH, DECEMBER 31	289,392	326,074	36,682	239,327	289,392	50,065
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	9,200	8,675	(525)	9,500	9,135	(365)
Interest	70	78	8	50	69	19
Total Receipts	9,270	8,753	(517)	9,550	9,204	(346)
DISBURSEMENTS						
Publications	15,000	5,319	9,681	6,000	4,354	1,646
Total Disbursements	15,000	5,319	9,681	6,000	4,354	1,646
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,730)	3,434	9,164	3,550	4,850	1,300
CASH, JANUARY 1	12,105	12,105	0	7,255	7,255	0
CASH, DECEMBER 31	6,375	15,539	9,164	10,805	12,105	1,300
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	0	292	292	1,100	872	(228)
Total Receipts	0	292	292	1,100	872	(228)
DISBURSEMENTS						
Equipment purchases:	0	4,969	(4,969)	4,000	0	4,000
Total Disbursements	0	4,969	(4,969)	4,000	0	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(4,677)	(4,677)	(2,900)	872	3,772
CASH, JANUARY 1	0	5,602	5,602	4,730	4,730	0
CASH, DECEMBER 31	0	925	925	1,830	5,602	3,772

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	100	1,419	1,319	600	538	(62)
Total Receipts	100	1,419	1,319	600	538	(62)
DISBURSEMENTS						
Other	4,922	0	4,922	4,000	0	4,000
Total Disbursements	4,922	0	4,922	4,000	0	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,822)	1,419	6,241	(3,400)	538	3,938
CASH, JANUARY 1	4,822	4,822	0	4,284	4,284	0
CASH, DECEMBER 31	0	6,241	6,241	884	4,822	3,938
<u>SHERIFF'S RESERVE FUND</u>						
RECEIPTS						
Donations	200	1,000	800	750	0	(750)
Sale of calendars	2,200	4,450	2,250	2,500	50	(2,450)
Total Receipts	2,400	5,450	3,050	3,250	50	(3,200)
DISBURSEMENTS						
Sheriff	5,700	3,044	2,656	2,800	2,258	542
Total Disbursements	5,700	3,044	2,656	2,800	2,258	542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,300)	2,406	5,706	450	(2,208)	(2,658)
CASH, JANUARY 1	3,454	3,454	0	5,662	5,662	0
CASH, DECEMBER 31	154	5,860	5,706	6,112	3,454	(2,658)
<u>COMMISSARY FUND</u>						
RECEIPTS						
Charges for services	30,250	44,000	13,750	12,720	29,134	16,414
Total Receipts	30,250	44,000	13,750	12,720	29,134	16,414
DISBURSEMENTS						
Supplies	22,000	26,486	(4,486)	6,000	19,476	(13,476)
Equipment purchases	16,000	7,627	8,373	10,000	7,459	2,541
Other	0	791	(791)	0	0	0
Total Disbursements	38,000	34,904	3,096	16,000	26,935	(10,935)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,750)	9,096	16,846	(3,280)	2,199	5,479
CASH, JANUARY 1	8,517	8,517	0	6,318	6,318	0
CASH, DECEMBER 31	767	17,613	16,846	3,038	8,517	5,479

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	211,800	219,867	8,067	183,000	212,056	29,056
Intergovernmental	1,015	496	(519)	0	1,265	1,265
Interest	4,195	2,631	(1,564)	2,100	4,837	2,737
Total Receipts	217,010	222,994	5,984	185,100	218,158	33,058
DISBURSEMENTS						
Equipment purchases	200	0	200	0	0	0
Agencies	303,264	282,069	21,195	317,614	287,463	30,151
Other	2,825	2,398	427	0	2,282	(2,282)
Total Disbursements	306,289	284,467	21,822	317,614	289,745	27,869
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,279)	(61,473)	27,806	(132,514)	(71,587)	60,927
CASH, JANUARY 1	130,438	126,261	(4,177)	197,848	197,848	0
CASH, DECEMBER 31	41,159	64,788	23,629	65,334	126,261	60,927
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services				9,000	11,329	2,329
Interest				0	99	99
Other				0	200	200
Total Receipts				9,000	11,628	2,628
DISBURSEMENTS						
Collector				9,000	3,079	5,921
Total Disbursements				9,000	3,079	5,921
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	8,549	8,549
CASH, JANUARY 1				458	458	0
CASH, DECEMBER 31				458	9,007	8,549

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PERRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, the Mental Health Center Board, or the Sanitary Landfill Committee. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Collector's Tax Maintenance Fund	2004
Circuit Clerk's Time Payment Record Fund	2004 and 2003
Circuit Clerk's Juvenile Fees Fund	2004 and 2003
Sheriff's Revolving Fund	2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2003
Perry County Health Center Building Fund	2003
Local Park Sales Tax Fund	2004
Sheriff's Civil Fees Fund	2004 and 2003
Perry County Health Insurance	2003
Associate Circuit Division Interest Fund	2004
Commissary Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Collector's Tax Maintenance Fund	2004
Circuit Clerk's Time Payment Record Fund	2004 and 2003
Circuit Clerk's Juvenile Fees Fund	2004 and 2003
Sheriff's Revolving Fund	2004

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials. In addition, the Mental Health Board and Senate Bill 40 Board cash balances are included in the financial statements and are included in the analysis of the county's collateral securities since these boards are also covered by the county's collateral securities.

The county's deposits at December 31, 2004, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the county's bank balance at December 31, 2003, \$8,007,970 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$573,556 was uninsured and uncollateralized.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Circuit Clerk's Juvenile Fees Fund's cash balance of \$200 at January 1, 2003, was not previously reported but has been added.

Schedule

PERRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PERRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PERRY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 1, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Perry County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Expenditures

Bids were not always solicited, nor was bid documentation always retained. The county did not enter into a formal written agreement for excavation services.

- A. Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. Examples of items purchased for which bids were not solicited or adequate documentation could not be located were as follows:

<u>Item Purchased</u>	<u>Amount</u>
Excavation Services	\$18,120
Ballot Printing Services	9,296
Elevator Maintenance	<u>6,083</u>
Total	<u>\$33,499</u>

Section 50.660, RSMo, requires bids for all purchases or services of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- B. The county did not enter into a formal written agreement for contract services for excavation services costing \$18,120. Given that no bids were received for these services and the county has no contract with this company, the county is unable to ensure the appropriate services were received at the proper price.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Commission minutes should document approval of all agreements.

WE RECOMMEND the County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification of bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure that contracts are obtained and entered into for services received.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The excavation services were for work done at the Perry County Landfill when methane monitoring devices showed the presence of methane at the landfill. This is an ongoing problem that is being closely monitored by the Missouri Department of Natural Resources and they indicated that this work needed to be completed promptly. The amount of work to be done was unknown and the company had provided excavation services at the landfill before. We did not know if this work would exceed the \$4,500 threshold. This is the only company in the county that can perform this work.*

The ballot printing services were for a primary election and the company used has been printing the ballots for Perry County for nineteen years. Commission minutes should have reflected the circumstances of this expense.

The elevator maintenance expenses were necessary because of new state elevator inspection laws and the state would not license the county's elevators without the expense. The company that completed the work was the one that maintains the elevators. Quotations for the work were completed and the work was necessary in order for the county to be in compliance with the state guidelines.

Our policy is to obtain bids in accordance with statutes.

- B. *We will ensure contracts are entered into in the future.*

2.

Commission Minutes

County Commission minutes are not signed by the County Clerk or the County Commission. Minutes are not always prepared to document closed meetings.

- A. County Commission minutes prepared by the County Clerk are not signed by anyone. The minutes should be signed by the County Clerk and then by the County Commission to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the commission meetings.

Section 51.120, RSMo, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Approval not only ensures authenticity of official minutes, but also allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

- B. Minutes were not always prepared to document the matters discussed in closed meetings.

Effective August 28, 2004, Section 610.020, RSMo, requires a journal or minutes of open and closed meetings be taken and retained by the public governmental body, including, but not limited to, a record of any votes taken at such meeting. The minutes shall include the date, time, place, members present, members absent and a record of any votes taken.

WE RECOMMEND the County Commission:

- A. Ensure the commission minutes are signed by the County Clerk upon preparation and the County Commission upon approval.
- B. Ensure minutes are prepared, approved, and retained for all closed meetings.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Commission minutes were signed by the Commission in prior years, only changing when the minutes program currently used was put in place. Signatures will be in place from now on.*
- B. *No decisions were made during these meetings. Notes were kept, but were not formalized. In the future, minutes will be kept.*

3. Vehicles and Equipment

The county does not maintain adequate usage logs for Road and Bridge vehicles and equipment and the county van. In addition, an inventory record is not maintained for bulk fuel tanks used for vehicles and equipment for the Road and Bridge and Sheriff departments. Fuel purchases are not being tracked for the county van. County vehicles are used for commuting by eight Road and Bridge employees and this benefit is not recorded on the employee's W-2.

- A. The county does not maintain adequate usage logs to document the appropriate use of the vehicles and equipment. The Road and Bridge department maintains usage logs for its twenty-nine vehicles and sixteen pieces of equipment, but the logs do not consistently contain mileage, destination, and purpose of each trip. Also, a usage log is not maintained for the county van.

Without adequate usage logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced.

- B. An inventory record is not maintained for bulk fuel tanks used for Road and Bridge and Sheriff department vehicles and equipment. The county spent approximately \$99,800 and \$74,400 in 2004 and 2003, respectively, for fuel for the bulk tanks. Furthermore, fuel purchases for the county van made at gas stations are not tracked to support fuel charges. To ensure the reasonableness of fuel expenditures, the Road and Bridge department and the Sheriff's Office should maintain a fuel inventory record of the amount of fuel in the tanks. The fuel on hand in the tanks should be measured on a periodic basis and agreed to the fuel inventory record.

Failure to inventory and reconcile fuel usage to fuel purchases increases the risk that theft or misuse of fuel could occur and not be detected. Periodic physical inventories of the bulk fuel tanks are necessary to ensure the records are accurate, identify any unrecorded additions and deletions, and detect possible loss or theft. Information on the fuel usage logs should be reconciled to fuel purchases on a periodic basis.

- C. Eight Road and Bridge employees are allowed to use county vehicles to commute to and from work. However, the county does not have a written policy allowing the use of these vehicles for commuting purposes. The county did not include the value of the commuting miles or vehicles on these employees' W-2s. The vehicle usage logs indicate these eight employees commute a total of approximately 190 miles per day. If the County Commission believes that these employees should be exempt from taxable fringe benefits because the commuting miles benefit the county, this decision should be adequately documented in a policy.

Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. IRS guidelines also require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

WE RECOMMEND the County Commission:

- A. Ensure logs are maintained for vehicles and equipment which include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. In addition, these logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business, to help identify vehicles and equipment which should be replaced.
- B. Ensure fuel logs are maintained which are periodically reconciled to fuel purchases. In addition, the County Commission should ensure an inventory record is maintained for fuel stored in bulk tanks, a physical inventory of the fuel is performed, and the equipment fuel usage logs are reconciled to fuel used on the bulk fuel inventory records and reviewed for reasonableness.
- C. Comply with IRS guidelines for reporting fringe benefits related to commuting in county owned vehicles, or adequately document their reasoning for exempting these individuals in a written policy.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have started keeping a log for the county van. We will revise the logs used in Road and Bridge vehicles to include all necessary information.*
- B. *It is our intention to develop a policy that will give direction to every Perry County elected official and employee on the proper procedure to use when purchasing fuel for county owned vehicles and equipment, as well as the procedure to use when logging fuel consumption and keeping accurate fuel records. Also, the appropriate reconciliation of such fuel logs will be done on a monthly basis.*
- C. *We will revise county policy specifically stating that county vehicles are restricted for use only for county business and that any personal use of the county owned vehicle is strictly prohibited. Such policy will state the need for certain employees to have access to vehicles for emergency purposes on a 24 hour basis.*

4.**Budgetary Practices**

Actual disbursements exceeded the budgeted amounts in the various funds as follows:

<u>Fund</u>	Years Ended December 31,	
	<u>2004</u>	<u>2003</u>
Assessment	N/A	\$5,396
Local Park Sales Tax	8,109	N/A
Commissary Fund	N/A	10,935
County Health Insurance	N/A	11,674
Sheriff's Civil Fees	1,676	194
Associate Circuit Division Interest	4,969	N/A

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in a prior audit.

WE RECOMMEND the County Commission and various officials refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission should amend its budget by following procedures required by state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The Assessment budget was exceeded late in the year upon purchase of new assessment software and did not get formally amended. The County Health Insurance fund was closed out in 2003.

The Sheriff provided the following response:

We will work with the County Clerk and the County Commission to amend budgets as necessary.

The Circuit Clerk provided the following response:

We will request the County Clerk to provide a budget form for interest receipts and expenditures for 2006.

5. Road and Bridge Maintenance Plan
--

A formal maintenance plan for county roads and bridges has not been prepared. A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a road and bridge maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year. In addition, the County Commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The County Commission provided the following response:

A Road and Bridge maintenance plan will be implemented at the beginning of the calendar year for the purpose of identifying proposed large projects that are anticipated for the upcoming year. This plan would be updated quarterly. However, it is not practical to try and predict small or otherwise routine maintenance projects that effect the county road system.

The County Clerk does not maintain an account book with the County Collector. Additions and abatements are not consistently approved by the County Commission as they occur.

- A. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. A complete account book would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement. In addition, Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.
- B. Additions and abatements of property taxes are not consistently approved by the County Commission as they occur. The Assessor issues orders for additions and abatements and sends a copy to the County Clerk and County Collector. The County Clerk then makes changes in the property tax book records for the additions and abatements. The County Commission does not approve additions to the property tax records. Abatements are only approved by the County Commission if there was a mistake in the assessment of the real estate property or if the taxpayer paid their property taxes in another county. Other abatements are not approved by the County Commission.

Section 137.260, RSMo, requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charges these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

WE RECOMMEND the County Commission:

- A. Require the County Clerk maintain an account book with the County Collector in accordance with statutes. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.
- B. Review and approve all additions and abatements on a timely basis.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Clerk is reviewing the Collector's work. In the future, this review will be documented.*
- B. *The County Clerk does review the property tax roles regularly and checks all additions and abatements for accuracy. Additions and abatements will be noted in the Commission minutes on a monthly basis.*

7. County Officials' Compensation and Bonding
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Salary commission minutes did not clearly document the cost of living adjustment given to county officials. Various county officials are not covered by an employee bond.

- A. County officials received a cost of living adjustment (COLA) of three percent in 2004 and 2003, two and one half percent in 2002, and six percent in 2001. The county salary commission met in November 1997, and discussed salaries; however, the salary commission minutes did not clearly document the approval of the COLA. The Salary Commission did not meet in 1999 or 2001. Future salary commission minutes should clearly document all decisions regarding salary issues.
- B. Various county employees that receipt and deposit monies are not covered by an employee bond. Properly bonding all persons with access to monies would better protect the officials and county from risk of loss.

WE RECOMMEND the County Commission:

- A. Ensure all salary commission minutes clearly document all decisions made.
- B. Obtain adequate bond coverage for all persons with access to monies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *It is our intention to specifically include in the minutes of the Salary Commission detailed motions to authorize the County Commission to pay COLA.*
- B. *We have changed some cash handling duties. We will review this to see who needs to be covered.*

8.**Circuit Clerk Controls and Procedures**

Receipt slips are not issued immediately for some monies received and monies are not always deposited timely. Checks and money orders are not restrictively endorsed immediately upon receipt. The Circuit Clerk's Office has not established procedures to follow up on outstanding checks and to ensure all accrued costs are adequately identified and pursued.

The Circuit Clerk's Office processes receipts and disbursements for the Circuit Court and the Associate Court. Receipts from fines and costs for criminal and civil cases totaled approximately \$824,000 and \$939,000 during the years ended December 31, 2004 and 2003, respectively. The Circuit Clerk uses the Judicial Information System (JIS) for recording cases, receiving payments, and disbursing funds.

- A. Receipt slips are not issued immediately for some monies received and monies are not always deposited timely. When payments are received through the mail from an attorney, a clerk will attach the check, with the case information which is then placed in the Circuit Clerk's vault. Receipt slips are not issued for the monies until the case information is entered into the JIS System. After our July 2005 cash count the Circuit Clerk took approximately nine days to enter sixteen cases in the amount of \$1,863 into the JIS System and issue a receipt slip.

In addition, receipts are not deposited on a timely basis. For example, receipts dating back to July 12, 2005 and totaling \$2,104 were on hand on July 26, 2005. The receipts collected in the mail from attorneys for new cases are not deposited until the case file is entered in the computer system which is approximately ten days. When payments are received for new cases by individuals walking into the office, a manual receipt slip is issued immediately, but the funds are not deposited until the case is entered into JIS. During 2004, the Circuit Clerk's Office entered manual receipt slips into the JIS system approximately four days after their receipt and deposited manual receipts approximately five days after their receipt.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received immediately upon receipt and the numerical sequence accounted for properly. In addition, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily or when accumulated receipts exceed \$100.

- B. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- C. The Circuit Clerk's Office has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, the Circuit Court's bank account had twenty-two outstanding checks totaling approximately \$1,812 that were over one year old. In addition, the Associate Court's bank account had twenty-nine outstanding checks over a year old which totaled \$1,997. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Circuit Clerk's Office should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.
- D. Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs are adequately identified and pursued. In addition, summary records have not been maintained of the accrued costs balance. When costs are initially assessed to a case, the Circuit Clerk prepares and sends a cost bill to the defendant. Prior to January 2005, the Circuit Clerk did not initiate any further collection procedures. On January 1, 2005, the Circuit Clerk started using the state's debt collection agency for the collection of outstanding court costs.

In August, 2005, the Circuit Clerk printed an accrued cost report, which indicated there was approximately \$519,900 in accrued case costs. A payment plan report indicated \$76,100 had been turned over to the debt collection agency during 2005. However, the remaining \$443,800 has not been pursued or turned over to the collection agency.

To ensure that all applicable receipts are received by the court, formal procedures should be established and records of accrued cost balances should be maintained. These records should be periodically reviewed to ensure accrued costs are identified and followed up in a timely manner.

WE RECOMMEND the Circuit Clerk:

- A. Issue receipt slips for all monies received immediately upon receipt. In addition, deposit receipts daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- D. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. New civil case filings will be entered into JIS on Mondays and Wednesdays which will reduce the time until receipts can be deposited. Deposits are made daily for everything that has been entered into JIS.*
- B. The reception desk clerk will endorse checks immediately upon receipt.*
- C. I will review outstanding checks in June and December of each year to clear unclaimed funds.*
- D. In January, I will request some special projects money so we can put some of the old accrued costs on payment plans. All current cases with outstanding balances are put on payment plans which allows them to be turned over to the debt collection agency and tax intercept program.*

9. County Collector

The method of payment is not indicated on the tax receipts, monies are not deposited intact, and receipt slips are not issued for monies received for copies or tax waivers. The County Collector is not restrictively endorsing checks and money orders immediately upon receipt.

- A. The method of payment (cash, check, and money order) is not indicated on the Collector's copy of the tax receipt. When property taxes are paid in cash, a calculator tape is prepared showing the change returned. The calculator tape is then attached to the collector's copy of the tax receipt, and at the end of the day the Collector will compare the composition of the receipts to the deposit using the calculator tapes. However once receipts are reconciled to the deposit, the calculator tapes are discarded. In addition, monies are not deposited intact as cash refunds are made for overpayments of fees paid by check. To ensure receipts are accounted for properly, all monies should be deposited intact, all refunds should be made by check, the method of payment should be recorded on the tax receipts and the composition of the tax receipts should be reconciled to the composition of deposits.
- B. Receipt slips were not issued for copies or tax waivers, and the receipt slips issued for partial payments of property taxes were not pre-numbered. To help ensure receipts are properly recorded and deposited, pre-numbered receipt slips should be issued for all monies received immediately upon receipt.
- C. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Collector:

- A. Deposit all monies intact, write checks for refunds of overpayments, document the method of payment on the collector's copy of the tax statements, and reconcile the composition of the tax statements to the composition of the deposits.
- B. Ensure pre-numbered receipt slips are issued for all monies received.
- C. Restrictively endorse checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *We currently have that update feature included with the new office software we hope to purchase in the future. The current situation has always worked in the past and we are now keeping the calculator tapes after the receipts are reconciled until the new software implementation is complete, hopefully sometime in 2006.*

The small refunds have been handled in this manner in the past and have always worked for the constituents. Our records show approximately only 20 per year and under \$20 on average for a money order.

- B. *We will probably not charge the constituents for a tax waiver in the future (2006). We no longer charge for a tax copy because of emailing tax bills, online lookup, etc. to be fair to all constituents.*
- C. *We will look into doing this during the current tax season (2005). Checks are continually endorsed several times during the day when receipts are totaled up and then when checking the drawer out for depositing.*

10.	County Clerk
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The County Clerk's Office collects various fees which are held until they are transmitted to the County Treasurer. Each Friday, the Landfill/Transfer Station transmits the cash and checks collected for landfill fees to the County Clerk's Office. The County Clerk's Office agrees these receipts to the invoices prepared by the Landfill/Transfer Station and transmits the receipts to the County Treasurer. However, the County Clerk's Office does not compare the composition of the receipts to the composition indicated on the invoices. The County Clerk's Office received approximately \$520,000 and \$517,000 for the years ended December 31, 2004 and 2003, respectively, for Landfill/Transfer Station fees.

Receipt slips are not issued for monies received from the Landfill/Transfer Station. In addition, receipt slips are not issued for monies received in the mail and receipt slips are not

always issued in sequential order. To ensure monies are properly accounted for and transmitted intact, pre-numbered receipt slips should be issued for all monies received and the composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer.

WE RECOMMEND the County Clerk ensure receipt slips are issued for all monies received and the composition of invoices prepared by the Landfill/Transfer Station is reconciled to the composition of transmittals to the County Treasurer.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

The County Clerk's Office no longer receives landfill/transfer station monies. The County Clerk's Office is currently issuing receipt slips for all monies received.

11. Prosecuting Attorney Controls and Procedures

The Prosecuting Attorney's cash handling and receipt procedures are not adequate. Restitution payments are not made to victims on a timely basis. In addition, an adequate system to account for bad check complaints has not been established. The Prosecuting Attorney's Office received approximately \$104,000 and \$52,000 for the years ended December 31, 2004 and 2003, respectively, for restitution monies.

- A. Monies for bad check fees received are not transmitted to the County Treasurer in a timely manner. In addition, court ordered restitution monies received are not being deposited on a timely basis. Bad check fees averaging \$400 are transmitted to the County Treasurer approximately once a week. In addition, court ordered restitution monies averaging \$1,700 are deposited approximately once a week.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited or transmitted daily or when accumulated receipts exceed \$100.

- B. Money orders received for court ordered restitution and bad check fees are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.
- C. The Prosecuting Attorney's Office has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, the Prosecuting Attorney's bank account had eighteen outstanding checks totaling approximately \$2,295 that were over one year old. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Prosecuting Attorney's Office should adopt procedures to routinely follow up on outstanding checks and reissue them if the

payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

- D. The Prosecuting Attorney's Office accumulates partial payments on court ordered restitution until significant amounts have been received and then distributes the funds to the victims. As of December 31, 2004, the balance of the court ordered restitution account was approximately \$43,685. This money had been collected on behalf of the victims by order of the court to pay restitution. Several cases had undistributed balances in excess of \$100. For example, one account had been credited with nineteen payments, accumulating a balance of approximately \$2,700 and no distributions had been made to the victims.

To expedite the distribution of restitution to victims and to reduce the amount of open items necessary to be accounted for, the Prosecuting Attorney's Office should consider distributing restitution payments to the victims on a more timely basis.

- E. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's Office, as well as the subsequent disposition of these complaints, has not been established. The bad check complaints are not assigned sequential control numbers nor are they recorded on an initial log or listing as they are received. In addition, we noted some bad check complaints were not followed up on timely. When a bad check complaint is received, the Prosecuting Attorney's Office sends a letter to the offender giving the individual ten days to pay all amounts owed. However, we noted a bad check which was not paid until 27 days after the payment due date and another bad check where payment was received 45 days after the due date. The Prosecuting Attorney's Office did not file charges against these offenders when the payment due date passed.

To ensure all bad checks turned over to the Prosecuting Attorney are properly handled, a sequential number should be assigned to each bad check complaint received and a log should be maintained listing each complaint and its disposition. The log should contain information such as the complaint number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including the date restitution was received and disbursed to the merchant, the date and criminal case in which charges were filed, or other disposition. To ensure all bad checks have been collected or prosecuted, the Prosecuting Attorney should implement procedures to periodically review the initial log or listing to ensure the disposition of all cases has been properly recorded and appropriate follow up procedures are performed on all unpaid bad checks.

Similar conditions were noted in our two prior reports.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Deposit or transmit monies daily or when accumulated receipts exceed \$100.

- B. Restrictively endorse money orders immediately upon receipt.
- C. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- D. Consider distributing restitution payments to victims on a more timely basis.
- E. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We will deposit as often as we can.*
- B. *We have implemented this recommendation.*
- C. *We are reviewing these old checks and are trying to locate the vendor, so disbursement can be made.*
- D. *We have computerized restitution receipts and disbursements during the past six months. The balance of the court ordered restitution has been reduced to approximately \$16,000. We will continue to work on this.*
- E. *We hope to have a computer program by the spring of 2006 that will implement these procedures.*

12. Recorder Controls and Procedures

The numerical sequence of document numbers issued is not accounted for and receipts are not always deposited intact.

The Recorder collects various fees for recording documents such as deeds and marriage licenses. During the years ended December 31, 2004 and 2003, receipts totaled approximately \$207,000 and \$270,000, respectively. Our review of the Recorder's accounting controls and procedures revealed the following areas of concern:

- A. The Recorder's Office does not account for the numerical sequence of document numbers issued. The Recorder issues a document number for each document recorded instead of issuing prenumbered receipt slips. However, document numbers can be voided in the computer system and a new document can be entered with the

same document number. Documentation is not maintained to support the deletion of document numbers or the reason for the deletions. The Recorder's Office is not producing a report to account for the document numbers deleted. To properly account for all document fees and ensure all fees are deposited into the Recorder's bank account, the Recorder should establish procedures to ensure that the numerical sequence of all document numbers can be accounted for, including voided numbers. In addition, documentation should be maintained to support the deletion of document numbers and the reason for the deletions.

- B. Receipts are not always deposited intact. When checks are received which exceed the amount due, cash refunds are given and the checks are deposited. Cash received for copies is kept separately from monies received for recording documents. The monies received for recording documents are sometimes exchanged for copy monies to make these cash refunds. Although recording receipts are deposited daily, copy monies are only deposited about twice a month. To safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact daily, and all refunds should be made by check.

WE RECOMMEND the Recorder of Deeds:

- A. Establish procedures to adequately account for the numerical sequence of document numbers. In addition, documentation should be maintained to support the deletion of document numbers and the reason for the deletions.
- B. Deposit all receipts intact daily, and issue refunds by check.

AUDITEE'S RESPONSE

The Recorder provided the following responses:

- A. *The Recorder's Office begins with the document number one at the beginning of each new year. Our numbers run consecutively and no numbers should be missing. If a number is not used it will still appear in sequence and there will be a written notice why the number was not used. The Document Activity Log report shows document numbers and deletion activity. Deletions are made generally during the tendering process because of human error. Examples of errors are: entering wrong number of pages, entering wrong tender type, and entering wrong amount paid. In order to correct these errors, our software system requires we delete the original entry and re-enter under the same abandoned/deleted number. When document numbers are deleted, an activity log report will be run showing the deletion of that document number and the reason for deletion.*
- B. *Our office policy is to refund cash when the recording fee is paid in excess of the recording fee. Refunds generally range from \$3 to \$12. Refunds are only given to our counter customers. Fees received by mail, UPS, Fedex, etc that exceed the recording fee are returned to the customer for the correct fees. I feel we do deposit all recording fees intact*

daily. If we have to cash out a check from our daily deposits in copy money a notation is made and it is generally put back in our daily deposit the next day if possible. There was no money missing in our daily deposits and all monies were accounted for. I will deposit copy money when the total reaches \$100.

13.

Sheriff's Controls and Procedures

Commissary account and vending machine profits are not turned over to the county. A listing of open items for the commissary account is not prepared monthly. Receipts are not deposited on a timely basis. There are no written contracts for the housing of prisoners from some political subdivisions.

The Sheriff's Office maintains three bank accounts; a general account (used for fees and other monies) a commissary account (used for prisoner monies, commissary commissions and vending machine commissions) and a reserve account (used for calendar sales, donations and payments for security services provided at local fairs). During the years ended December 31, 2004 and 2003, the Sheriff's Office deposited approximately \$455,000 and \$321,000, respectively, into these three accounts. Our review of controls and procedures related to the Sheriff's bank accounts revealed the following weaknesses:

A. We noted the following concerns related to the commissary and reserve accounts:

- 1) The Sheriff's Office receives a commission based on the amount of commissary purchases made by prisoners. As of December 31, 2004, commissary profits totaling \$16,059 were maintained in the commissary account. In addition, the Sheriff's Office receives a commission based on the amount of sales from the public vending machines located in the lobby of the Sheriff's Office. As of December 31, 2004, vending machine profits totaling \$1,554 were maintained in the commissary account. Commissary profits and vending machine profits should be deposited into the county treasury and handled like other county funds.

In addition, the Sheriff's Office maintains a reserve account which is used for calendar sales, donations, and payment for security services provided at local fairs. As of December 31, 2004, the reserve account had a balance of \$5,860. These monies should also be deposited into the county treasury and handled like other county funds.

Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

- 2) Monthly bank reconciliations of the commissary account are performed, but a monthly listing of open items (liabilities) is not prepared. The total amount

of prisoner monies in the Sheriff's commissary account is not reconciled to the individual prisoner balance.

Monthly reconciliations of open items and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

- B. Receipts are not deposited on a timely basis. Sheriff's receipts and commissary monies are deposited approximately every four days. During December 2004, five deposits were made to the Sheriff's general account, averaging \$5,449. Receipts dating back to May 19, 2005 and totaling \$7,559 had not been deposited on May 31, 2005. Of this amount, \$3,944 was cash. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made daily or when receipts exceed \$100.
- C. The county houses prisoners for the United States Department of Justice, cities within the county, and outlying counties. The county received approximately \$474,161 and \$305,110 for housing prisoners during the years ended December 31, 2004 and 2003, respectively.

With the exception of the United States Department of Justice, the Sheriff's Office does not have written contracts with the various political subdivisions to house their prisoners. Currently, the Sheriff's Office charges the Department of Justice, \$45 a day; however, the City of Perryville is charged \$22.50 a day, and the outlying county of Cape Girardeau is charged \$35 a day, per inmate. If the rates charged are not sufficient to recover all costs, the county is possibly subsidizing the cost to house other political subdivisions' prisoners. The County Commission and Sheriff should develop written contracts with those entities, other than the Department of Justice, regarding inmate housing and related fees. The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail.

Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

Condition C was also noted in our prior audit.

WE RECOMMEND the Sheriff:

- A.1. Discontinue the practice of maintaining commissary profits, vending machine profits, and reserve account monies outside the county treasury. These monies should be turned over to the county treasury on a periodic basis.
- 2. Prepare monthly listings of open items for the commissary account. In addition, reconcile the individual prisoner balances to the total amount of prisoner monies in the account.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. And the County Commission establish a billing rate appropriate for housing inmates in the county jail, and enter into written contracts as required by law.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A.1. *We will turn commissary profits over to the County Treasurer.*
- 2. *We have implemented this recommendation.*
- B. *We will try to make deposits more often.*
- C. *We are attempting to negotiate a contract at this time.*

Closed meeting minutes are not always prepared. Receipts are not turned over to the County Clerk on a timely basis and the method of payment is not always included on invoices.

The Landfill/Transfer Station committee consists of members of the Perry County Commission, the Mayor of Altenburg, the Mayor of Frohna, and the Mayor and one alderman from Perryville. The committee is to exercise supervision and management of all landfill operations. The Landfill/Transfer Station received approximately \$520,000 and \$517,000 for the years ended December 31, 2004 and 2003, respectively, for Landfill/Transfer Station fees.

- A. Minutes were not always prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the related vote to close the meeting or the reasons for closing the meeting.

Section 610.021, RSMo, allows the Landfill/Transfer Station Committee to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues.

Section 610.020, RSMo, requires a journal or minutes of open and closed meetings be taken and retained by the public governmental body, including, but not limited to, a record of any votes taken at such meeting. The minutes shall include the date, time, place, members present, members absent and a record of any votes taken.

Section 610.022, RSMo, requires that before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- B. The Landfill/Transfer Station receives monies from individuals and various entities wanting to dispose of trash at the landfill. The following concerns were found regarding receipts and transmittals:

1. Receipts are not transmitted on a timely basis. Landfill/Transfer Station receipts are transmitted to the County Clerk's Office approximately once a week and are kept in an unsecured location until the time of transmittal. In addition, a receipt slip is not obtained from the County Clerk's Office at the time of the transmittal.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be transmitted daily or when receipts exceed \$100.

Receipt slips should be obtained from the County Clerk's Office to document the transmittal of receipts.

2. The method of payment is not always indicated on the invoices. The Landfill/Transfer Station is using pre-numbered invoices as receipt slips for transactions. To ensure receipts are handled properly, the method of payment should be indicated on each invoice and the composition (cash and checks) should be reconciled to the composition of the monies transmitted to the County Clerk.

WE RECOMMEND the Landfill/Transfer Station Committee:

- A. Ensure minutes are prepared, approved, and retained for all closed meetings and reasons for closing a meeting are documented as required by state law.
- B.1. Transmit receipts daily or when accumulated receipts exceed \$100 and keep receipts in a secure location until transmitted. In addition, obtain a receipt slip from the County Clerk's Office to document the transmittal.
2. Indicate the method of payment on all receipts, and reconcile the composition of receipts to the composition of the monies transmitted to the County Clerk.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *Should the Landfill/Transfer Station Committee have a need to go into closed session it would do so in accordance with those statutes and documentation would be maintained accordingly.*

The Landfill/Transfer Station manager provided the following response:

- B. *These recommendations have been implemented. Transmittals are made to the County Treasurer when receipts (cash and check) exceed \$100. The County Treasurer issues a receipt slip for the transmittal. Cash and checks per the invoices are reconciled to the transmittal.*

Health Center Board minutes are not signed by the board. Bid documentation was not always solicited or advertised nor was bid documentation always retained. Receipts are not deposited on a timely basis and receipt slips are not issued for some monies received.

- A. Health Center Board meeting minutes prepared by the Health Center Board Secretary are not signed by anyone. The minutes should be signed by the Health Center Board Secretary and then by the Board President to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.
- B. The Health Center did not always solicit or advertise for bids nor was bid documentation always retained for various purchases. In addition, the minutes did not adequately document bid information, such as reasons for accepting bids other than the lowest bid.

For example, the Health Center purchased 5 computers for a total cost of \$5,989 and did not advertise for bids for these computers. In addition, although the Health Center Administrator indicated three bids were received for the computers, only two bids could be located. The Health Center also did not advertise for bids for a copier purchased in 2004. The Health Center received three bids and accepted the highest bid of \$5,255. The minutes did not adequately document the board's reasons for not accepting the lowest bid.

In addition, the Health Center has not solicited bids for property and workman's compensation insurance for a number of years, even though the Health Center spent approximately \$16,500 annually for insurance premiums.

Bidding procedures for major purchases provide a framework for economical management of Health Center resources and help assure the Health Center that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in Health Center business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- C. Receipts are not deposited on a timely basis. During December 2004, only three deposits were made. A check for \$37,823 was received on December 2, 2004 and deposited on December 7, 2004. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made daily or when receipts exceed \$100.

- D. Receipt slips are not issued for some monies received. Pre-numbered receipt slips are not written for payments received for flu vaccinations, which amounted to approximately \$14,900 in 2004 and \$13,300 in 2003. To adequately account for receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.

WE RECOMMEND the Health Center Board:

- A. Ensure board minutes are signed by the Secretary upon completion and the President upon approval.
- B. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Ensure pre-numbered receipt slips are issued for all monies received.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *This recommendation was implemented in June 2005.*
- B. *We will follow these recommendations.*
- C. *We will try to deposit more timely. We are using direct deposit for state checks.*
- D. *We will try to issue receipts for flu vaccines next year.*

Follow-Up on Prior Audit Findings

PERRY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Perry County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices

Prior to the amendments of various county budgets, expenditures had already exceeded the original budget.

Recommendation:

The County Commission ensure budget amendments are made prior to incurring the actual expenditures.

Status:

Not implemented. See MAR finding number 4.

2. Officials' Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. Based on this statute, in 1999 Perry County's Associate County Commissioners' salaries were each increased approximately \$4,100 yearly, according to the information from the County Clerk. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. During our prior audit, the Commission responded that the raises given to the Associate Commissioners in mid-term were authorized by Section 50.333.13 and approved by the Perry County Salary Commission. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Housing of Prisoners

- A. The county housed prisoners for various political subdivisions but only had a written contract with the United States Department of Justice. The Sheriff's department charged the Department of Justice, Military Agencies, and the City of St. Louis \$45 a day; however, the City of Perryville was charged \$20 a day, and Cape Girardeau County was charged \$35 a day, per inmate. The Sheriff indicated the various rates were established depending on whether the county had to transport the prisoners; however, the rates and the justification for the rate variances had not been documented.
- B. No written contract existed with the local restaurant which provided meals to inmates in the county jail. In addition, the county had not obtained bids for this service in several years.

Recommendation:

The County Commission and Sheriff establish a billing rate appropriate for housing inmates in the County jail, solicit bids for the services of providing meals to the inmates, and enter into written contracts as required by law.

Status:

Partially implemented. A contract was obtained with the local restaurant providing meals to inmates and bids were obtained for this service. However, the county has not entered into written agreements with some political subdivisions using the county jail and continues to bill inconsistent amounts without documentation of the rate variances. See MAR finding number 13.

4. Prosecuting Attorney's Controls and Procedures

- A. Money orders for bad check administrative fees and court-ordered restitution monies were not transmitted or deposited timely.
- B. Receipt slips issued by the Prosecuting Attorney's Office for the receipt of restitution monies were not pre-numbered.
- C. Money orders received for court ordered restitution were not restrictively endorsed immediately upon receipt.
- D. The office procedure was to accumulate partial payments on restitution cases until significant amounts had been received and then distribute the funds to the victims. As of December 31, 2000, the reconciled cash balance of the court ordered restitution account was approximately \$25,500. Several accounts had undistributed balances of over \$100.

- E. The court ordered restitution account's reconciled cash balance as of December 31, 2001, included several outstanding checks. Outstanding checks totaling approximately \$580 had remained in the account, dating from May 1997 through April 1999.

Recommendations:

The Prosecuting Attorney:

- A. Transmit/deposit administrative fees and court ordered restitution monies daily or when accumulated receipts exceed \$100.
- B. Issue prenumbered receipt slips for all monies received.
- C. Restrictively endorse all money orders immediately upon receipt.
- D. Consider distributing restitution payments to victims on a more timely basis.
- E. Periodically investigate outstanding checks. In addition, the Prosecuting Attorney should attempt to identify to who the \$580 belongs, and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

Status:

A,C

&D. Not implemented. See MAR finding number 11.

- B. Partially implemented. The Prosecuting Attorney now issues prenumbered receipt slips for the restitution monies. The bad check receipt slips are numbered as they are issued. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's Office, as well as subsequent disposition of these complaints, has not been established. See MAR finding number 11.
- E. Partially implemented. These outstanding checks were investigated. However, at December 31, 2004, the reconciled cash balance included checks dating back to December 19, 2000. See MAR finding number 11.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PERRY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1820, the county of Perry was named after Oliver Perry, a naval hero of the War of 1812. Perry County is a county-organized, third-class county and is part of the 32nd Judicial Circuit. The county seat is Perryville.

Perry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 400 miles of county roads and 167 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 16,784 in 1980 and 18,132 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	144.3	135.8	129.5	126.7	53.6 37.2
Personal property		77.3	74.3	78.9	84.9	16.8 13.3
Railroad and utilities		14.5	20.1	21.8	22.9	13.7 14.7
Total	\$	236.1	230.2	230.2	234.5	84.1 65.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Perry County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.1800	.1800	.1800	.1800
Special Road and Bridge Fund *		.3000	.3000	.3000	.3000
Health Center Fund		.1820	.1820	.1803	.1823
Senate Bill 40 Board Fund		.0911	.0911	.0902	.0912
Mental Health Fund		.0911	.0911	.0902	.0912
Hospital Maintenance Fund		.0911	.0911	.0902	.0912

- * The County has an agreement with the City of Perryville by which the City receives 25% of the tax revenues received by the Central Township of the County and in exchange the City maintains roads traditionally maintained by a special road district.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 73,305	71,469	71,209	70,142
General Revenue Fund	444,444	431,882	429,516	423,945
Special Road and Bridge Fund	718,229	699,928	698,260	687,445
Assessment Fund	131,610	104,312	103,413	94,642
Health Center Fund	432,553	421,092	416,474	414,583
Senate Bill 40 Board Fund	220,470	215,137	212,770	211,912
School districts	7,833,977	7,641,616	7,565,735	6,728,904
Library district	220,470	215,136	212,770	211,913
Late Assessment Fee and Interest	14,335	11,554	9,985	11,065
Levee District	134,511	132,711	133,720	134,705
Hospital Fund	220,470	215,137	212,770	211,913
Nursing Home Fund	0	0	0	6
Mental Health Fund	220,470	215,137	212,770	211,913
Cities	71,009	93,325	87,671	88,493
County Clerk	304	293	137	131
County Employees' Retirement	28,118	25,033	22,534	21,831
Tax Maintenance Fund	13,519	11,542	5,354	0
Commissions and fees:				
General Revenue Fund	173,258	165,762	162,476	147,478
County Collector	2,094	2,037	2,059	2,101
Total	\$ 10,953,146	10,673,103	10,559,623	9,673,122

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	97	97	97	97
Personal property	96	96	96	96
Railroad and utilities	100	100	100	99

Perry County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Local Park Fund	.0050	2017	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Thomas H. Sutterer, Presiding Commissioner		31,173	30,323	29,498	28,827
Dennis E. Lohmann, Associate Commissioner		29,173	28,323	27,498	26,827
Patrick J. Heaps, Associate Commissioner		29,173	28,323	27,498	26,827
Sue Oster, Recorder of Deeds (1)		44,200	42,913		
Randy Taylor, County Clerk		44,200	42,913	41,663	40,647
Thomas L. Hoeh, Prosecuting Attorney		54,318	52,736	51,200	49,951
Gary J. Schaaf, Sheriff		44,019	42,737	41,492	40,480
Veronica J. Hershey, County Treasurer		44,200	42,913	30,831	30,079
Herbert E. Miller, County Coroner		13,397	13,007	12,628	12,320
Jim Taylor, Public Administrator (2)		15,914	15,450	15,000	19,539
Rodney J. Richardet, County Collector (3), year ended February 28 (29),	46,515	45,165	43,931	42,917	
Larry W. White, County Assessor (4), year ended August 31,	45,835	44,649	43,396	42,224	40,780
Tim Baer, County Surveyor (5)					

(1) Recorder's office was split from the Circuit Clerk's office starting in January 2003.

(2) 2001 includes fees received from probate cases.

(3) Includes commissions from drainage districts and Bois Brule Levee of \$2,094 in 2004, \$2,037 in 2003, \$2,059 in 2002, and \$2,101 in 2001.

(4) Includes \$751 and \$878 annual compensation received from the state in 2004 and 2003, respectively. Includes \$900 annual compensation received from the state in 2002 and 2001.

(5) Compensation on a fee basis.

State-Paid Officials:

Becky A. Paulus, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
Michael Bullerdieck, Associate Circuit Judge	96,000	96,000	96,000	96,000

In November 1996, the county passed a half-cent sales tax for the purpose of constructing a multi-purpose center. The county entered into a lease agreement on December 17, 1996 with Perry County Multi-Purpose Center Commission, Inc, a not-for-profit corporation. The terms of the agreement provide for the not-for-profit corporation to issue revenue bonds for the purpose of constructing the multi-purpose center and lease the multi-purpose center back to the county for

payments totaling the principal and interest due on the outstanding bonds. Revenue Bonds dated 1997, 1998, and 1999 were issued in the original amount of \$5,785,000, \$3,970,000, and \$685,000 respectively, for the purpose of constructing the multi-purpose building. Bond principal is due annually on May 1 for all three sets of Bonds. Interest is due semi annually on May 1 and November 1 for all three sets of Bonds. At December 31, 2004, Perry County had \$4,405,000 for the 1997 Bonds, \$3,845,000 for the 1998 Bonds, and \$550,000 for the 1999 Bonds outstanding.

In July 1999, the County entered into a lease purchase agreement for \$431,326 to purchase the building for health services. The County entered into an agreement with the Health Center Board for lease payments to cover the lease purchase agreement amounts. At December 31, 2004 the agreement had a balance of \$74,987.



Claire McCaskill

Missouri State Auditor

December 2005

City of New Bloomfield, Missouri

Year Ended December 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following problems were discovered as a result of an audit conducted by our office of the City of New Bloomfield, Missouri.

The financial condition of the City of New Bloomfield's General Fund has been declining over the past four years. The undesignated portion of the General Fund balance has declined by approximately \$40,000. While separate bank accounts are maintained for the Street Fund and the Debt Service Fund, the city budgets and accounts for these funds within the General Fund. Due to combining the restricted funds with the General Fund, the financial decline in the General Fund may not be readily apparent from the monthly financial statements presented to the Board of Aldermen. The board must develop a long-range plan which will allow the city to reduce its expenditures and/or increase revenues to operate the city within its available resources. Additionally, annual CPA audits have not been performed timely. Apparently these delays were due to city officials requesting more time to address concerns brought up by the auditors and city employees not being able to locate records needed for the audits.

Capital improvement sales tax monies are not accounted for separately from other city funds as required by state law. In addition, the city used \$6,909 of state motor vehicle-related revenues to pay topography costs for a handicap parking space and handicap ramp at city hall, and had no documentation to show how these expenditures complied with constitutional provisions.

Two transfers totaling approximately \$35,500 were made from the Street Fund to the Debt Service fund in 2001 and 2002 without prior approval by the Board of Aldermen. It was unclear if these transfers were permanent or if they represented a loan. Also, documentation does not exist to support the allocation of payroll, fringe benefit, and various other expenditures charged to the city funds.

The city's budgets did not include some information required by state law. In addition, the city has not prepared an annual maintenance plan for city streets.

The city did not always follow city procedures or state law when making purchases or procuring engineering services. Additionally, other professional services were not always competitively procured, including audit and legal services. The city did not have signed written agreements in place regarding payments for some services.

The open meeting minutes do not document the specific reasons for going into closed session. In addition, the board did not document how some items discussed in closed session complied with state law.

Also included in the report are recommendations related to the water and sewer project, accounting controls, ordinances, and building permit procedures.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF NEW BLOOMFIELD, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of New Bloomfield, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of New Bloomfield, Missouri. The city engaged Evers & Company, LLC, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2004. To minimize duplication of effort, we reviewed the working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of New Bloomfield, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Beeler

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF NEW BLOOMFIELD
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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The financial condition of the City's General Fund has been declining over the past four years as follows:

General Fund Balance (undesignated portion) at December 31			
2001	2002	2003	2004
\$50,568	\$38,364	\$17,988	\$10,913

While separate bank accounts are maintained for the Street Fund and the Debt Service Fund (statutorily restricted funds), the city budgets and accounts for these funds within the General Fund. The city prepares annual budgets, and budget-to-actual information is provided to the Board of Aldermen on a monthly basis. However, due to combining the restricted funds with the General Fund, the financial decline in the General Fund may not be readily apparent from the monthly financial statements presented to the board.

The combined General Fund (general, street, and debt service) expenditures have exceeded revenues in only one of the last three years as follows:

Fiscal Year Ended	Revenues Over/(Under)		
December 31	Revenues	Expenditures	Expenditures
2002	\$ 140,119	144,752	(4,633)
2003	124,703	123,780	923
2004	128,588	111,645	16,943

However, when revenues and expenditures from restricted funds are removed from the General Fund amounts, the General Fund posted total net losses of approximately \$40,000 during the years 2002-2004.

Additionally, annual CPA audits have not been performed timely. The audit for the year ended December 31, 2002 was issued in April 2005 and the audit for the year ended December 31, 2003 was issued in August 2005. The audit for the year ended December 31, 2004 had not been issued as of November 2005. Officials from the CPA firm indicated these delays were due to city officials requesting more time to address concerns from the auditors, and city employees not being able to locate records needed for the audits. The city should ensure it takes the necessary steps and provides the necessary records to ensure audits are conducted on a timely basis. Timely audits of city funds would better enable the city to ascertain the financial condition of the city and to ensure the propriety and accuracy of financial transactions.

During 2005, the city made the City Clerk a part-time position, while the Deputy City Clerk position was eliminated in May and reinstated as a part-time position in August. The city anticipates this will save a significant amount in reduced salaries and benefits. However, the board must continue to monitor the financial condition of the city and develop a long-range plan which will allow the city to reduce its expenditures and/or increase revenues to operate the city within its available resources. In addition, the board should make sure it prepares accurate budgets and more closely monitors budget and actual revenues and expenditures on a timely basis. The recommendations contained in the remaining Management Advisory Report, if implemented, will help the city establish procedures to operate within available resources.

WE RECOMMEND the Board of Aldermen develop a long-term plan to operate within its available resources. In addition, the board must closely monitor the financial condition of the General Fund by preparing detailed operating budgets for each fund separately and periodically comparing budgeted and actual revenues and expenditures.

AUDITEE'S RESPONSE

The City is reviewing its budgeting procedures and account set up to better monitor revenues and expenditures.

2. Restricted Funds

Capital improvement sales tax monies are not accounted for separately from other city funds, and some expenditures were made from the city's motor vehicle-related revenues which may not comply with the Missouri Constitution. In addition, transfers totaling \$35,500 from the Street Fund to the Debt Service Fund were not formally approved by the Board of Aldermen.

- A. Capital improvement sales tax monies are not accounted for separately from other city funds. City voters passed a ½-cent capital improvement sales tax in April 2004. The tax became effective in October 2004. At April 30, 2005, receipts from the sales tax of approximately \$4,200 had been deposited into the general fund. Disbursements for capital improvement projects are not separately identified in the city's records.

Section 94.577, RSMo, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements. In addition, separate records of receipts and disbursements would help inform the city residents of the specific projects funded by the sales tax.

- B. The city used \$6,909 of state motor vehicle-related revenues (which are deposited into the Street Fund) to pay topography costs for a handicap parking space and handicap ramp at city hall. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle related revenues apportioned by the state of Missouri

be expended for street-related purposes only, including policing, signing, lighting, and cleaning of roads and streets. The city has no documentation to show that the expenditure of these funds for a handicapped ramp and parking comply with the constitutional provisions.

To ensure compliance with the Missouri Constitution, the city should ensure all motor vehicle-related revenues are used only for allowable purposes.

- C. Two transfers totaling approximately \$35,500 were made from the Street Fund to the Debt Service Fund in 2001 and 2002 without prior approval by the Board of Aldermen. Additionally, it is unclear if these transfers are permanent or if they represent a loan that will be paid back. In July 2004, approximately \$15,800 was transferred back to the Street Fund from the Debt Service Fund. Again, this transfer was not officially approved by the board. City officials stated the board intended to pay back the entire amount due; however, there is no documentation of the board's intentions nor of the existence of an interfund loan on the city's financial statements.

The city issued general obligation bonds for street improvements in 2000. At that time, the city also had outstanding street bonds that would be extinguished in 2002. However, when the debt service tax levy for 2000 was determined, only the principal payment on the new street bonds was used in the calculation (\$14,000). Principal and interest owed in that year for both debt issuances outstanding totaled \$39,830. Therefore, in 2001, \$20,000 was transferred from the Street Fund to the Debt Service Fund to help cover the bond payments, along with the accumulated balance in the Debt Service Fund. In 2001, the city again neglected to include the payments on the older street bonds (totaling \$15,514) in the debt service levy calculation. A \$15,500 transfer was made in 2002 to cover the bond payments. Beginning in 2002, it appears the city began calculating the levy correctly.

The Street Fund consists of state motor vehicle-related revenues. Article IV, Section 30 of the Missouri Constitution allows these revenues to be used for payment of principal and interest on indebtedness on account of road and street purposes. Therefore, it appears the city can legally use these revenues to pay for its street bonds.

The Board of Aldermen needs to determine if the net transfers (totaling \$19,700) from the Street Fund to the Debt Service Fund represent a loan or a permanent transfer and adequately document its decision. If the board chooses to repay the \$19,700 to the Street Fund, the board should develop a repayment plan. Additionally, any interfund transfers should have prior approval and the board should also ensure the debt service tax rate is set to adequately cover debt service payments.

- D. Documentation does not exist to support the allocation of payroll, fringe benefit, and various other expenditures charged to the city funds. The City Clerk's salary and fringe benefits are split 40-60 between the General Fund and the Water and Sewer Fund. The Deputy City Clerk's salary was split 50-50 between the General Fund and the Water and Sewer Fund.

Additionally, payments for property insurance and city attorney fees are split 50-50 between the General Fund and the Water and Sewer Fund, while expenditures for the annual audits and purchases of a copy machine, mower trailer, and computer were split 40-60 between the same two funds.

The city needs to properly allocate expenses to the General and Water and Sewer Funds to ensure restricted funds are properly spent and to establish appropriate user fees for water and sewer services. The city should ensure expenditures are allocated to the various funds in proportion to the benefits received from the expenditures. Documentation should be retained to support the percentages used for allocating expenditures.

WE RECOMMEND the Board of Aldermen:

- A. Establish a separate fund or accounting of capital improvement sales tax monies as required by state law.
- B. Ensure state motor vehicle-related revenues are used only for allowable purposes in accordance with state law.
- C. Determine if the net transfers from the Street Fund to the Debt Service Fund represent loans or permanent transfers and adequately document this decision. The board should also ensure transfers between funds are approved and adequately documented. In addition, the board should ensure the city's debt service tax rate is set to adequately cover debt service payments.
- D. Ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

A&B. The City has already started implementing these recommendations.

C. These are considered loans and are now paid back. Debt service tax rates are currently set to cover debt service payments each year.

D. These are already being done by the City.

The Board of Aldermen is responsible for preparing and approving a budget which serves as a complete financial plan for the city. The city's budgets did not include some information required by state law, restricted funds were budgeted in the General Fund, and an annual maintenance plan for city streets has not been prepared.

- A. The city's budgets for 2004 and 2005 did not include a budget message, a general budget summary, actual (or estimated) revenues and expenditures for the two preceding budget years (the budget for 2005 did include 2004 actual revenues and expenditures), amounts required for interest charges on debt, or the beginning and the estimated ending available resources.

Section 67.010, RSMo, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message, amount required for payment of interest charges on debt, and comparisons of actual revenues and expenditures for the two preceding years.

- B. The budgets for the General Fund include monies that are legally restricted for streets, debt service, and capital improvements. Separate bank accounts are maintained for the street monies and the debt service monies; however, budgeting these funds within the General Fund does not allow the city to obtain a clear picture of the General Fund's stability.

As discussed in Management Advisory Report Number 1, the city's General Fund is experiencing a financial decline. Budgeting for each fund separately would allow for the city to obtain a clearer and more accurate financial picture of each fund.

- C. An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law.
- B. Prepare separate budgets for funds that are legally restricted for specific purposes to allow for a more accurate representation of each funds' financial condition.
- C. Prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

A&B. These recommendations are already being done.

C. This has already been addressed by the Board through a written request to the City Engineer to prepare a study that would show the immediate needs, project needs, and a 5 year plan for streets.

4. Expenditure Procedures

The city did not always follow city procedures or state law when making purchases or procuring engineering services, nor did it competitively procure various other professional services. The city did not always have written agreements for the purchase of various equipment and services. Additionally, the city pays a CPA firm for financial compilation services and various bookkeeping services that could be performed by city employees.

- A. The city did not always follow city procedures or state law when making purchases or procuring engineering services. Additionally, other professional services were not always competitively procured. We noted the following concerns:
 - 1) They city has not periodically solicited proposals for audit and legal services. The city has utilized the same city attorney for over 10 years. Additionally, proposals were not solicited when the current CPA firm was contracted in 2002 to perform three annual audits or when contracts were executed with the same CPA firm in 2005 to perform three additional

annual audits. During the year ended December 31, 2004, the city paid the city attorney's law firm a total of \$8,163 and the auditor a total of \$5,285.

Soliciting proposals for professional services helps provide a range of possible choices and allows the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

- 2) The city has not considered the qualifications of different engineering firms when contracting for engineering services. Instead, the city has utilized the same engineering firm since 2000. The firm has been used for various street projects and for the current water/wastewater project. The city signed a contract with the engineering firm for engineering services related to the current water/wastewater project in June 2002. According to the contract, the city could pay over \$270,000 in engineering services related to this project.

The Special Project Coordinator stated the engineering firm is considered the "city engineer" and, for consistency purposes, it performs all engineering services in the city. However, Section 8.289, RSMo, states that political subdivisions which utilize engineering services should encourage engineering firms to annually submit statements of qualifications and performance data, and for capital improvement projects requiring engineering services, the political subdivision shall evaluate the statements of qualifications and performance data for each firm on file. Section 8.291, RSMo, further requires that when negotiating for a contract, the agency or political subdivision must list three highly qualified firms and select the firm considered best qualified and capable of performing the desired work.

- 3) Some city expenditures did not comply with provisions of the city's procurement policy. The policy requires the city to advertise for bids for expenditures over \$5,000, solicit three written bids for purchases between \$3,000 and \$5,000, and solicit three bids by mail or telephone for purchases between \$500 and \$3,000. Additionally, all purchases over \$500 must be approved by the Board of Aldermen. The city did not have documentation that bids were solicited for the following expenditures:

Various backhoe work	\$2,046
Sludge hauling	1,450
Radar gun	1,062
Chlorinator repair	1,016

Additionally, the city purchased a sewer jet truck in January 2004 for \$8,000 after soliciting two telephone bids but did not advertise for bids, as required by the city's procurement policy. Many of these items were not

approved by the board prior to purchase. City personnel indicated the chlorinator repair was a sole source procurement; however, documentation of the sole source procurement was not maintained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons why the bid was selected. If circumstances provide that bidding is not necessary or practical, such as sole source providers or emergency situations, the reasons for not soliciting bids in accordance with the city's policies should be documented.

- B. The city did not have signed written agreements in place regarding the following payments for services made during the year ended December 31, 2004:

Various backhoe work	\$3,217
Snow removal	2,093
Sludge hauling	1,450
Financial compilation services	1,200
Mower rental (paid to a city employee)	383

Additionally, the city provides water/sewer and trash pickup free-of-charge to the fire district located within the city limits. However, the city does not have a written agreement with the fire district related to these services.

The city's procurement policy only requires a written contract for purchases over \$5,000. However, written contracts, which include information such as hourly rates, are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, requires all contracts of the city to be in writing and signed by both parties.

- C. Beginning in October 2004, the city pays a CPA firm \$400 per month for financial compilation services and various bookkeeping services, such as reconciling bank statements and preparing quarterly payroll tax returns. We received conflicting information from current and former city officials and employees whether these duties could be performed by current city employees. The city needs to re-evaluate the financial compilation services contract along with the duties of current employees and determine if it is necessary to continue contracting out these services.

WE RECOMMEND the Board of Aldermen:

- A.1. Ensure proposals are periodically solicited for professional services.

2. Ensure engineering services are procured in accordance with state law.
 3. Ensure bids are solicited for purchases in accordance with the city's purchasing policy, or fully document reasons why bids are not solicited.
- B. Ensure all contracts are in writing and signed by both parties.
- C. Re-evaluate the need for the financial compilation services contract and consider adding these services to the duties of current employees.

AUDITEE'S RESPONSE

A.1. *The City accepts this recommendation.*

2. *The Auditor's recommendation indicates that the City did not obtain certain information required by state law. In support of this, the State Auditor cites Sections 8.289 and 8.291, RSMo. The State Auditor's assertion is incorrect. Section 8.289 states agencies "shall encourage firms engaged in the lawful practice of their professions to annually submit a statement of qualification and performance data to the agency." Please note that the operative words in this statutory section are "shall encourage." The statutory section does not require the City to obtain the information suggested by Section 8.289, RSMo. Thus, it does not appear that the City is required by state law to gather the information as set out in the State Auditor's report and the City did not violate state law. With respect to the State Auditor's cite to Section 8.291, the City did in fact comply with this section with respect to engineering services.*
3. *The law for a fourth class city does not require them to engage in competitive bidding. The City has a competitive bid ordinance and has met the requirement of the law; however, we will consider studying the possibility of making the ordinance more stringent.*

B. *The City agrees with this recommendation.*

C. *During the time the City entered into the agreement with the CPA firm for financial compilation services, the City did not have employees who could perform the duties as professionally or economically as the CPA firm. However, the City has recently hired a competent staff that has begun assuming more of these duties.*

AUDITOR'S COMMENT

- A.2 The city did not document that it considered three engineering firms when negotiating contracts for services, as required by state law.
- A.3. The city did not document that it complied with its own bidding ordinance for the purchases noted above.

5.**Water and Sewer Project**

The former mayor is acting as Special Project Coordinator on the project without a contract.

On April 2, 2002, the voters in the city authorized an \$800,000 bond issuance for the purpose of acquiring, constructing, improving, and extending the combined waterworks and sewerage system. In December 2002, the Board of Aldermen approved an ordinance to increase water and sewer rates by 3 percent each year for five years (2003 through 2007). The ordinance stated the increase was necessary to fund the April 2002 bond issue.

The city was awarded a \$711,000 grant and \$600,200 loan from the USDA in July 2002. The city plans to contribute \$50,000 and various in-kind work and the country club has agreed to contribute \$100,000 towards the project. The city will issue bonds to cover the loan payments. The city was planning to award construction bids in November 2005.

The former mayor is acting as the Special Project Coordinator on the project; however, she is no longer a city official and the city does not have a contract with her for the services provided.

When the new mayor was elected in April 2004, the former mayor volunteered to continue to work on the water and sewer project free-of-charge. She meets with the engineer and granting agency on behalf of the city. She also assisted the engineer with the easement negotiations and signed some easement agreements on behalf of the city. Without a contract, the duties, responsibilities, and authority of the Special Project Coordinator (including signing agreements on behalf of the city) are unclear. Section 432.070, RSMo, requires all contracts of the city to be in writing.

WE RECOMMEND the Board of Aldermen enter into a formal contract with the former mayor detailing her duties, responsibilities, and authority as the city's Special Project Coordinator.

AUDITEE'S RESPONSE

Volunteer workers are not required by law to have a contract and we suggest that this recommendation is unrealistic for a small city. The Project Coordinator was working with the USDA, the City Engineer, and the City Attorney as well as other state departments and had an established working knowledge of the project and the requirements.

AUDITOR'S COMMENT

The Board of Aldermen has a fiduciary responsibility to ensure the water and sewer project is properly completed. Any duties delegated to someone who is not a city official or employee should be properly monitored and documented.

Receipts are not adequately reconciled to applicable receipt records prior to making deposits. Additionally, some employees and officials with access to cash assets are not bonded and the city's records of water meter deposits are in need of improvement.

- A. Cash records are not adequately reconciled prior to deposits being made. Some amounts recorded in the receipt books were not reconciled to deposits and the cash drawer is not counted when deposits are made.

The city maintains a \$200 change fund at city hall. Receipts are placed in the change fund when received along with a computer generated payment stub (water/sewer payments) or a handwritten receipt slip indicating the purpose of the payment. When a deposit is made, the receipt slips and payment stubs in the change fund are added together. The total is removed from the change fund and deposited. According to city employees, the change fund is only counted approximately once per week.

During a cash count on April 14, 2005, a receipt collected on April 8, 2005 of \$75 was still in the change fund and had not been deposited with any of the three deposits made during that time period. A handwritten receipt slip was prepared for the receipt; however, and a copy of the receipt slip was not placed in the change fund (which is the normal procedure) to help ensure the receipt was deposited. Additionally, the receipt books which contain duplicate copies of the handwritten receipt slips are not reviewed prior to making deposits to ensure all receipts are included in each deposit. To ensure all receipts are deposited timely, receipt books should be reconciled to the deposits and the cash drawer should be counted when deposits are prepared.

- B. The city does not have bond coverage for all employees/officials who accept payments. Additionally, the city's authorized check signers are not bonded.

The city currently has bond coverage for the City Clerk and Deputy City Clerk only. During 2004, the City Treasurer had bond coverage prior to the position being eliminated. From January 2004 through April 2005, receipt slips totaling over \$2,000 were issued by un-bonded employees and officials. In addition, two receipt slips totaling \$70 were issued by the Special Project Coordinator after her term of office as mayor had ended. Additionally, the Mayor and Board of Aldermen are authorized to sign checks; however, the city does not have bond coverage for them. Failure to properly bond all persons with access to assets exposes the city to risk of loss.

- C. Records to account for water meter deposits should be improved. City residents are required to pay a refundable deposit for water and sewer service. The city collects and maintains a listing of deposits received with the amounts being

deposited in the water deposit bank account. Currently, the city collects a \$100 deposit; however, varying amounts ranging from \$0 to \$75 have been collected in the past. If a customer has not had his service disconnected for non-payment for 60 months, the customer can request to have his deposit returned.

As of December 31, 2004, the city had identified water deposits on hand to specific customers totaling \$18,625. However, the balance in the water meter deposit bank account was \$20,035, and the water meter deposit liability account recorded on the city's computer system was \$21,725.

We noted the following concerns related to the listing of individual water deposits:

- Various residents who had no record of a meter deposit on file were refunded a total of \$1,125.
- Various residents were issued duplicate refunds totaling \$325.
- Duplicate water deposit entries totaled \$225.
- Sewer tapping fees totaling \$900 were mistakenly placed into the bank account and added to the water deposit listing.

To ensure all city residents have paid a deposit and the city only refunds deposits to residents that have actually paid, adequate records of sewer and water deposits are necessary. The city needs to identify the amount of the deposit held for each customer and update the permanent record of this information. Preparation of a detailed listing of customer deposits would provide a means to perform periodic reconciliations between customer deposit records and monies in the account. Without these reconciliations, the possibility of undetected errors is increased.

WE RECOMMEND the Board of Aldermen:

- A. Adopt procedures to ensure cash receipt records are reconciled to amounts deposited and the change fund amount prior to making deposits.
- B. Obtain bond coverage for all persons with access to city funds.
- C. Identify all meter deposits held by the city and periodically reconcile deposits held to the balance of the water meter deposit bank account. Additionally, the city should follow up on and correct the errors noted above.

AUDITEE'S RESPONSE

- A. *The City is already doing this recommendation.*

- B. *All officials that voluntarily complete the bonding form will be bonded.*
- C. *This is already in progress.*

7. Meeting Minutes and Ordinances
--

Open meeting minutes do not document the specific reasons for going into closed session or how some items discussed in closed session complied with state law. The city's ordinances have not been codified. Additionally, the city has not adopted ordinances to establish the compensation, duties, and terms of office of some city officials and employees.

- A. The open meeting minutes do not document the specific reasons for going into closed session. In addition, the board did not document how some items discussed in closed session complied with state law. Examples include discussing unofficial minutes from a committee meeting, scheduling meetings with new employees, scheduling special board sessions, discussing police uniforms with the new police chief, and check signing.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and entered into the minutes. Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in state statutes.

- B. Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. In addition, an index of all ordinances passed and rescinded by the city is not maintained which makes it difficult for the city to determine which ordinances are still active and which have been rescinded.

Since ordinances represent legislation which has been passed by the board to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up-to-date manner. An index of all ordinances passed and repealed by the city could help keep track of additions and changes made to the city ordinances.

- C. The city has not adopted ordinances to establish the compensation, duties, and terms of office of some city officials and employees. During the year ended December 31, 2004, no ordinance existed for the City Attorney, City Clerk, Deputy City Clerk, or the Water/Wastewater Superintendent. In January 2005, an

ordinance was passed establishing the City Clerk's duties; however, the City Clerk's salary has not been set by ordinance.

Sections 79.270 and 79.290, RSMo, require the compensation and duties of city officials and employees to be set by ordinance. To ensure compliance with state law and to avoid misunderstandings, the board should adopt ordinances which specify the duties and compensation of all city officials and employees.

WE RECOMMEND the Board of Aldermen:

- A. Ensure open meeting minutes document the reasons for going into closed session. In addition, the board should ensure only matters authorized by law are discussed in closed session.
- B. Update and codify the city's ordinances and establish an index of all city ordinances passed and rescinded.
- C. Establish by ordinance the salaries or pay rates, duties, and applicable terms of office for all officials and employees.

AUDITEE'S RESPONSE

- A. *The City agrees and has already begun implementing this practice.*
- B. *Even though codification is not required by law, the City has previously investigated the cost of codifying ordinances and their financial resources could not justify the expenditure. Our taxpayer's money will be budgeted for the critical needs of its citizens and when sufficient funds become available the City will codify its ordinances. The City has established an indexing system to improve this situation.*
- C. *The City accepts this recommendation.*

8. Building Permit Procedures

The city has not established written policies and procedures related to issuing building permits and performing building inspections. A ledger is not maintained to track the status of permit applications. The Water/Wastewater Superintendent, who is responsible for handling building permits, performed some building inspection work on his personal residence. Some general contractors on the building permit applications did not have a city merchant license, as required.

During the year ended December 31, 2004, the city received nine building permit applications and had two incomplete building inspection records on file.

- A. The city has not established formal written policies and procedures for issuing building permits and performing building inspections. As of August 1, 2004, the Water/Wastewater Superintendent assumed responsibility over the building permit process and the building inspections. The building permit applications and plans are submitted to the city with the related fees. The applications are required to be approved by the Water/Wastewater Superintendent and the Mayor prior to the start of the project. However, written building permits are not issued. According to the Water/Wastewater Superintendent, the applicant is simply called when the application is approved.

According to the Water/Wastewater Superintendent, some building inspections are performed at the end of the project and some inspections are performed in stages as the work progresses. However, there are no written procedures related to how and when building inspections should be performed. In addition, the city's building inspection form states the inspection form must be displayed at a new building and an occupancy permit must be issued upon completion of the inspection; however, neither of these procedures are currently performed.

To ensure building applications are properly processed and approved and building inspections are properly performed, the board should establish an ordinance which defines the procedures and requirements for handling and approving building permit applications, issuing building permits, and performing building inspections. In addition, the ordinance should specify the records that need to be prepared and maintained by the city.

- B. Our review of the building permit process and the nine applications submitted during the year ended December 31, 2004, noted the following concerns:

- 1) The city does not maintain a ledger to track applications. To increase controls over building permits, the city should establish a ledger indicating the date the application and related fees are received, the date the application is approved, the date the project is completed, and the date of each building inspection.
- 2) The contractors listed on two of the projects, including a project at the Water/Wastewater Superintendent's personal residence, did not have a city merchant license on file. City ordinances require a merchant license be purchased by and issued to any person or entity doing business within the city limits.

- C. Our review of the building inspection process noted the following concerns:

- 1) The Water/Wastewater Superintendent has not had formal training on the various state and federal electrical code information needed to perform inspections. He stated he has attempted to obtain but has not yet received

training from employees from a neighboring city. Adequate training is necessary to help ensure building inspections are properly performed.

- 2) The Water/Wastewater Superintendent performed part of the building inspection work related to a project at his personal residence. To avoid any appearance of impropriety, the Water/Wastewater Superintendent should not perform city inspections involving buildings that he owns.
- 3) Only two building inspections were performed during 2004 and neither one was fully completed. The Water/Wastewater Superintendent stated he was not sure of the status of all of the building projects within the city limits. The city should adopt procedures to establish supervisory review of all building permits issued to ensure all applicable building inspections are performed and documented.

While the number of building permits issued by the city is currently not significant, improvement is needed to ensure adequate procedures are in place for future growth.

WE RECOMMEND the Board of Aldermen:

- A. Establish an ordinance which defines the procedures and requirements for handling and approving building permit applications, issuing building permits, and performing building inspections.
- B. Maintain a ledger to track building permit applications. The city should also ensure contractors listed on the applications have obtained a city merchant license, as required.
- C. Ensure the Water/Wastewater Superintendent receives training needed to perform building inspections and that he refrains from performing inspections on his personal building projects. In addition, the city should establish supervisory reviews of all building permits to ensure the required building inspections are documented and performed on a timely basis.

AUDITEE'S RESPONSE

- A. *The City accepts the recommendation.*
- B. *The City has already begun this recommendation.*
- C. *This recommendation is already in process so the City agrees with the recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF NEW BLOOMFIELD, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of New Bloomfield is located in Callaway County. The city was incorporated in 1959 and is currently a fourth-class city. The population of the city in 2000 was 599.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2004, are identified below. The mayor and board of aldermen receive no compensation.

Elected Officials	Dates of Service During the Year Ended December 31, 2004	
Dean Powell, Mayor Rosemary Augustine, Mayor Michael Cuno, Alderman Terry Shaw, Alderman John Wilson, Alderman Charles F. (Fred) Case, Alderman (1) Carolyn Martin, Alderman (2)	April 2004 to December 2004 January 2004 to April 2004 April 2004 to December 2004 January 2004 to April 2004 January 2004 to December 2004 January 2004 to December 2004 January 2004 to December 2004	
Other Principal Officials	Dates of Service During the Year Ended December 31, 2004	Compensation Paid for the Year Ended December 31, 2004
Tanya Canada, City Clerk/Court Clerk (3) Ingrid Miles, City Treasurer (4) Sharon Cleveland, City Collector (5) Mark Warren, City Attorney (6) Geoffrey Preckshot, Municipal Judge Kelly Heather, Police Chief Daniel O'Rourke, Police Chief Michael Himmel, Police Chief Michael Rieken, Water/ Wastewater Superintendent (7) Belinda Rodriguez, Deputy City Clerk (8)	January 2004 to December 2004 January 2004 to July 2004 January 2004 to August 2004 January 2004 to December 2004 January 2004 to December 2004 November 2004 to December 2004 March 2004 to November 2004 January 2004 to March 2004 January 2004 to December 2004 August 2004 to December 2004	\$ 27,604 2,769 518 8,163 900 1,480 4,440 4,350 27,607 6,350

- (1) Greg Rehagen was elected in April 2005.
- (2) Martha Siegel was elected in April 2005.
- (3) Terminated in May 2005 and replaced by David Bulson as acting City Clerk. Judy Mallicoat was appointed City Clerk in August 2005.
- (4) The City Treasurer position was eliminated in July 2004.
- (5) The City Collector position was eliminated in August 2004 due to the city contracting with Callaway County to collect the city's real estate and personal property taxes.
- (6) The law firm of English & Monaco received a monthly payment of \$750 for Mark Warren to serve as city attorney until June 2004, when the monthly payment was reduced to \$500. The firm also bills for additional expenses. For the year ended December 31, 2004, the city paid English & Monaco \$8,163 for legal services.
- (7) The Water/Wastewater Superintendent position was made full-time in September 2004.
- (8) Hired in July 2004 as an accounting clerk and was designated as Deputy City Clerk in December 2004. The position was eliminated May 2005. The position was reinstated and David Bulson was appointed Deputy City Clerk in August 2005.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$	3,092,138
Personal property		<u>911,237</u>
Total	\$	<u><u>4,003,375</u></u>

TAX RATES PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General	\$	0.3348
Debt service		1.1756

TAX RATES PER \$1 OF RETAIL SALES

		<u>Rate</u>
General	\$	.010
Capital improvement		.005



Claire McCaskill

Missouri State Auditor

December 2005

Thirteenth Judicial Circuit

Boone County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following findings were noted as a result of an audit conducted by our office of the Thirteenth Judicial Circuit, Boone County, Missouri.

The Boone County Circuit Clerk collected various fees for criminal, civil, and traffic cases totaling approximately \$5,741,000 and \$5,912,000 for the years ended December 31, 2004 and 2003, respectively. An inactive bank account, with a balance of \$4,306, has remained open for approximately five years after a new bank account had been opened. Furthermore, this inactive account has not been included in the reconciliations to the open items (liabilities) listing. Additionally, child support monies sent to the Circuit Clerk's office are not receipted or recorded in any manner prior to being forwarded to Child Support Enforcement's Family Support Payment Center.

The Probate Division handled receipts totaling approximately \$143,700 and \$133,600 for the years ended December 31, 2004 and 2003, respectively. We found that receipts are not deposited in a timely manner.

The Juvenile Office received payments for restitution, in-home detention costs, informal family court fees, and fees from drug tests totaling approximately \$50,300 and \$62,600 for the years ended December 31, 2004 and 2003, respectively. Our audit noted:

- Receipts are not deposited or transmitted intact in a timely manner.
- The method of payment is not always recorded correctly on the receipt slips.
- Checks are not restrictively endorsed immediately upon receipt.
- Monthly listings of open items (liabilities) are not prepared for the restitution account, and consequently, liabilities are not reconciled with cash balances.
- The Juvenile Office voided 200 checks out of the 662 checks used during the two years ended December 31, 2004, often because the checks were placed into the laser printer incorrectly or the printer was used to print a document after the checks were placed in the printer.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

THIRTEENTH JUDICIAL CIRCUIT
BOONE COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Thirteenth Judicial Circuit
Boone County, Missouri

We have audited certain operations of the Thirteenth Judicial Circuit, Boone County, Missouri. The scope of this audit included, but was not necessarily limited to, the 2 years ended December 31, 2004. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Boone County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Thirteenth Judicial Circuit, Boone County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 19, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Susan M. Cessac
Audit Staff:	Ali Arabian

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

THIRTEENTH JUDICIAL CIRCUIT
BOONE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Circuit Clerk's Accounting Controls and Procedures
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An inactive bank account has not been closed nor is it included in the open items reconciliation. In addition, child support monies received are not receipted or recorded in any manner. The Circuit Clerk collected various fees for criminal, civil, and traffic cases totaling approximately \$5,741,000 and \$5,912,000 for the years ended December 31, 2004 and 2003, respectively.

- A. An inactive bank account, with a balance of \$4,306, has remained open for approximately five years after a new bank account had been opened. Furthermore, this inactive account has not been included in the reconciliations to the open items (liabilities) listing. At December 31, 2004, the reconciliation prepared indicated that the reconciled bank balance for the new account was \$1,809 less than the open items listing. Including the inactive bank account in the reconciliation would result in \$2,497 of unidentified monies.

The Circuit Clerk should ensure inactive bank accounts are closed timely, and only by reconciling the open items listings to the cash balances can the Circuit Clerk be assured the records are in balance and that sufficient cash is available to cover liabilities. Further, the Circuit Clerk should attempt to determine the reasons for this difference, and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with applicable statutory provisions.

- B. Child support monies sent to the Circuit Clerk's office are not receipted or recorded in any manner. Child support monies received are forwarded to Child Support Enforcement's Family Support Payment Center. To ensure receipts are properly accounted for, all child support monies received should be receipted or recorded on a log and the disposition of these monies should be documented in the office's records.

WE RECOMMEND the Circuit Clerk:

- A. Close the inactive bank account. In addition, the office should reconcile the open items listing to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with applicable statutory provisions.
- B. Establish procedures to record and account for all child support monies received.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *The inactive bank account has been discussed with the Office of State Courts Administrator (OSCA) and OSCA is reviewing the information regarding the account. The unidentified monies could be due to child support monies received prior to the conversion to the JIS system. After OSCA provides additional information, we will close the inactive bank account and any monies remaining unidentified will be disbursed in accordance with statutory provisions.*
- B. *We will maintain a log of all child support monies received and forwarded to the Family Support Payment Center.*

2. Circuit Clerk's Probate Division Accounting Controls and Procedures

Receipts are not deposited in a timely manner. The Probate Division handled receipts totaling approximately \$143,700 and \$133,600 for the years ended December 31, 2004 and 2003, respectively. During the months of June and July 2004, receipts were generally deposited once a week and averaged approximately \$3,500. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Circuit Clerk deposit all monies intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Circuit Clerk indicated deposits will be made daily or when accumulated receipts exceed \$100.

3. Juvenile Office's Accounting Controls and Procedures
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Receipts are not deposited or transmitted intact in a timely manner, the method of payment is not always recorded correctly on the receipt slips, and checks are not restrictively endorsed immediately upon receipt. In addition, a monthly open items listing is not prepared and a large number of checks are voided each year. The Juvenile Office received payments for restitution, in-home detention costs, informal family court fees, and fees for drug tests totaling approximately \$50,300 and \$62,600 for the years ended December 31, 2004 and 2003, respectively. Restitution payments and offense assessment fees received are deposited into separate bank accounts and all other monies collected are transmitted either to the Court Administrator or the Circuit Clerk.

- A. Receipts are not deposited or transmitted intact in a timely manner. During the months of May, June, and July 2004, restitution receipts were generally deposited twice a month and averaged approximately \$1,300. Restitution receipts totaling \$3,561, received from June 25, 2004 through July 28, 2004, were not deposited until August 13, 2004. Five transmittals averaging approximately \$870 were made for family court fees received from October 22, 2004 through December 2004. In addition, personal checks written by employees were cashed from restitution receipts resulting in receipts not being deposited intact.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits or transmittals should be made intact daily or when accumulated receipts exceed \$100, and the practice of cashing employee personal checks from office receipts should be discontinued.

- B. The method of payment (i.e., cash, check, or money order) is not always recorded correctly on the receipt slips. By not correctly recording method of payment, the composition of receipts cannot be reconciled to the composition of deposits or transmittals. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the method of payment should be correctly indicated on all receipt slips and the composition of receipts should be reconciled to the composition of deposits or transmittals.
- C. Checks are not restrictively endorsed immediately upon receipt. Endorsements are applied twice a month when the deposit is prepared by the Court Administrator or the Circuit Clerk, after monies have been transmitted by the Juvenile Office. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- D. Monthly listings of open items (liabilities) are not prepared for the restitution account, and consequently, liabilities are not reconciled with cash balances. We prepared an open items listing as of July 15, 2005, and the reconciled bank balance for the restitution account exceeded the total of the open items listing by \$874.

Monthly listings of open items should be prepared and reconciled to cash balances to ensure records are in balance and that sufficient cash is available to cover liabilities. Further, the Juvenile Office should attempt to determine the reasons for this difference, and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with applicable statutory provisions.

- E. The Juvenile Office voided 200 checks out of the 662 checks used during the two years ended December 31, 2004. Most of the checks were voided because the checks were placed into the laser printer incorrectly or an employee inadvertently used the printer to print a document after the checks were placed in the printer.

These instances are preventable and create unnecessary added costs. The Juvenile Office should establish procedures to ensure that checks are printed correctly to minimize the number of checks voided.

WE RECOMMEND the Juvenile Office:

- A. Deposit or transmit all monies intact daily or when accumulated receipts exceed \$100 and discontinue the practice of allowing employees to cash personal checks.
- B. Ensure the method of payment is correctly indicated on all receipt slips and the composition of receipts is reconciled to the composition of deposits or transmittals.
- C. Restrictively endorse checks immediately upon receipt.
- D. Prepare monthly listings of open items and reconcile the listing to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with applicable statutory provisions.
- E. Establish procedures to ensure that checks are printed correctly to minimize the number of checks voided.

AUDITEE'S RESPONSE

The Juvenile Officer provided the following responses:

- A. *We are now depositing daily with deposits ranging from \$120 to \$140 each day. We have also discontinued the practice of allowing employees to write personal checks for cash.*
- B. *We have added check and cash columns to the receipt listing to indicate whether the monies received were cash or check. We are also using the receipt listing to reconcile the composition of receipts to the composition of deposits or transmittals.*
- C. *This has been implemented. We are now endorsing all checks or money orders when received.*
- D. *We have been investigating the unidentified monies in an attempt to identify who the monies belong to. We are also reconciling the open items listing monthly. Once we have completed our review of the unidentified monies, any monies remaining unidentified will be disbursed in accordance with applicable statutory provisions.*
- E. *We are reviewing this situation and considering various alternatives in order to reduce the number of checks voided.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

THIRTEENTH JUDICIAL CIRCUIT
BOONE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Thirteenth Judicial Circuit, Boone County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the 2 years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the judicial circuit should consider implementing this recommendation.

1. Criminal Costs

The Circuit Clerk did not submit criminal cost billings to the state for incarceration costs related to defendants where the court retained the option of granting probation to the defendant after 120 days, unless the defendant violated probation and returned to the Department of Corrections for the original sentenced period. As a result, thirty-one cases, involving billable incarceration costs of \$20,330, exceeded the two-year limit and could not be billed to the state and the revenue was lost to the county. In addition, forty-eight cases totaling \$27,780 were still billable as of October 1, 1999.

Recommendation:

The Circuit Clerk take timely action to ensure any unbillable costs pertaining to 120 day cases are billed to the state before the two-year limit expires. In addition, in the future, the Circuit Clerk should ensure all billable criminal costs are billed to the state on a timely basis.

Status:

Implemented.

2. Juvenile Office Accounting Controls and Procedures

- A. The Juvenile Office had not established adequate procedures to follow-up on checks which were outstanding for a considerable length of time.
- B. Receipts of the restitution account were not deposited on a timely basis.
- C. The Juvenile Office did not perform formal monthly bank reconciliations for the restitution account from May 1997 to April 1998. When the Juvenile Office began preparing the monthly reconciliations again, the office did not properly account for some old outstanding checks. This resulted in an incorrect adjustment to the checkbook balance, which overstated the account balance.

- D. Monthly listings of open-items (liabilities) were not prepared for any of the Juvenile Office's three bank accounts, and consequently, liabilities were not reconciled with the cash balances.

Recommendation:

The Juvenile Office:

- A. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed through the applicable statutory provisions. In addition, procedures to routinely review and reissue any old outstanding checks should be adopted.
- B. Deposit all receipts intact daily or when accumulated receipts exceed \$100.
- C. Correct the inaccurate checkbook register balance currently being used and perform monthly bank reconciliations, reconciling them to the corrected cash balance.
- D. Prepare monthly open-item listings and reconcile to the bank balances of each account. Differences between the open-items listings and the reconciled bank balances should be investigated.

Status:

- A. Partially implemented. Procedures have been established to periodically review outstanding checks and to reissue checks to payees who are located. In May 2005, many checks where the payees could not be located, were disposed of through the applicable statutory provisions. However, there are still two small checks over a year old that have not been resolved. Although not repeated in the current report, our recommendation remains as stated above.
- B&D. Not implemented. See MAR finding number 3.
- C. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTEENTH JUDICIAL CIRCUIT
BOONE COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Thirteenth Judicial Circuit consists of Boone County as well as Callaway County.

The Thirteenth Judicial Circuit consists of three circuit judges and six associate circuit judges. The circuit judges hear cases throughout the circuit. One circuit judge, elected biennially by secret ballot of the circuit and associate circuit judges, serves as the presiding judge and, therefore is responsible for the administration of the circuit. Of the six associate circuit judges, four are located in Boone County and preside over the Associate Circuit Court (Divisions IV, V, IX, and X). The other associate circuit judges are located in Callaway County.

In addition to the judges, the Thirteenth Judicial Circuit, Boone County personnel include a circuit clerk, a juvenile officer, forty deputy clerks, twelve deputy juvenile officers, twenty-six juvenile detention center employees, three court reporters (who also serve Callaway County), two court secretaries, a family court commissioner, a court administrator, and an assistant to the court administrator. The Juvenile Officer's home base is Boone County, but he also serves the residents of Callaway County.

Circuit personnel located in Callaway County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the juvenile office, including the juvenile detention center are paid for by Boone County. The operating expenses for the circuit judges and court reporters are paid for by Boone County and Callaway County based on the percentage of the county's population to the total circuit population. The salaries of all the court personnel, juvenile office, and juvenile detention center are paid for by the state of Missouri, except for the salaries of five court clerks, the Assistant to the Court Administrator, one of the Presiding Judge's support staff, eight court services employees, three information technology employees, two mental health court employees, ten court marshals, eight juvenile office employees, and five juvenile detention center employees, which are paid by Boone County.

Receipts

Receipts of the Thirteenth Judicial Circuit, Boone County, were as follows:

	Year Ended December 31,	
	2004	2003
Court deposits, fees, bonds, and other	\$ 5,741,415	5,912,918
Interest income	13,775	8,406
Total	\$ <u>5,755,190</u>	<u>5,921,324</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Thirteenth Judicial Circuit, Boone County, were as follows:

	Year Ended June 30,			
	2004		2003	
	Filings	Dispositions	Filings	Dispositions
Civil	8,266	7,918	7,371	7,090
Criminal	11,203	11,022	10,095	9,809
Juvenile	1,144	770	1,159	1,192
Probate	456	442	575	563
Total	21,069	20,152	19,200	18,654

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2004, statistics on the compliance of the Thirteenth Judicial Circuit, Boone County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Thirteenth Judicial Circuit Boone County, Missouri	State Total
Circuit Civil	90 % in 18 months	81 %	78 %
	98 % in 24 months	89	87
Domestic Relations	90 % in 8 months	90	85
	98 % in 12 months	96	91
Associate Civil	90 % in 6 months	92	86
	98 % in 12 months	99	97
Circuit Felony	90 % in 8 months	96	82
	98 % in 12 months	98	91
Associate Criminal	90 % in 4 months	67	73
	98 % in 6 months	90	85

Personnel

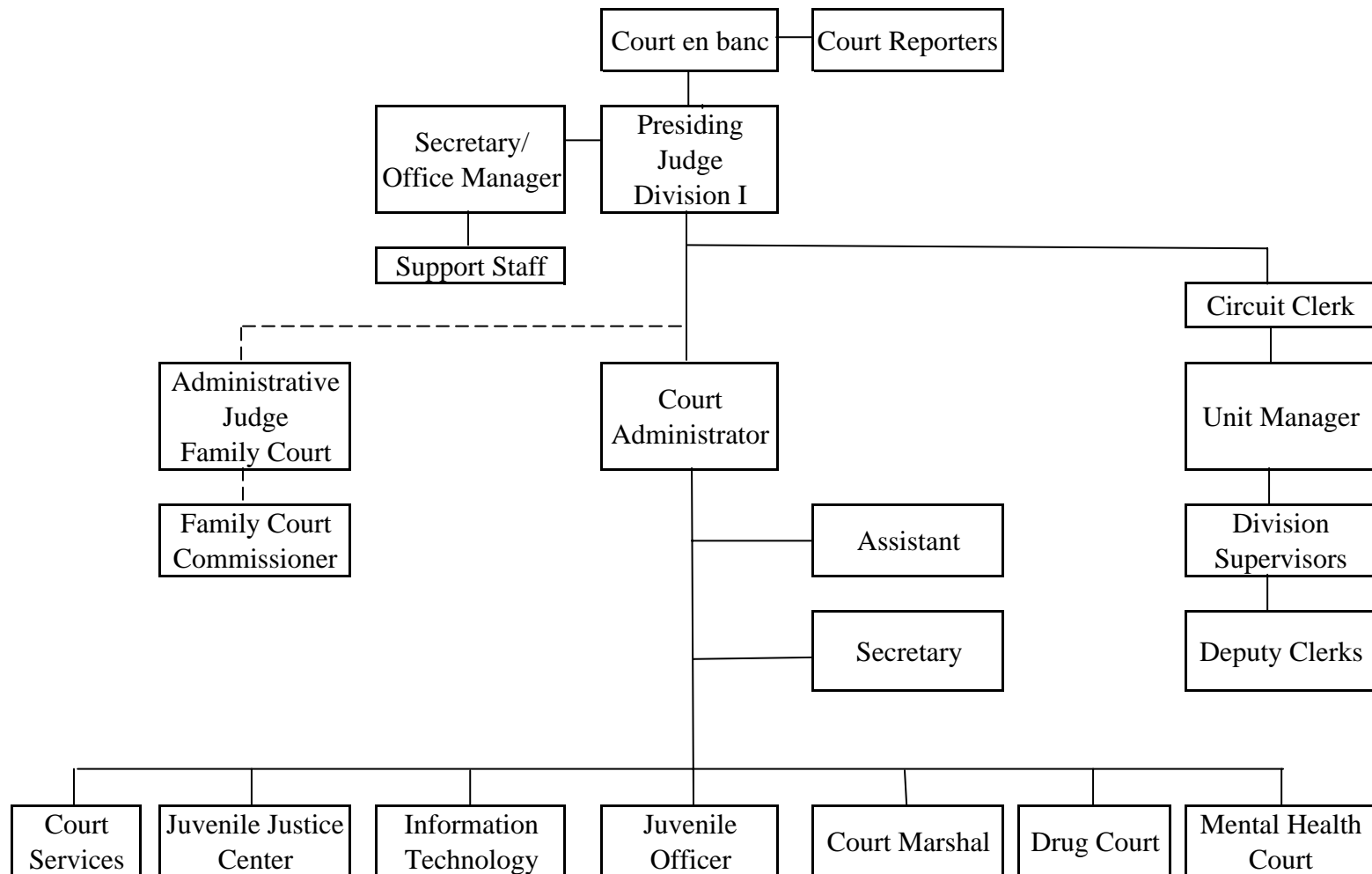
At December 31, 2004, the judges, Family Court Commissioner, Circuit Clerk, Juvenile Officer, and Court Administrator of the Thirteenth Judicial Circuit, Boone County, were as follows:

Gene Hamilton, Presiding Circuit Judge, Division I
 Gary Oxenhandler, Circuit Judge, Division II
 Ellen S. Roper, Circuit Judge, Division III
 Jodie Capshaw Asel, Associate Circuit Judge, Division IV
 Larry Bryson, Associate Circuit Judge, Division V
 Sara Miller, Family Court Commissioner, Division VIII

Christine Carpenter, Associate Circuit Judge, Division IX
Christopher S. Kelly, Associate Circuit Judge, Division X
Cheryl Whitmarsh, Circuit Clerk
Rick Gaines, Juvenile Officer
Kathy Lloyd, Court Administrator

An organization chart follows:

THIRTEENTH JUDICIAL CIRCUIT
BOONE COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2004





Claire McCaskill

Missouri State Auditor

December 2005

Village of Brownington, Missouri

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following problems were discovered as a result of an audit conducted by our office of the Village of Brownington, Missouri.

Potential conflicts of interest and inadequate segregation of duties regarding the Chairman of the Board of Trustees and the Village Clerk were noted.

- The April 2004 minutes of the Board of Trustees indicate the wife of the Chairman of the Board seconded the motion to reappoint her husband as Chairman, in potential violation of the Missouri Constitution. According to the minutes, only three of the five members of the board were present at this meeting.
- One board member serves as the Village Clerk and Village Treasurer, which appears contrary to an Attorney General's opinion.
- The board has not established the term of the Village Clerk, and her compensation has not been set by ordinance.

Open meeting minutes did not always document that closed meetings were held, the related vote to close the meetings, or the final disposition of matters discussed in closed meetings, as required by state law. In addition, the village did not give proper notice of the public hearing on the proposed property tax rate, as required by state law.

The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Additionally, adequate documentation was not obtained for legal services totaling \$2,668, and invoices are not adequately reviewed before payment is made.

The village's annual budgets did not include some information required by state law, and semi-annual financial statements have not been published as required. In addition, the village has not prepared an annual maintenance plan for village streets.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

VILLAGE OF BROWNINGTON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairman
and
Board of Trustees
Village of Brownington
Deepwater, Missouri 64740

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of Brownington, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the village, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Brownington, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 18, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker

**MANGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS**

VILLAGE OF BROWNINGTON, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Village Officers and Controls
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The wife of the Chairman of the Board seconded the motion to appoint her husband as Chairman which appears to be a violation of the Missouri Constitution. The board has one member that serves as the Village Clerk and Treasurer, and the Board of Trustees has not established the term of the Village Clerk, or set her compensation by ordinance. Additionally, board members who can sign checks are not bonded.

A. The Chairman of the Board of Trustees and the Village Clerk (currently a member of the Board of Trustees) are husband and wife. Our review noted potential conflicts of interest and inadequate segregation of duties regarding these positions.

1. The April 2004 minutes of the Board of Trustees indicate the wife of the Chairman of the Board seconded the motion to reappoint her husband as Chairman. According to the minutes, only three of the five members of the Board of Trustees were present at this meeting. The minutes do not indicate the specific votes taken on the motion but do indicate the motion carried.

Article VII, Section 6 of the Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office. Because of the serious consequences which result by appointing a relative, the board should ensure its members abstain from any decision to appoint a relative and ensure that action is fully documented in the board minutes.

Discussions and decisions concerning situations where potential nepotism or conflicts of interest exist should be completely documented so that the public has assurance that no village official has benefited improperly. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for village officials.

2. The Board of Trustees has not appointed separate individuals to serve as Village Clerk and Village Treasurer. Presently, the board has one member that serves as the Village Clerk and Village Treasurer, and her husband serves as Chairman of the Board of Trustees. The duties of the Village Clerk include maintaining receipt and disbursement records, making bank deposits, preparing and signing checks, receiving bank statements, and

preparing financial reports. It is the duty of the Chairman of the Board of Trustees to report village finances to the public.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. The statutes pertaining to villages are similar to those cited in this opinion and, thus, the opinion's conclusion appears applicable to villages.

Holding all of these offices does not allow the segregation of duties necessary for a proper evaluation and review of financial statements. The current procedures jeopardize the system of independent checks and balances intended by state law.

- B. The Board of Trustees has not established the term of the Village Clerk, and her compensation has not been set by ordinance. Village ordinance number 18 indicates the term of the Village Clerk is up to the Board of Trustees; however, there is no documentation to indicate that a term has been established. The current Village Clerk was appointed in 2000, and is paid a salary of \$25 per month (increased to \$100 per month effective December 2004) to perform the duties of that office. In 2004 the Village Clerk was elected to the Board of Trustees.

To comply with village ordinance, the Board of Trustees should establish a term for the Village Clerk. Additionally, compensation rates set by ordinance document the approved amounts to be paid and reduce potential misunderstandings. In addition, ordinance hearings provide for public input and information concerning the salaries paid.

- C. The Village Clerk and one Board member are authorized to sign checks; however, the village does not have bond coverage for them. Section 80.225 RSMo, requires the Village Clerk to be bonded in a sum not less than one thousand dollars. Failure to properly bond all persons with access to assets exposes the village to risk of loss.

Conditions similar to parts B and C were noted in our prior report for the year ended June 30, 1999.

WE RECOMMEND the Board of Trustees:

- A.1. Avoid transactions that represent actual conflicts of interest or the appearance of a conflict of interest and ensure all appointments of individuals to village positions comply with the restrictions of Article VII, Section 6, of the Missouri Constitution, in regard to the appointment of relatives. If a relative of a village

official is considered for appointment, that official should abstain from voting on the appointment and that action should be adequately documented in the minutes.

2. Consider appointing separate individuals to the positions of Village Clerk and Village Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Establish by ordinance the salaries or pay rates and applicable terms of office for all officials and employees.
- C. Obtain bond coverage for all persons with access to village monies.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A.1. *We generally avoid transactions that represent a conflict of interest; however, there were only three board members present at the meeting noted. In the future, we will adjourn the meeting until all members can be present.*
2. *We plan to designate one board member to receive the bank statements directly from the bank and review them.*
- B. *At our November 2005 meeting we established the salary of the clerk by ordinance. We will amend the ordinance to also include a term.*
- C. *We now have bond coverage for both officials who can sign checks.*

2. Board Meetings

Improvement is needed in the handling of closed session meetings, and the village did not give proper notice of the public hearing on the proposed property tax rate.

- A. Open meeting minutes did not always document that closed meetings were held, the related vote to close the meetings, or the final disposition of matters discussed in closed meetings. In addition, the board held a closed meeting in June 2005 for the purpose of discussing legal issues, but also discussed and approved contracting with the county sheriff's department for the enforcement of village ordinances. It is unclear how this topic is allowed under the provisions of the Sunshine Law. Additionally, this decision was not recorded in the regular minutes or otherwise publicly posted.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall

be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The village did not give proper notice of the public hearing on the proposed property tax rate. The board held a special meeting on August 18, 2005 to set the tax rate; however the meeting notice was posted only one day before the meeting and in only one public place. Additionally, the notice for the October 12, 2004, regular meeting of the board included the tax rate as an item on the agenda; and was also only posted one day before the meeting and in only one public place.

Section 67.110, RSMo requires notice of the public hearing to be published or posted in at least three public places at least seven days prior to the date of the hearing. The notice should include the assessed valuation of real and personal property for the current and preceding tax year, the revenue required to be provided from the property tax, and the tax rate proposed.

WE RECOMMEND the Board of Trustees:

- A. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure only allowable specified subjects are discussed in closed session as required by state law.
- B. Ensure the notice given for the public hearing on the proposed property tax rate complies with state law.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *In the future, we will ensure procedures for closed meetings comply with state law.*
- B. *In the future, we will post public notices 7 days prior to the public hearing.*

3. Village Expenses

The village does not have a formal bidding policy, and invoices are not always thoroughly reviewed before payment is made.

- A. The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. While it appears bids are generally solicited for purchases of goods or services, bids were either not solicited or bid documentation was not retained for a trash dumpster costing \$900. Additionally the village paid attorney fees of \$1,661 during the year ended June 30, 2005, and \$2,668 in July 2005 without soliciting proposals for these services. Further, adequate documentation was not obtained for the \$2,668 paid in July 2005.

Formal bidding procedures for major purchases would provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Not only can bids be handled by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected. While professional services, such as attorneys, may not be subject to the standard bidding procedures, the city should solicit proposals for professional services to the extent practical. Further, adequate documentation should be maintained for all expenditures.

A similar condition was noted in our prior report for the year ended June 30, 1999.

- B. Invoices are not always adequately reviewed before payment is made. One invoice for mowing of the community building grounds indicated that mowing services were provided on six different dates; however, the village was billed and paid for seven mowing services. The village pays \$25 each time mowing services are provided. It is unclear from village records whether or not the village over paid for mowing services or a date was omitted from the invoice. While this invoice was reviewed and approved by the board, it appears that the calculations were not checked for accuracy. To ensure amounts paid for goods and services are accurate, invoices should be thoroughly reviewed, including recalculating the amount billed.

WE RECOMMEND the Board of Trustees:

- A. Establish formal bidding policies and procedures which includes the solicitation of proposals for professional services, and obtain adequate documentation for all expenditures.
- B. Review invoices thoroughly, including recalculating amounts billed, prior to making payment. In addition, follow up to determine the accuracy of the amount paid for mowing services.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *We obtained phone bids for the dumpster, but did not maintain documentation. The \$2,668 for legal expenses represents \$168 for court costs and \$2,500 for a retainer. We have contacted our attorney to obtain detailed information regarding the retainer. Prior to hiring our attorney we contacted numerous attorneys, but did not maintain documentation of these contacts. We will consider establishing a bidding policy.*
- B. *In the future, we will review the mowing invoices more closely.*

4. Budgets and Published Financial Statements
--

Village budgets need improvement, and financial statements were not published or publicly posted in accordance with state law.

- A. The village's annual budgets were not in full compliance with state law. The 2004 budget did not include actual receipts and disbursements from the two previous years, and the 2005 and 2004 budgets did not include actual and estimated cash and resources available at the beginning and end of the year. Additionally, the village budget is prepared on a calendar year basis; however, the village operates on a June 30 fiscal year end. Further, the budget for the year ended December 31, 2005 was not approved until March 8, 2005, and there is no documentation to indicate that the 2004 budget was approved by the Board of Trustees.

Sections 67.010 through 67.040 RSMo, set specific guidelines as to the format and approval of the annual operating budget and requires budgets to be adopted by order, motion, resolution, or ordinance. A complete budget should include the beginning available resources, reasonable estimates of the ending available resources, and comparisons of actual revenues and expenditures for the two preceding fiscal years.

Additionally, Section 67.080, RSMo, provides that no disbursement of public monies shall be made unless it is authorized in the budget. Budgets should be signed or initialed by the board and retained with the official minutes to adequately document the board's approval. To be of maximum benefit to the taxpayers and to properly monitor village activity, the village should prepare budgets that correlate to its fiscal year, and adopt the budget prior to the beginning of the fiscal year.

- B. The village has not published semi-annual financial statements as required by state law. The village published financial statements for July through December

2003 and 2004, but did not publish financial statements for January through June 2004 and 2005.

Additionally, the published financial statements and the monthly financial reports prepared by the Village Clerk are not separated by fund. For instance, instead of reporting the activity of the Street Fund and the General Fund separately, the village groups these funds and reports combined financial information for these two funds.

Section 80.210, RSMo requires the chairman of the board of trustees prepare and publish semiannual financial statements in a local newspaper or post semiannual financial statements in six public places within the village. Additionally, to better inform the citizens, the city should consider reporting financial information separately for each fund.

Similar conditions were noted in our prior report for the year ended June 30, 1999.

WE RECOMMEND the Board of Trustees:

- A. Prepare annual budgets in accordance with state law. Additionally, budgets should be prepared to correlate to the village's fiscal year, and the budget should be approved prior to the beginning of the fiscal year.
- B. Ensure semi-annual financial statements are published or posted in accordance with state law and report financial information for each fund separately.

AUDITEE'S RESPONSE

The Board of Trustees provided the following response:

A&B. In the future, we will ensure our budgets and financial statements comply with state law.

5. Street Maintenance Plan

An annual maintenance plan for village streets has not been prepared. The village's road fund balance at June 30, 2005 was \$6,616. During the year ended June 30, 2005 the village only spent \$1,596 for electricity for street lights, and \$109 for rock from the road fund. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the village residents. A formal maintenance plan would serve as a useful management tool and

provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

A similar condition was noted in our prior report for the year ended June 30, 1999.

WE RECOMMEND the Board of Trustees prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The Board of Trustees provided the following response:

We do not feel a formal plan will improve our situation. If a road needs gravel, we will gravel it. If a road needs grading, we will have it graded.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF BROWNINGTON, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The village of Brownington is located in Henry County. The village was incorporated in 1885. The population of the village in 2000 was 119.

The village government consists of a five-member board of trustees. The members are elected for 2-year terms, and serve without compensation. The chairperson is appointed by the board from the members. The village board of trustees, and other principal officials during the year ended June 30, 2005, are identified below.

	Dates of Service During the Year Ended June 30, 2005	Compensation Paid for the Year Ended June 30, 2005
Jim Pogue, Chairperson	July 2004 to June 2005	
Kay Pogue, Clerk (1)	July 2004 to June 2005	\$ 825
Blane Denison	July 2004 to June 2005	
J. W. Pemberton	July 2004 to June 2005	
Gladys Walker	July 2004 to June 2005	

(1) Board member Kay Pogue also serves as the village clerk, and received a salary of \$25 per month, increased to \$100 per month in December 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 221,440
Personal property	133,810
Railroad and utility	37,566
Total	<u>\$ 392,816</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$.6780</u>

A summary of the village's financial activity for the year ended June 30, 2005, is presented below:

	General Fund	Road Fund	Total
RECEIPTS			
Property taxes	\$ 2,096		2,096
Franchise fees	2,328		2,328
Motor fuel and motor vehicle fees		4,553	4,553
Interest	47		47
Other	2,357		2,357
Total Receipts	6,828	4,553	11,381
DISBURSEMENTS			
Salaries	825		825
Utilities	125	1,596	1,721
Office	316		316
Maintenance and Mowing	675	109	784
Insurance	338		338
Dumpsters	900		900
Legal	1,661		1,661
Miscellaneous	458		458
Total Disbursements	5,298	1,705	7,003
Receipts Over (Under) Disbursements	1,530	2,848	4,378
Cash Balance, July 1, 2004	6,024	3,768	9,792
Cash Balance, June 30, 2005	\$ 7,554	6,616	14,170



Claire McCaskill

Missouri State Auditor

December 2005

General Assembly and Supporting Functions

Committee on Legislative Research



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following findings were noted as a result of an audit conducted by our office of the General Assembly and Supporting Functions – Committee on Legislative Research.

The Committee on Legislative Research's Oversight Division provides information to the General Assembly regarding the estimated fiscal impact of proposed legislation through fiscal notes developed with assistance from the affected agencies. However, there are no statutory provisions or other mechanisms which require or provide for the actual fiscal impact of legislative decisions to be reported to the General Assembly after legislation has been passed.

The audit disclosed various examples where the actual fiscal impact of legislative decisions was not determined and reported to the legislature. In some instances, the actual fiscal impact may have been significantly different than the fiscal impact estimated when the related legislation was being considered. Examples included:

- In July 1990, the state of Missouri agreed to provide annual funding of \$12 million to pay debt service and other costs related to the construction of the Edward Jones Dome, which represented an expansion of the convention center in St. Louis. Prior to appropriating these funds, the state hired a private firm to conduct a economic impact study of the proposed project. The study, released in 1991, estimated the operation of the expanded convention center could result in \$17 million in new state tax revenues. The study estimated that most of this growth in state revenues would result from an increase in the number of convention and trade shows held at the facility.

Our audit found that the state has never had a follow-up study conducted or taken any other steps to determine whether the fiscal benefits projected in the 1991 study were ever realized. We also noted that the number of conventions and trade shows held at the expanded convention center since the Dome opened has been consistently less than the number of such events projected by the study.

In the 1998 legislative session, legislation was passed which, among other things, increased the state income tax dependency deduction amount from \$400 to \$1,200. The fiscal note for this legislation estimated state revenues would decrease by approximately \$68 million annually as a result of this change. Department of Revenue (DOR) officials indicated the amount state revenues decreased as a result of this legislation was not readily available. In addition, they indicated information regarding the actual fiscal impact of this change had not been requested by the General Assembly or any other legislative agency since this legislation was passed.

(over)

YELLOW SHEET

- In the 2003 legislative session, legislation was passed requiring all lottery and gaming winnings to be included in Missouri nonresident's adjusted gross income when the winnings were from a Missouri source. The fiscal note for this legislation estimated state revenue would increase by \$6.6 million annually as a result of this change. DOR officials reported state revenues increased by \$10.2 million in fiscal year 2004 as a result of this legislation. However, there was no indication this information had been requested by or provided to the General Assembly or any other legislative agency since this legislation was passed.

A means or mechanism should be established to ensure the actual fiscal impact of significant legislative decisions is reported to the General Assembly. Such information could be used by the General Assembly in evaluating past legislation and in making future legislative decisions. Considering the Committee's role in providing fiscal information to the General Assembly, it appears appropriate that it would be involved in this effort.

Various concerns were reported regarding the Committee on Legislative Research's personnel policies, some of which were reported in the previous audit. The committee provides its employees annual leave benefits that are more generous than what is allowed to most other state employees. Also, employees of this agency earn 10 hours of annual leave per month during the first five years of service, 12 hours per month after five years, and 14 hours per month after ten years. In contrast, most state employees earn annual leave of 10 hours per month during the first ten years of service, 12 hours per month after ten years, and 14 hours per month after fifteen years. There appears to be no basis for these additional annual leave benefits.

In August 2000, the Committee revised its sick leave policy, reducing the amount of sick leave earned by its employees from 14 to 10 hours per month to address a prior audit recommendation. However, the Committee did not adjust recorded employee sick leave balances to reduce the balances by the amount of sick leave earned at the higher rate. As a result, during the audit period the Committee certified excessive accumulated sick leave balances to the state retirement system for some employees when they retired from state employment. These excessive balances were used by the state retirement system to calculate creditable service and retirement benefit payments.

The Research Division does not require its employees to work a minimum of 40 hours per week, as is required of most other state employees. In accordance with provisions in the Committee's personnel manual, in May 2004, the Acting Director of the Research Division authorized most employees of that division to work a 7-hour per day, 35-hour workweek during that portion of the year after the session ended. This decision affected 23 of 26 Research Division employees.

Some of the findings noted above were included in our prior report.

Also included in the report are recommendations related to inventory controls and procedures, and capital assets.

All reports are available on our website: www.auditor.mo.gov

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Members of the General Assembly
and
Committee on Legislative Research
Jefferson City, MO 65102

We have audited the Committee on Legislative Research. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review revenues and expenditures of the Committee, and its compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.
4. Determine the extent to which audit recommendations included in our prior audit were implemented.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the Committee on Legislative Research as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance

with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the committee's management and was not subjected to the procedures applied in the audit of the Committee on Legislative Research.

The accompanying Management Advisory Report presents our findings arising from our audit of the Committee on Legislative Research.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 4, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	David Gregg
Audit Staff:	Malcolm N. Nyatanga
	Wendy I. Groner

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Fiscal Impact of Legislative Decisions
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Pursuant to Section 23.140, RSMo, the Committee on Legislative Research's Oversight Division provides information to the General Assembly regarding the estimated fiscal impact of proposed legislation. This information is provided through fiscal notes developed by the division with assistance from the affected agency(ies). However, there are no statutory provisions or any other means or mechanism which require or provide for the actual fiscal impact of legislative decisions to be reported to the General Assembly after legislation has been passed.

During past audits of other agencies we reported instances in which the actual fiscal impact of a legislative decision was not determined and reported to the General Assembly. In some of these instances, the actual fiscal impact was significantly different than the fiscal impact estimated when the related legislation was being considered. In addition, during the current audit we noted other instances of legislative decisions made in which the actual fiscal impact was not determined and reported to the legislature. These instances are as follows:

- In July 1990, the state of Missouri, along with the city of St. Louis and St. Louis County, entered into a project agreement whereby these entities agreed to cooperate in the planning, design, financing, and construction of a multi-purpose convention and sports facility project. This project represented an 180,000 square foot eastern expansion of the existing A. J. Cervantes Convention Center and eventually resulted in the building of the Edward Jones Dome (the Dome). The facility was to be owned by the St. Louis Regional Convention and Sports Authority (Authority) and be operated by the St. Louis Convention and Visitors Commission (CVC).

The agreement to build the Dome provided for the state to commit \$10 million annually to pay the debt service costs of the project, plus \$2 million annually in project preservation payments. The city and the county each agreed to pay \$5 million annually to fund the debt service costs and \$1 million annually in preservation payments. The agreement was considered a legal, valid, and binding obligation of the state, but was subject to the further execution of financing documents. In addition, the funding commitments were subject to annual appropriation.

Prior to the appropriation of the initial funding, the state of Missouri hired a private firm to conduct a fiscal benefit (economic impact) study of the

proposed project. This study's purpose was to provide an estimate of the new tax revenues which would be generated for the state of Missouri during the operation of the expanded convention center.

The study, released in February 1991, estimated the operation of the expanded convention center could result in approximately \$170 million in new direct spending and approximately \$17 million annually (based on 1995 dollars) in new total state tax revenues. Of the \$170 million in new direct spending, the study estimated that \$146 million of this (or 86 percent) would be generated from exhibition space events (conventions and trade shows). The study estimated that only \$24 million in new direct spending (or 14 percent) would come from fixed seating events (sports events, concerts, festivals, etc.).

The state legislature subsequently approved the initial appropriations (as part of the fiscal year 1992 budget) to fund the project. Also, in August 1991, the state of Missouri, along with the city of St. Louis and St. Louis County, entered into a financing agreement whereby these entities agreed to sponsor bonds issued by the Authority to finance construction of the new facility. The state's portion of the bonds totaled almost \$133 million.

The state has never had a follow-up study conducted or taken any other steps to determine whether the fiscal benefits projected in the 1991 study were realized. Further, based on a review of that study and the actual event activity at the convention center complex, it appears the actual fiscal benefits generated may have been significantly less than what was projected in the study.

To estimate the incremental or new direct spending generated by exhibition space users, the preparers of the 1991 study estimated the number of exhibition space events annually that would rotate to St. Louis and calculated the estimated direct spending that would occur as a result of those events. The current exhibition space event spending at that time was then subtracted from the total, leaving the new direct spending associated with the expansion of the convention center.

The study focused on national/regional events on the premise that such events would generate new spending in the local economy since they would primarily attract attendees from outside the area. In contrast, events that primarily attract local attendees (such as a sports event or concert) would not generate a significant amount of new spending based on the belief that those dollars would be spent elsewhere locally even if the event was not held.

The study estimated that 39 national/regional events might rotate to St. Louis in the expanded convention center's initial year of operation and the majority of the attendees would participate in the event an average of four days. The new direct spending which would result would relate primarily to hotel,

restaurant, shopping, and entertainment expenses incurred by these out-of-town attendees. The study estimated an annual growth rate of 2 percent in the number of such events hosted in St. Louis.

To determine the extent of national/regional exhibition space events (conventions and trade shows) actually held at the facility, we contacted CVC personnel and obtained a listing of such events held in recent years. The following table presents the estimated number of national/regional events, the actual number of such events according to CVC records, and the percentage difference. Since the study only presented an estimated number of such events (39) for the first year of operation, the estimated numbers presented in the table for those years subsequent to the first year of operation (fiscal year 1997) are based on the 2 percent annual growth rate discussed in the study.

National/Regional Events:			
Fiscal Year	Estimated	Actual	Percentage Difference
1991	N/A	21	N/A
1992	N/A	13	N/A
1993	N/A	21	N/A
1994	N/A	22	N/A
1995	N/A	29	N/A
1996	N/A	27	N/A
1997	39	30	-23
1998	40	25	-37
1999	40	28	-30
2000	41	21	-49
2001	42	25	-40
2002	43	25	-42
2003	44	26	-41
2004	45	26	-42

The above table indicates the number of national/regional events held at the expanded convention center since the Dome opened has been consistently less than the number projected by the 1991 study. Although the expansion of the convention center (including the building of the Dome) has undoubtedly provided some fiscal benefits for the state and local area, data was not available to allow us to determine the extent of actual new direct spending and related new state tax revenues that have actually been realized. In addition, we saw no indication the state has made any attempt to determine the actual fiscal impact of this funding decision since it was made.

This situation was initially noted during our last audit of the St. Louis Regional Convention and Sports Authority (three years ended December 31, 2002). No finding or recommendation was included in that report since this situation did not relate to the Authority's activities or responsibilities.

As a matter of courtesy, we provided a copy of this finding to the Authority and the CVC for their review and comment. The Authority had no comments regarding this finding. However, in a letter to our office, the CVC has alleged that our finding has numerous misleading statements, erroneous assumptions, and factual errors. The CVC has also indicated that we have misinterpreted the 1991 study commissioned by the state of Missouri and that we have omitted significant revenues from our analysis. After reviewing the assertions made by the CVC, we strongly disagree that our analysis was flawed in any way or that we misinterpreted the 1991 study. The results of our work clearly support our conclusion that no effort has been made by the **state of Missouri** to determine whether the projected fiscal benefits to the state were actually realized.

- In the 1999 legislative session, the General Assembly approved a tax credit of up to \$200 per year for senior taxpayers for out-of-pocket costs for prescription drugs pursuant to 135.095, RSMo. To be eligible for the full credit, a taxpayer had to have an income of \$15,000 or less and be at least 65 years of age. The \$200 credit was to be reduced by \$2 for every \$100 of taxpayer income that was over the income limit. This tax credit was for tax years 1999 to 2001, expiring on December 31, 2001.

In an April 2001 audit report entitled Review of Pharmaceutical Tax Credit for Senior Citizens, Report No. 2001-34, this office reported the actual fiscal impact of this tax credit was significantly more than what had been estimated. Fiscal note information initially provided by the Office of Administration estimated 261,000 Missouri senior residents would utilize the pharmaceutical tax credit, which would result in a loss of revenue to the state of \$39.7 million. The Oversight Division subsequently reduced the estimated revenue loss in the fiscal note to \$20 million annually, on the premise that only fifty percent of eligible taxpayers would actually utilize the credit.

According to the Department of Revenue (DOR), 458,000 individuals utilized the senior pharmaceutical tax credits in the tax year 1999, resulting in a loss of revenue to the state of \$83 million. Although DOR policy decisions resulted in the over-utilization of the tax credits in 1999, it appears the actual fiscal impact of this legislative decision still would have exceeded initial estimates by a substantial amount.

- In the 1997 legislative session, the General Assembly passed legislation to reduce the state sales tax rate on food pursuant to 144.014, RSMo. This legislation reduced the state sales tax on food by 3 percent. The fiscal note which supported this legislation estimated state revenue would be reduced by \$155.9 million in fiscal 1998, with this revenue loss increasing to \$238.6 million and \$243.4 million in fiscal years 1999 and 2000, respectively.

We contacted the Department of Revenue (DOR) to determine the actual impact this legislation had on state revenues. DOR officials reported that revenues dropped by \$133.8 million, \$223.8 million, and \$239.4 million in fiscal years 1998, 1999, and 2000, respectively. Although there was no clear indication that this fiscal impact information had been provided broadly to the General Assembly, DOR officials indicated that this information was available to any legislator or legislative committee upon request, and they were aware that occasional requests had been made for this information. In addition, DOR officials indicated this information had been provided to the Office of Administration, Division of Budget and Planning, and that agency may have shared it with legislators.

- In the 1998 legislative session, the General Assembly passed legislation to increase the state income tax dependency deduction amount from \$400 to \$1,200 pursuant to 143.161, RSMo. In addition, an additional \$1,000 deduction was authorized for any dependent at least 65 years of age who resided at the taxpayer's home, the dependent's home, or did not receive Medicaid or state funding while residing in a licensed nursing facility. The fiscal note for this legislation estimated state revenues would decrease by approximately \$68 million annually for fiscal years 1999, 2000, and 2001 as a result of this statutory change.

We contacted the DOR to determine the actual impact this legislation had on state revenues. DOR officials indicated the amount state revenues decreased as a result of this legislation was not readily available. Department officials indicated information regarding the actual fiscal impact of this legislative decision had not been requested by the General Assembly or any other legislative agency since this legislation was passed.

- In the 1997 legislative session, the General Assembly authorized a historic preservation tax credit pursuant Sections 253.545 to 253.559, RSMo. These statutes authorized tax credits related to the rehabilitation of commercial and residential historic structures located within certified historic districts. The credits were to be equal to 25 percent of the total costs and expenses to rehabilitate eligible projects provided such costs exceeded 50 percent of the owner's total basis in the property.

In an April 2002 audit report entitled Review of State Tax Credits Administered by the Department of Economic Development, Report No. 2002-33, this office reported that the fiscal impact of the historic preservation tax credits had been underestimated. That report disclosed the Department of Economic Development had estimated the historic preservation tax credit redemptions for fiscal year 2001 would be \$27 million but instead actual tax credit redemptions for that year totaled \$34 million. In addition, actual tax credit redemptions for fiscal years 2002 and 2003 totaled \$41.4 million and \$43.1 million, respectively.

In the fiscal note which supported this legislation, the Department of Natural Resources indicated the tax credits realized by this would average approximately \$14 million annually, with \$2.8 million and \$7.1 million in credits being redeemed in fiscal years 1999 and 2000, respectively. It is apparent the fiscal impact estimates at the time this legislation was passed were significantly less than the actual impact realized.

- In the 1999 legislative session, the General Assembly increased the state income tax exemption amounts pursuant to Sections 143.151 and 143.161, RSMo. This legislation increased personal exemptions by \$900 to \$2,100, and increased the head of household exemption by \$1,400 to \$3,500. The fiscal note which supported this legislation estimated that state revenue would be reduced by \$155.4 million in fiscal 2000, with this revenue loss increasing to \$159.8 million in fiscal year 2002.

We contacted the DOR to determine the actual impact this legislation had on state revenues. Department officials initially indicated the amount of state revenue losses as a result of these changes was not readily available and would have to be generated for us. Subsequently, that department reported that state revenues dropped by \$156.9 million in fiscal year 2002 as a result of this legislation. Department officials indicated information regarding the actual fiscal impact of this legislative decision had not been requested by the General Assembly or any other legislative agency since this legislation was passed.

- In the 2003 legislative session, the General Assembly passed legislation requiring all lottery and gaming winnings to be included in Missouri nonresident adjusted gross income when the winnings are from a Missouri source pursuant to 143.181, RSMo. The fiscal note for this legislation estimated state revenue would increase by \$6.6 million annually in fiscal years 2004, 2005, and 2006, as a result of this statutory change.

We contacted the DOR to determine the actual impact this legislation had on state revenues. DOR officials reported state revenues increased by \$10.2 million in fiscal year 2004 as a result of this legislation. Department officials indicated information regarding the actual fiscal impact of this legislative decision had been supplied to the Office of Administration, Division of Budget and Planning. However, there was no indication this information had been requested by/or provided to the General Assembly or any other legislative agency since this legislation was passed.

- In the 1999 legislative session, the General Assembly also lowered the corporate franchise tax pursuant to Section 147.010, RSMo. That legislation raised the tax base floor from \$200,000 to \$1,000,000, and reduced the tax rate from one-twentieth of one percent to one-thirtieth of one percent. The fiscal note for this legislation estimated this reduction in the corporate

franchise taxes would result in a loss of state revenues of over \$25 million annually.

We contacted the DOR to determine the actual impact this legislation had on state revenues. DOR officials indicated this information could not be specifically and reliably identified, and they have no method to calculate the actual fiscal impact. There was no indication information regarding the actual fiscal impact of this legislative decision had been requested by the General Assembly or any other legislative agency since the legislation was passed.

- In the 2003 legislative session, the General Assembly passed legislation which allowed the revocation of any professional license granted by the state if the DOR verified the license applicant had not filed or paid their state taxes pursuant to Section 324.010, RSMo. The fiscal note for this legislation estimated that state revenues would increase by \$19.4 million in fiscal year 2004 and by a total of \$1 million in fiscal years 2005 and 2006, as a result of this statutory change.

We contacted the DOR to determine the actual impact this legislation had on state revenues. Department officials indicated the total amount state revenues increased as a result of the applicable house bill had been measured (\$3 million and \$5.4 million in fiscal 2004 and 2005, respectively); however, amounts specifically related to professional licensees were not available. There was no indication this information had been requested by the General Assembly or any other legislative agency since this legislation was passed.

A means or mechanism should be established to ensure the actual fiscal impact of significant legislative decisions is reported to the General Assembly. Such information could be used by the General Assembly in evaluating past legislation and in making future legislative decisions. Considering the Committee's role in providing fiscal information to the General Assembly, it appears appropriate that it would be involved in this effort.

It should be noted that in 2003, the General Assembly passed the Missouri Sunset Act pursuant to Sections 23.250 to 23.298, RSMo, which became effective on August 28, 2003. The Sunset Act provides that any new program authorized into law will sunset after a period of not more than six years unless it is reauthorized. That legislation provides the Committee on Legislature Research and its staff shall review the new programs before their sunset dates and present a report to the General Assembly regarding the need and performance of the programs and make recommendations regarding the sunset, continuation, or reorganization of each affected program. While these statutory provisions include criteria to be considered during these program reviews, we saw no requirement that the actual fiscal impact of such programs be compared to original estimates.

WE RECOMMEND the Committee on Legislative Research work with the General Assembly in establishing a means or mechanism to follow-up and report on the actual fiscal impact of significant legislative decisions. Such an effort may result in the need to make revisions to the Missouri Sunset Act or other statutes.

AUDITEE'S RESPONSE

The Joint Committee on Legislative Research currently possesses a statutory mechanism in the Missouri Sunset Act to report on the subsequent fiscal impact of legislative decisions. The Committee believes that to develop a more extensive method would be a policy decision for the Committee.

2. Personnel Policies and Records
--

Attorney General's Opinion No. 46, 1980 to Bradford, concluded legislative employees are exempt from the requirements of Section 36.350, RSMo, regarding hours of work, sick and annual leave accruals, and other personnel matters. However, our review of the Committee on Legislative Research's personnel policies and related records disclosed the following concerns:

- A. The Committee on Legislative Research's personnel policies provide that its employees earn 10 hours of annual leave benefits per month during the first five years of service. After five years, the employees earn annual leave at a rate of 12 hours per month and after ten years annual leave is earned at a rate of 14 hours per month. This policy provides annual leave benefits that are more generous than what is allowed to most other state employees. Most state employees earn 10 hours of annual leave benefits per month during the first ten years of service, with that rate increasing to 12 hours per month after ten years and 14 hours per month after fifteen years of service.

There appears to be no basis for the Committee on Legislative Research to provide annual leave benefits to its employees that are more generous than those provided to most other state employees. In addition, these additional annual leave benefits result in increased costs to the state.

- B. The Committee on Legislative Research is certifying excessive accumulated sick leave balances to the state retirement system for some employees when they retire from state employment.

The excess sick leave balances exist due to a past Committee policy which allowed employees to earn 14 hours of sick leave per month, rather than the 10 hours per month earned by most state employees. In August 2000, the Committee on Legislative Research revised its sick leave policy to address a prior audit recommendation, reducing the amount of sick leave

earned by its employees to 10 hours per month. However, the Committee did not adjust recorded employee sick leave balances to reduce the balances by the amount of sick leave earned at the higher rate, and it has continued to certify excess accumulated sick leave balances for terminating employees who earned sick leave at a higher rate prior to the 2000 policy change.

Unused accumulated sick leave is counted as creditable service by the state employee retirement system. Section 104.601, RSMo, states that for the purpose of computing years of creditable service, the rate of accrual of sick leave shall be no greater than ten hours per month.

During the three years ended June 30, 2004, the Committee certified sick leave balances of four employees to the state retirement system. Each of these employees worked for the Committee prior to August 2000. As a result, the balances certified for these employees included some sick leave accrued at the 14-hour per month rate in effect prior to August 2000. These excessive balances were used by the state retirement system to calculate creditable service and retirement benefit payments.

This situation has resulted in the Committee certifying excessive accumulated sick leave balances to the state retirement system and the payment of retirement benefits to some retired employees in excess of amounts authorized by state law.

- C. The Research Division does not require its employees to work a minimum of 40 hours per week as is required of employees of most other state agencies.

The Committee on Legislative Research's personnel manual currently defines the normal workweek for its employees as a 40-hour workweek; however, the manual provides that employees of the Research and Oversight Divisions, at the discretion of the respective director, may work less than 40 hours if assigned tasks are completed in a timely manner. The personnel manual states a minimum of 35 hours a week and 7 hours a day is required to receive full pay.

After the legislative session ends, many Research Division employees are not required to work a 40-hour week. We noted in May 2004, the Acting Director of that division authorized employees (other than Revision staff) to work a 7-hour per day, 35-hour workweek during that portion of the year after the session ended. As a result, twenty-three of twenty-six Research Division employees were allowed to work the reduced schedule from mid-May 2004 through the end of calendar year 2004.

The Acting Director indicated he approved this reduced work schedule because of the significant amounts of overtime and stress that Research Division employees deal with during the session. It should be noted the Research Division employees earn and accumulate compensatory time during the session for any overtime worked; however, there is no reduction in the compensatory time balances to offset the reduced workweeks after the session. In 2004, employees of the Oversight Division were required to work a 40-hour workweek throughout the year.

Pay for other state employees is generally based on an 8-hour day/40-hour week. It appears unreasonable for some employees of this agency to be required to work less hours per week than is required of most other state employees.

- D. The Oversight Division does not maintain adequate timekeeping and leave records. We found that leave taken by employees of that division was not always supported by leave requests, as required. In addition, we noted that compensatory time earned and leave taken was not always reflected accurately on the timesheets submitted by the employees or accurately recorded in the accumulated leave records maintained by the division.

We reviewed the monthly timekeeping/leave records and supporting documentation for one year for 8 employees in the Oversight Division and noted recordkeeping errors for 6 of the 8 employees reviewed. For 7 of 77 months reviewed (9 percent) for the employees tested, leave taken was not supported by leave requests or was not correctly recorded on the weekly time sheets submitted by the employees. For 12 of 77 months reviewed (16 percent) compensatory time earned or leave taken was not accurately recorded in the accumulated leave records maintained by the division.

The Oversight Division needs to make a greater effort to ensure the timesheets and supporting documentation prepared and submitted by the employees and the accumulated leave records maintained by the division are accurate and in agreement.

Conditions B. and C. were similarly noted in our prior report.

WE RECOMMEND:

The Committee on Legislative Research:

- A. Reduce the annual leave benefits provided to its employees to an amount equal to those provided to most other state employees.
- B. Ensure the accumulated sick leave balances certified to the state retirement system for retiring employees is reported on a 10-hour per month accrual

basis as required by law. This will require the accumulated sick leave balances to be adjusted for any sick leave earned at the previous 14-hour per month rate.

- C. Require its employees, including those of the Research Division, to work 40 hours per week as is required of most other state/private employees.

The Oversight Division:

- D. Ensure leave taken by its employees is accurately reflected on the weekly timesheets submitted by the employees and supported by any required documentation. In addition, the Oversight Division should ensure the timekeeping/accumulated leave records it maintains are accurate and reflect correct compensatory time and accumulated leave balances.

AUDITEE'S RESPONSE

- A. *The Joint Committee on Legislative Research annual leave benefits for staff are determined by the Committee and are not subject to existing statutory requirements.*
- B. *The Joint Committee on Legislative Research changed its personnel policy to allow employees to earn 10 hours of sick leave per month from August 1, 2000 onward. It is the Committee's understanding that MOSERS will only calculate 10 hours of sick leave per month of state employment to be counted as creditable service.*
- C. *The Joint Committee on Legislative Research has historically adopted personnel policies for its employees that take into account the conditions and nature of legislative work. While the legislature is in session, employees are required to be "on call" at all times and to work as many hours as necessary to keep pace with legislative demands. These expectations frequently create interference with personal responsibilities. The work environment of the legislature should not be compared to that of other state agencies; time constraints often place extraordinary pressure on staff. The Attorney General in 1980 clearly recognized the difference as referenced in the State Auditor's finding.*
- D. *The Joint Committee on Legislative Research - Oversight Division has established procedures to ensure that leave records and time sheets are accurate and reflect correct leave balances.*

3. Inventory Controls and Procedures

The Research Division maintains an inventory of revised statutes, supplements, and session law books for sale and distribution. These publications are sold to the

public or distributed at no charge to various government officials/agencies as provided in Section 3.130, RSMo. Our review of the controls and procedures related to this inventory disclosed the following concerns:

- A. The Research Division performs physical counts of the inventory items on a periodic basis. However, the division does not maintain a perpetual inventory balance or compute a book balance of its inventory items periodically. As a result, the physical inventory counts are not reconciled to a book balance, and the division has no assurance the items counted reflect the items that should be in inventory. Using available records, we calculated a book balance of inventory items as of June 30, 2004, and compared those amounts to a physical count taken as of that date. We noted various differences which could not be explained by division employees.

The Research Division needs to establish inventory records and procedures which allow it to compare and agree its periodic physical counts to the book balance of inventory items. Such procedures are needed to lessen the possibility that instances of loss, misuse, or theft of inventory items will occur without being detected.

- B. The Research Division is responsible for collecting the receipts for the sale of statutes, supplements, and session laws. We noted that one individual records the receipts on a database, prepares the documents indicating the receipt of payments, and prepares the revenue transmittals and deposit slips. This individual also tracks and maintains the inventory, performs the physical counts, and prepares inventory for shipment.

To safeguard against possible loss or misuse of assets, the duties related to the sale of statutes and maintaining inventory items should be segregated to the extent practical. Proper segregation could be achieved by designating some duties to an independent employee who does not have any responsibility regarding statute sales and inventory functions. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of the statute sales and inventory records and procedures performed periodically.

These conditions were similarly noted in our prior report.

WE AGAIN RECOMMEND the Research Division:

- A. Maintain a perpetual inventory balance for all inventory items or compute a book balance of its inventory items periodically. The book balances should be compared to the periodic physical counts. Any differences between the book balances and physical counts should be investigated on a timely basis.

- B. Ensure the duties related to the sale of statutes and maintenance of inventory records are properly segregated to provide reasonable assurance that all transactions are accounted for properly.

AUDITEE'S RESPONSE

- A. *The Joint Committee on Legislative Research has established since the date of the review period inventory records and procedures to compare periodic physical counts to book balances of inventory items.*
- B. *The Joint Committee on Legislative Research has segregated duties relating to sale of RSMos and Session Laws from the maintenance and shipping of those items.*

4. Capital Assets

The Oversight Division has not maintained its capital asset records in a manner which allows balances to be reconciled from period to period. The Oversight Division prepared separate listings of asset additions and dispositions for each year; however, the disposition listings did not include a cost or value for some of the assets disposed. In addition, the total capital asset balances were not determined and documented as of each fiscal year end.

Adequate capital asset records and procedures are needed to safeguard assets and ensure those assets are accounted for properly.

This condition was similarly noted in our prior report.

WE AGAIN RECOMMEND the Oversight Division maintain capital asset records in a manner that allows balances to be reconciled from period to period (i.e. beginning balance, plus additions, less dispositions, equals the ending balance), and prepare a statement of changes in capital assets annually.

AUDITEE'S RESPONSE

The Joint Committee on Legislative Research - Oversight Division believes its records related to fixed assets are sufficient and provide the necessary information to locate and account for all assets. It should be noted that there were no instances of missing or misappropriated assets during the course of the audit.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Committee on Legislative Research on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the Committee on Legislative Research should consider implementing those recommendations.

1. Distribution and Sale of Statutes

- A. The Committee of Legislative Research distributed more than 5,000 free copies of the revised statutes and annual supplements to the various state agencies, court officials, and other government offices. This represented significantly more free copies than the minimum the committee was required to provide to those entities by law.
- B. No documentation was maintained to support how the committee determined the price of the 1994 Revised Statutes or subsequent supplements.

Recommendation:

The Committee on Legislative Research:

- A. Review the number of free copies of the statutes and supplements it distributes and consider requesting the various agencies/officials reevaluate their use of the statutes and the number of copies requested.
- B. Maintain adequate supporting documentation to identify the costs and any profit factor considered in setting the prices of the statutes, supplements, and other items sold.

Status:

- A. Partially implemented. The Committee has made an effort to reduce the number of free copies of the statutes and supplements distributed to government agencies/officials. In recent years, letters have been issued to those government agencies/officials asking them to limit the number of requested copies to those employees who use the statutes on a regular basis and reminding them that the statutes are available on the internet. While there has been a reduction in the number of free copies distributed, that reduction has not been significant. Although not repeated in the current MAR, our recommendation remains as stated above.

- B. Implemented. The Committee maintained better supporting documentation of how they established the cost of the 2000 Revised Statutes and subsequent supplements. The Committee considered the cost of the statutes and the prices other states charge for statutes in determining the selling price of the Missouri statutes and supplements.

2. Statutory Revision Fund Expenditures

The Committee on Legislative Research approved expenditures of over \$54,000 from the Statutory Revision Fund related to the purchase of computer equipment for the legislature. These expenditures did not represent proper uses of the fund's monies as identified in the statutes nor were they directly related to the operations or activities of the committee.

Recommendation:

The Committee on Legislative Research ensure expenditures from the Statutory Revision Fund are for the purposes specifically identified in the statutes or for other purposes directly related to its operations and activities.

Status:

Implemented. During the current audit period, we did not notice any similar expenditures being made from the Statutory Revision Fund.

3. Inventory Records and Procedures

- A. Some supplements and various disks were not recorded on the Research Division's inventory listing.
- B. The Research Division did not perform periodic reconciliations of the perpetual inventory balances, accounting for all inventory purchases, sales, and free copies issued.
- C. Duties pertaining to the sale of statutes, supplements, and session laws and the related inventory records were not adequately segregated. One individual was responsible for handling these monies as well as maintaining the inventory records related to these items.

Recommendation:

The Research Division:

- A. Include all items that are stored at the warehouse that are intended to be sold on the inventory listing. For those items which are deemed obsolete or unusable, the

division should dispose of them properly and retain supporting documentation of the dispositions.

- B. Ensure the inventory balances are reconciled periodically, accounting for all inventory purchases, sales and free copies issued. Any differences noted should be investigated and resolved on a timely basis.
- C. Ensure the duties related to the sale of statutes and maintenance of inventory records are properly segregated to provide reasonable assurance that all transactions are accounted for properly.

Status:

A. Implemented.

B&C. Not implemented. See MAR finding number 3.

4. Fixed Assets Records and Procedures

- A. The fixed asset records were not maintained in a manner which allowed balances to be reconciled from period to period.
- B. Neither division performed reconciliations of fixed asset additions to equipment purchases per the Statewide Accounting for Missouri (SAM) system's expenditure reports.
- C. The fixed asset records for both divisions did not consistently indicate the purchase cost and/or acquisition dates for all fixed assets.

Recommendation:

The Research Division and Oversight Division:

- A. Maintain fixed asset records in a manner that allow balances to be reconciled from period to period (i.e. beginning balance, plus additions, less dispositions, equals the ending balance). In addition, each division should prepare a statement of changes in fixed assets annually.
- B. Perform reconciliations of fixed asset additions to equipment purchases per the Statewide Accounting for Missouri (SAM) system reports.
- C. Ensure the fixed asset records include all information required by state regulations.

Status:

- A. Partially implemented. The Research Division has established the fixed asset records as was recommended in the previous audit; however, the Oversight Division has not done so. See MAR finding number 4.
- B. Partially implemented. The Research Division has established the reconciliations as was recommended. During the audit period, the reconciliation of differences between the Oversight Division's capital asset records and SAM II system reports was not documented; however, the division's capital asset records and the SAM II system balances were in agreement at June 30, 2004, except for some capital asset items which had not yet been recorded on the SAM II system because of a timing difference. Although not repeated in the current MAR, the Oversight Division should ensure any differences between its capital asset records and SAM II records are reconciled and documented.
- C. Implemented.

5. Personnel Policies and Procedures

- A. The Committee on Legislative Research established a uniform personnel policy that provided sick leave benefits for its employees at a rate of 14 hours per month, rather than the 10 hours earned by most state employees. This resulted in the Committee certifying accrued sick leave balances to the state retirement system which were in excess of the amounts allowed by law.
- B. The uniform personnel policy established a standard 35-hour workweek for its employees, compared to the 40-hour workweek required of most other state employees.
- C. The Research Division had an informal policy requiring supervisors to prepare annual employee performance appraisals; however several personnel files reviewed did not contain employee performance appraisals, as required.

Recommendations:

The Committee on Legislative Research:

- A. Amend its leave policy so employees earn 10 hours of sick leave per month, like other state employees. In addition, the committee should ensure hours of accumulated sick leave certified to the retirement system are consistent with state law.
- B. Require its employees work 40 hours per week as required of most other state employees.

The Research Division:

- C. Ensure employee performance appraisals are prepared annually in accordance with stated policy. In addition, the division should consider establishing a written performance appraisal policy to be included in the personnel manual.

Status:

- A. Partially implemented. The Committee of Legislative Research revised its sick leave policy, effective August 2000, whereby employees now earn 10 hours of sick leave per month as was recommended. However, we noted excessive accumulated sick leave amounts continue to be certified to the state retirement system. See MAR finding number 2.
- B. Partially implemented. The Oversight Division employees are currently required to work 40 hours per week; however, the Research Division does not require many of its employees to work 40 hours per week during that portion of the year after the legislative session. See MAR finding number 2.
- C. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Committee on Legislative Research of the Missouri General Assembly was created as a permanent standing committee by an act of the Sixty-Second General Assembly.

The 1945 constitution gave the research committee constitutional standing and provided in Article III, Section 35 that the committee shall be a constitutional body of the General Assembly.

The committee is composed of twenty members of the General Assembly, ten appointed by the speaker of the House of Representatives and ten appointed by the president pro tem of the Senate. No major party may have more than six members appointed as members from either house.

The Research Division is directed by statute to maintain a legislative reference library; provide a research staff to make studies at the request of members of the General Assembly; and, upon written request of assembly members, to draft or to aid in drafting bills, resolutions, memorials, and amendments. The division is also responsible for revising and publishing the statutes at least every ten years and for publication of statutory supplements in years between revisions.

In 1984, House Bill No. 1087 was passed which required the committee to organize an Oversight Division to prepare fiscal notes and to conduct management and program audits of state agencies as directed by the General Assembly or the Committee on Legislative Research. Senate Bill No. 354, passed in 1985, provided for the employment of a director of research to assume administration of the necessary activities of the committee and a director to supervise the operation of the Oversight Division. In 1989, House Bill 493 was passed which gave the Oversight Division the responsibility to issue an annual report of state bonds or other evidences of indebtedness of state agencies and of entities of the state given authority by law to incur indebtedness.

The Oversight Division performed the duties as described until 1997, when the Missouri Supreme Court determined that it was unconstitutional for the Oversight Division to perform audits. Since that time, the division has discontinued performing audits and now conducts program evaluations.

The overall and primary purpose of the committee and its staff is to aid the individual legislators by furnishing technical assistance and factual information. The committee is not a policy-making group and it formulates no legislative program. Its staff renders only such technical and professional assistance as may be requested by the General Assembly or any of its members.

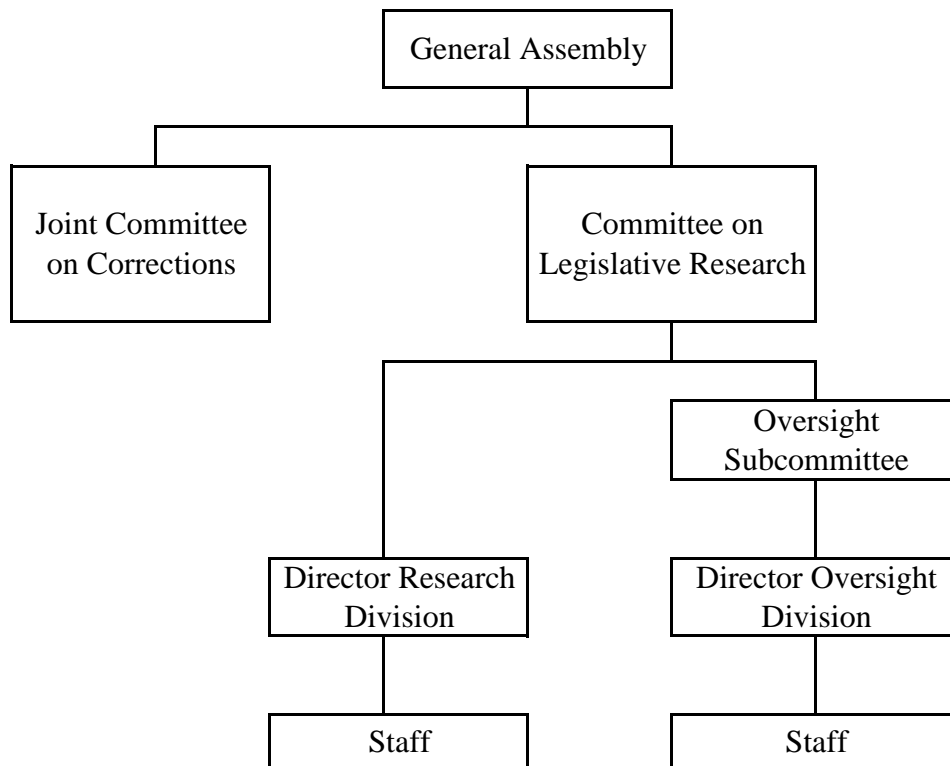
The Joint Committee on Corrections is authorized by provisions of Chapter 21, RSMo, and is comprised of six members of the Senate and six members of the House of Representatives. The Senate members are appointed by the president pro tem and the House members are appointed by the speaker. Its powers and duties are prescribed in Sections 21.440 through 21.465, RSMo.

Staff of the Research Division provide accounting and administrative support for this interim committee.

At June 30, 2004, the staff of the Committee on Legislative Research consisted of thirty-nine employees, twenty-six employed in the Research Division and thirteen employed in the Oversight Division. Donald Prost served as the Director of the Research Division from January 14, 1997 to January 7, 2004. Russell Hembree was appointed as Acting Director of the Research Division effective January 8, 2004, and he continues in that position. Jeanne Jarrett served as the Director of the Oversight Division from November 22, 1993 to January 10, 2002. Michael Wilson served as Acting Director of the Oversight Division from January 11, 2002 until June 24, 2002, when he was appointed Director of the division. He continues to serve in this position.

An organization chart for the Committee on Legislative Research follows.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,								
		2004			2003			2002		
		Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND										
Committee on Legislative Research	\$	1,141,381	996,777	144,604	1,376,489	1,229,545	146,944	1,529,430	1,220,722	308,708
Legislative Research Published Statutes		162,264	144,731	17,533	336,280	156,338	179,942	373,644	162,263	211,381
Joint Committee Corrections		5,000	3,193	1,807	5,000	1,925	3,075	15,000	2,332	12,668
Legislative Research Oversight		699,200	614,370	84,830	864,178	679,679	184,499	909,662	716,574	193,088
Total General Revenue Fund-State		<u>2,007,845</u>	<u>1,759,071</u>	<u>248,774</u>	<u>2,581,947</u>	<u>2,067,487</u>	<u>514,460</u>	<u>2,827,736</u>	<u>2,101,891</u>	<u>725,845</u>
STATUTORY REVISION FUND										
Legislative Research-Publish Statutes		106,491	31,257	75,234	535,800	28,914	506,886	535,800	106,489	429,311
Total Statutory Revision Fund		<u>106,491</u>	<u>31,257</u>	<u>75,234</u>	<u>535,800</u>	<u>28,914</u>	<u>506,886</u>	<u>535,800</u>	<u>106,489</u>	<u>429,311</u>
Total All Funds	\$	<u>2,114,336</u>	<u>1,790,328</u>	<u>324,008</u>	<u>3,117,747</u>	<u>2,096,401</u>	<u>1,021,346</u>	<u>3,363,536</u>	<u>2,208,380</u>	<u>1,155,156</u>

* The lapsed balances included the following withholdings made at the Governor's request:

		Year Ended June 30,		
		2004	2003	2002
General Revenue Fund-State:				
Committee on Legislative Research	\$	34,241	41,295	275,297
Legislative Research Published Statutes		4,868	110,088	67,256
Joint Committee Corrections		0	150	2,700
Legislative Research Oversight		20,976	165,925	0
Total General Revenue Fund-State	\$	<u>60,085</u>	<u>317,458</u>	<u>345,253</u>

Appendix B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
COMPARATIVE STATEMENT OF EXPENDITURES BY DIVISION (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2004	2003	2002
RESEARCH DIVISION EXPENDITURES			
Salaries and wages	\$ 992,776	1,098,103	1,163,460
Travel, in-state	4,834	2,896	4,622
Travel, out-of-state	0	2,791	6,099
Supplies	40,160	62,625	49,215
Professional development	2,686	2,238	4,352
Communication services	868	7,683	12,156
Professional services	81,224	96,422	115,261
Housekeeping and janitorial services	7,540	6,960	6,960
Maintenance and repair services	7,076	36,621	18,152
Computer equipment	8,642	75,990	53,771
Office equipment	809	2,165	31,677
Other equipment	10,885	524	641
Equipment rental and leases	2,197	2,562	1,100
Services billed from other agencies	13,640	17,224	22,174
Refunds and other	2,621	1,918	2,166
Total Research Division	<u>1,175,958</u>	<u>1,416,722</u>	<u>1,491,806</u>
OVERSIGHT DIVISION EXPENDITURES			
Salaries and wages	586,939	649,431	658,232
Travel, in-state	262	1,252	4,113
Travel, out-of-state	0	1,861	2,738
Fuel and utilities	335	357	433
Supplies	3,234	3,458	13,789
Professional services	2,735	4,060	7,466
Communication services	417	1,000	1,079
Professional services	0	105	2,824
Housekeeping and janitorial services	5,884	3,900	4,260
Maintenance and repair services	2,743	1,199	1,842
Computer equipment	0	0	739
Office equipment	0	30	404
Equipment rental and leases	5,627	6,055	10,976
Services billed from other agencies	6,194	6,923	7,517
Other	0	48	162
Total Oversight Division	<u>614,370</u>	<u>679,679</u>	<u>716,574</u>
TOTAL EXPENDITURES	<u>\$ 1,790,328</u>	<u>2,096,401</u>	<u>2,208,380</u>

Appendix C

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS COMMITTEE ON LEGISLATIVE RESEARCH STATUTORY REVISION FUND COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,		
	2004	2003	2002
RECEIPTS			
Sales	\$ 95,413	98,813	134,823
Total Receipts	95,413	98,813	134,823
DISBURSEMENTS			
Expense and equipment	31,257	28,914	106,489
Total Disbursements	31,257	28,914	106,489
RECEIPTS OVER (UNDER) DISBURSEMENTS	64,156	69,899	28,334
TRANSFERS			
Transfers to General Revenue Fund-State	219,455 *	6,022	12,031
Total Transfers	219,455	6,022	12,031
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(155,299)	63,877	16,303
CASH AND INVESTMENTS, JULY 1	467,146	403,269	386,966
CASH AND INVESTMENTS, JUNE 30	\$ 311,847	467,146	403,269

* A transfer of \$217,270 was made in fiscal year 2004 for expenses that should have been paid by the Statutory Revision Fund, but were paid from the General Revenue Fund in fiscal year 2003. In fiscal year 2005, a similar transfer was made for fiscal year 2004 expenses in the amount of \$92,705.

Appendix D

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH
STATEMENT OF CHANGES IN CAPITAL ASSETS

		<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2002</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2004</u>
CAPITAL ASSETS											
Office equipment and furniture:											
Research Division	\$	312,287	76,968	(45,720)	343,535	63,674	(68,775)	338,434	5,609	(9,000)	335,043
Oversight Division		<u>113,308</u>	<u>1,962</u>	<u>0</u>	<u>115,270</u>	<u>17,460</u>	<u>(29,152)</u>	<u>103,578</u>	<u>10,885</u>	<u>0</u>	<u>114,463</u>
Total Capital Assets	\$	<u>425,595</u>	<u>78,930</u>	<u>(45,720)</u>	<u>458,805</u>	<u>81,134</u>	<u>(97,927)</u>	<u>442,012</u>	<u>16,494</u>	<u>(9,000)</u>	<u>449,506</u>



Claire McCaskill
Missouri State Auditor

December 2005

AGRICULTURE

Missouri State Fair



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following findings were noted as a result of an audit conducted by our office of the Missouri State Fair.

The Missouri State Fair (MSF) has established a checking account outside the state treasury without authority. According to MSF officials, this account is necessary because final settlement payments are made from this account immediately after the respective performance, event, or close of the fair. This account is also used to pay performers, with a guaranteed contract in the event of a rainout. However, this account is used year round and a balance of at least \$600,000 has been maintained in the account since the 2001 fair.

The balance of this account consists of profits and sales taxes from fairweek events and other events held throughout the year and interest earned on this account that were not always transferred to the State Fair Fees Fund, an account within the state treasury as required by state law.

Some state monies were deposited into the Missouri State Fair Foundation's (Foundation) accounts contrary to state law. For fiscal year 2004, deposits into the Foundation Account included approximately \$75,500 from a portion of 2003 MSF sales of camping permits, VIP parking permits, bottled water, and unlimited ride wristbands, as well as 10 percent of sales from the ham auction. The Foundation, which is a not-for-profit corporation, has two additional accounts – the Agricultural Youth Account and the Foundation-Sheep Account. The Agriculture Youth Account is used for youth agriculture scholarships and the Foundation-Sheep Account is to be used for improvements to the sheep pavilion. Deposits into the Agricultural Youth Account during fiscal year 2004 included \$82,300 from the 2003 MSF Sales of Champions. Also, expenses related to the sheep pavilion in fiscal year 2004 of approximately \$4,600 and \$3,300 were paid out of the State Fair Fees Fund and the Facilities Maintenance Reserve Fund, respectively, when the Foundation-Sheep Account had sufficient funds available. No disbursements have ever been made from the Foundation-Sheep Account.

The MSF uses their resources to maintain the records for the Foundation's accounts without a documented agreement. Additionally, the administrative support provided by MSF personnel on these accounts is not documented. The MSF allows the Foundation Director to work out of the Women's Museum and provides the utilities for the building. These expenses are not reimbursed accordingly by the Foundation as allowed for in their bylaws.

The MSF collected public camping revenues of approximately \$201,000, \$196,000, and \$168,000 for the years ended June 30, 2004, 2003, and 2002, respectively. The Business Office receives a daily receipt summary of campground receipts and copies of the permits issued for both the entrance and exit gates, as well as a numerical listing of permits issued

(over)

YELLOW SHEET

at the entrance gate. However, the numerical listing of permits issued at the campground entrance gate does not list voided permits. Also the voided permits are not turned over to the Business Office with the daily receipts. As a result, the office cannot account for the numerical sequence to ensure all permits can be accounted for and all potential receipts have been turned over.

Admission tickets sold by certain retail businesses during the 2004 fair, totaling approximately \$18,600, were not reported to the MSF as required in their contract. As a result, the MSF cannot be sure they received all the revenues from these ticket sales.

Unused 2004 campground permits were destroyed after the fair. Some unused admission tickets and unused parking permits could not be found after the 2003 fair. No documentation was maintained to account for the campground permits destroyed or the missing admission tickets and parking permits.

Revenue Office collections are not deposited intact and the monies kept on hand for a cash fund are not maintained at a constant amount. During the 2004 fair, the Revenue Office collected approximately \$940,000.

The MSF makes cash disbursements to various fair vendors and does not maintain adequate documentation of these disbursements.

Also included in the report are recommendations related to entry fees and premiums, and tram services.

All reports are available on our website: www.auditor.mo.gov

MISSOURI STATE FAIR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Missouri State Fair Commission
and
Mel Willard, Director
Missouri State Fair
Sedalia, MO 65301

We have audited the Missouri State Fair. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002, and the 2004, 2003, 2002, and 2001 fairs. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the state fair, as well as certain external parties; and testing selected transactions. We also performed site visits and various procedures during fair week of the 2004, 2003, 2002, and 2001 fairs.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the state fair's management and was not subjected to the procedures applied in the audit of the state fair.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri State Fair.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 19, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI STATE FAIR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Grandstand and Foundation Bank Accounts

The Missouri State Fair (MSF) has established a checking account outside the state treasury. The MSF Grandstand Account was established several years ago to make payments to entertainers, the carnival operator, and other event organizers contracted with to perform at the annual fair. The Missouri State Fair Foundation (Foundation), a not-for-profit corporation, was established in 1998 with the stated purpose of preserving, improving, and perpetuating the rich heritage of the MSF for future generations. The Foundation has established three additional checking accounts that receive funds related to fair activities. Our review of these bank accounts disclosed the following concerns:

- A. The MSF has no authority to open the Grandstand Account outside the state treasury. According to MSF officials, this account is necessary because final settlement payments are made from this account immediately after the respective performance, event, or close of the fair. This account is also used to pay performers, with a guaranteed contract, in the event of a rainout. However, this account is used year round and a balance of at least \$600,000 has been maintained in the account since the 2001 fair. The balance of this account consists of profits and sales taxes from fairweek events and other events held throughout the year that were not always transferred to the State Fair Fees Fund, an account within the state treasury. Interest earned on this account has also not always been transferred to the State Fair Fees Fund. By maintaining program funds outside the state treasury, the MSF increases the risk that state monies may be misused.

Article IV, Section 15, of the Missouri Constitution and Section 30.170, RSMo, require the state treasurer to be the custodian of all state funds and to receive and disburse such funds. As a result, any state monies being maintained by the MSF and the Foundation should be turned over to the State Treasurer's Office (STO). If the MSF believes it is necessary to maintain these monies outside the state treasury, legislative authority should be sought.

- B. Some of the monies deposited into the Foundation's accounts appear to be state funds. In addition, our review of deposits noted that some of the checks received and deposited into the Foundation's accounts were actually made payable to the MSF.

For fiscal year 2004, deposits into the Foundation Account included approximately \$75,500 from a portion of 2003 MSF sales of camping permits, VIP parking permits, bottled water, and unlimited ride wristbands, as well as 10 percent of sales from the ham auction. Deposits into the Agricultural Youth Account, another foundation account, during fiscal year 2004 included

approximately \$82,300 from the 2003 MSF Sale of Champions. The Foundation – Sheep Account earned interest of \$120 during fiscal year 2004 on its balance of approximately \$23,800 which came from a portion of revenue collected on MSF sheep entries.

While the Foundation Account is used for the Foundation's stated purpose as noted above, the Agricultural Youth Account is used for youth agriculture scholarships and the Foundation – Sheep Account is to be used for improvements to the sheep pavilion. Maintaining all these accounts increases the likelihood for errors to be made when deciding which account to deposit monies into, which account to pay expenses out of, and/or which account to transfer funds into. As a result, our review of these accounts noted the following concerns:

- During the 2003 fair, all expenses related to bottled water purchases were paid out of the State Fair Fees Fund; however, a portion of the sales was deposited into the Foundation Account. Then, during the 2004 fair these expenses were paid out of the Foundation Account. Expenses should have been charged to the appropriate account based on the usage by the MSF and the Foundation.
- All ham auction proceeds from the fair are initially deposited into the MSF's Grandstand Account, and then 10 percent of the proceeds is transferred to the Foundation Account. However, \$7,600 related to the 2004 MSF ham auction was incorrectly transferred from the Grandstand Account to the Foundation Account. Included in this amount was \$4,600 in ham auction sales not yet billed and a duplicate transfer of \$3,000. This error has subsequently been corrected.
- Receipts deposited on October 31, 2003, and August 21, 2004, into the Agricultural Youth Account included checks totaling \$11,050 made payable to the MSF, not the Foundation.
- Expenses related to the sheep pavilion in fiscal year 2004 of approximately \$4,600 and \$3,300 were paid out of the State Fair Fees Fund and the Facilities Maintenance Reserve Fund, respectively, when the Foundation – Sheep Account had sufficient funds available. No disbursements have ever been made from the Foundation – Sheep Account.

Also, commingling state funds with the Foundation's funds allows for the possibility of the Foundation to use public funds for corporate expenses. For example, during our review we noted that the Foundation incurred payroll and equipment expenses totaling \$7,200 and \$3,800, respectively, for the year ended June 30, 2004. Because these funds are commingled in the Foundation Account, we were not able to determine if state funds or donations were used to pay for these expenses of the nonprofit corporation.

Finally, the state monies deposited into the Foundation Account may not be adequately insured, collateralized, or held in manner to minimize risk of loss. Discussions with the depositary bank indicated that no collateral securities are pledged for this account to cover balances exceeding the \$100,000 Federal Deposit Insurance Corporation (FDIC) coverage. However, balances routinely exceed the \$100,000 FDIC maximum after additional fairweek revenues had been deposited into this account in August of each year. Inadequate collateral securities may leave state fair funds unsecured and subject to loss in the event of a bank failure.

Section 262.260, RSMo, indicates that in addition to admission fees and sale of privileges, the State Fair Fees Fund ". . . may also receive gifts, grants, contributions, appropriations and funds or benefits from any other source or sources. The money in the State Fair Fees Fund may be used in improving and beautifying the grounds, paying premiums and defraying expenses of the state fair, including officers' salaries, the hire of assistants, expense and equipment, capital improvements and maintenance and repair." Although monies deposited to the Foundation's accounts may have been spent for the benefit of the MSF, it is the State Treasurer that should have received the receipts identified above, not a nonprofit corporation.

- C. The MSF uses their resources (personnel, office space, equipment, and supplies) to maintain the records for the Foundation's accounts without a documented agreement. Operational expenses of various programs conducted by the Foundation, such as the Sale of Champions, may also be paid for by the MSF (ie. postage). In addition, the administrative support provided by MSF personnel on these accounts is not documented. Finally, the MSF allows the Foundation Director to work out of the Women's Museum and provides the utilities for the building. These expenses are not reimbursed by the Foundation as allowed for in their bylaws. Without an operational agreement or adequately documented time worked, the MSF has no assurance that state resources are used effectively for state authorized purposes, or that contributions from state resources and compensation from the Foundation are proportionate.
- D. The MSF does not have a formal written depositary contract with the bank where the Grandstand Account is maintained. A depositary contract should be prepared to formally establish this banking agreement and to clarify the services to be received. The contract provisions might include, but not be limited to, costs of the checking accounts, types of accounts available, interest to be paid, and the pledging of sufficient and acceptable collateral securities.

Depositary agreements help ensure banking services provided are adequately documented and also ensure any monies over which the MSF is responsible are adequately protected.

WE RECOMMEND the MSF:

- A&B. Review the monies currently being held by the MSF and the Foundation outside the state treasury and take action to turn any state monies over to the STO, unless legislative authority is obtained allowing these monies to be maintained outside the state treasury. In addition, the MSF should establish controls and procedures to ensure all future receipts intended for the MSF are deposited to the State Fair Fees Fund, as required by state law.
- C. Develop an operational agreement with the Foundation establishing each party's contribution and/or compensation.
- D. Enter into a written depositary agreement with the bank where the MSF account is maintained.

AUDITEE'S RESPONSE

- A. *The MSF maintains a Grandstand Escrow Checking Account. The MSF Grandstand Escrow Account is used to meet contractual obligations of entertainer's grandstand and carnival contracts during the annual state fair. Also, it is used to settle off season events that must be settled the day of the event.*

The MSF also transfers monies from the escrow account to the State Fair Fees Fund throughout the year to reimburse the Fee Fund account for expenditures covering the marketing contract, carnival contract, backstage operation and grandstand expenditures.

It is critical that the MSF be allowed to carry over all funds from one fiscal year to the next in its escrow account. There is no way to reasonably predict how much money should be maintained since grandstand show attendance depends heavily on the weather. In the event that one or more concerts are rained out, the fair could have financial obligations in excess of the money collected through ticket sales. The fair would be responsible for refunding all tickets sold as well as paying the entertainer's guarantee. The average guarantee can range from \$100,000 to \$300,000. With one or more rainouts, the State Fair could be liable for commitments ranging from \$100,000 to \$1,000,000.

The MSF has reviewed the monies currently held by the MSF in the Grandstand Escrow Account and had made some of the necessary transfers over to the State Treasurer's Office. The MSF will continue to review monies held in the Grandstand Escrow Account to make future transfers. The MSF will also pursue legislative authority for the Grandstand Escrow Account.

- B. *The Missouri State Fair Foundation was incorporated as a nonprofit corporation with 501(c)3 status in December, 1999. Contribution deductions are allowable to donors to the Foundation and the Agricultural Youth Fund.*

The State Fair Commission voted and agreed to raise the camping fees at the Fair Commission meeting held on January 24, 2002. Part of the motion was that one of the additional dollars raised from the fees would be earmarked to go to the Foundation Account. It was also decided by the State Fair Commission to earmark one dollar of each unlimited ride wristband purchase price for the Foundation. This was included in the carnival contract which was approved by the Commission on January 30, 2003. In addition, the Foundation took over all water operations, expenses and revenues as of the 2005 State Fair.

The Agricultural Youth Fund is made up of donated money intended to support the Sale of Champions and scholarships. The MSF does not consider these state monies. These monies are solicited by the Youth in Ag Committee members and livestock exhibitors. Contributors are asked to make checks payable to the Youth in Ag Fund/MSF Foundation, but many people do not remember this name and make checks payable to the Missouri State Fair. In this case, the Business Office determines which account monies should be deposited into.

The Sheep Fund was set aside to help pay for a new show arena and pavilion to be erected north of the Sheep Pavilion. Interest in this project continues and the MSF feels these funds should be available for the purpose they were collected. When interest in this projects ends, the Sheep Fund will be used for repairs and maintenance of the Sheep Pavilion.

- C. The MSF concurs with the State Auditor's recommendation and will begin developing an operational agreement with the Foundation establishing and outlining each party's contribution and/or compensation.*
- D. The MSF has entered into a written depositary agreement with Third National Bank for the Grandstand Escrow Account in April, 2005. The MSF Foundation has begun the process of entering into agreements for the three foundation accounts, which will include pledging of sufficient and acceptable collateral securities.*

AUDITOR'S COMMENT

- B.** The auditee's response does not change the fact that all fees and revenues established and collected by the state from events at the state fairgrounds are required by state law to be deposited into the State Fair Fees Fund, within the state treasury. We found no authority for the State Fair Commission to divert any such fees or revenues into the accounts of a not-for-profit corporation.

2. Ticket/Permit Sales Reconciliations and Accountability
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The MSF does not account for fairweek camping permits or ensure turnovers are made intact. Adequate documentation is not turned in by some vendors contracted with to sell

admission tickets. In addition, some MSF tickets/permits are not accounted for, nor are they issued in numerical order.

- A. The MSF Business Office does not ensure camping permits issued by the fairweek campground superintendent are accounted for or turned over to the business office intact. The MSF collected public camping revenues of approximately \$201,000, \$196,000, and \$168,000 for the years ended June 30, 2004, 2003, and 2002, respectively. The Business Office receives a daily receipt summary of campground receipts and copies of the permits issued for both the entrance and exit gates, as well as a numerical listing of permits issued at the entrance gate. The Business Office agrees the total receipts included in the deposit bag to the permit copies. However, the numerical listing of permits issued at the campground entrance gate does not list voided permits. Also, the voided permits are not turned over to the Business Office with the daily receipts. As a result, the office cannot account for the numerical sequence to ensure all permits can be accounted for and all potential receipts have been turned over.

This is of particular concern at the exit gate as permits are not turned into the Business Office in numerical order. Exit gate receipts are collected and turned over to the Business Office in random order based on the date the camper or visitor exits the campground. In addition, an exit gate log is prepared to support daily receipts, but this report is not turned over to the Business Office.

The Business Office should ensure the amounts remitted are complete and accurate. Accordingly, the Business Office should verify the numerical sequence of camping permits are accounted for by comparing amounts recorded as received on the permits to the records maintained by the campground superintendent.

- B. Admission tickets sold by certain retail businesses during the 2004 fair, totaling approximately \$18,600, were not reported to the MSF as required in their contract. As a result, the MSF cannot be sure they received all the revenues from these ticket sales.

The MSF contracted the responsibilities of selling admission tickets to various vendors. The contract terms required a report of admission tickets sold by the vendors to be submitted to the MSF. We attempted to obtain this information from one such vendor, but the vendor indicated that this information had been deleted from their computer system.

The MSF should require all vendors to remit the documentation to ensure all revenues have been received. The MSF should also monitor the activities conducted under its contracts to ensure important provisions have been met.

C. We noted the following concerns with accountability of permits and tickets:

- Unused 2004 campground permits from opened bundles were destroyed after the fair.
- Unused admission tickets maintained in the Grandstand Ticket Office could not be found after the 2003 fair. Also, unused parking permits (blue hangtags) maintained in the Revenue Office could not be found after the 2003 fair.

No documentation was maintained to account for the campground permits destroyed or the missing admission tickets and parking permits. In addition, our review of ticket log books and actual tickets turned back into the MSF after the fair noted that tickets are not issued in numerical order.

To ensure accountability over the revenues related to ticket and permit sales, the MSF should account for all tickets and permits, including any not used during the fair.

Conditions similar to parts A. and B. were also noted in our prior report.

WE RECOMMEND the MSF:

- A. Verify the amounts received from the campground to supporting documentation maintained by the campground superintendent, either directly or by reviewing verification procedures performed by the campground personnel.
- B. Require vendors selling admissions tickets for the fair to submit records supporting sales, and monitor all contracts for compliance with significant provisions.
- C. Account for all tickets and permits, including any not used.

AUDITEE'S RESPONSE

- A. *The MSF agrees with this recommendation and will begin updating the verification procedures to include a listing of all voided permits and have campground staff turn the voided permits over to the Business Office with the daily receipts. Also, the exit gate log will be turned over to the Business Office for review and verification.*
- B. *The MSF agrees with this recommendation and will amend contracts with vendors that have the responsibilities of selling admission tickets to realistic deadlines and expectations for documentation of admission tickets sold by the vendor. The MSF will monitor the activities conducted to ensure provisions have been met. This will be met with a cooperative effort between Marketing and Business Office staff.*

- C. *The MSF agrees to complete a log of tickets and permits issued with the numerical sequence noted and a spreadsheet of all admission tickets and permits counted and turned into the Business Office after each annual fair. This spreadsheet will also include a name and date of when tickets and permits are being destroyed after each annual fair for documentation to ensure accountability over the revenues.*

3. Depositing Procedures, Disbursements, and Other Cash Controls

Revenue Office collections are not deposited intact and cash on hand is not maintained at a constant amount, the composition of Business Office receipts is not reconciled to deposits, and checks are not restrictively endorsed immediately upon receipt. In addition, supporting documentation was not maintained for cash disbursements, the MSF incurred expenditures that were not a prudent use of public funds, and excess start-up cash from the cash machine was not re-deposited into the State Fair Fees Fund.

- A. Revenue Office collections are not deposited intact and the monies kept on hand for a cash fund are not maintained at a constant amount. During the 2004 fair, the Revenue Office collected approximately \$940,000.

The Revenue Office (which is in operation only during the fair) collects and deposits sales for gate admissions and parking. To begin operations, the Revenue Office was provided with \$20,500 in start-up cash for the 2004, 2003, 2002, and 2001 fairs. The amount was increased to \$45,000 during the 2005 fair. However, the start-up cash is not maintained at a constant amount because additional amounts are withheld from sales throughout the fair by the superintendent to establish a larger cash fund for the cashiers and to exchange currency as needed. For example, start-up cash of approximately \$140,500 was on hand as of August 18, 2004, the seventh day of the 2004 fair.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be deposited intact daily. The MSF should provide additional start-up funds, if necessary, and the cash fund should be constantly maintained at this amount.

A similar condition was also noted in our prior report.

- B. The method of payment (cash, check, and money order) is not indicated on the Business Office's fee spreadsheet and therefore, the composition of receipts is not reconciled to the composition of deposits. To ensure receipts are accounted for properly, the method of payment should be recorded on the spreadsheet and the composition of the fee spreadsheet should be reconciled to the composition of deposits.
- C. Checks and money orders received are not restrictively endorsed immediately upon receipt. Endorsement is applied when deposits are prepared. To reduce the

risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The MSF makes cash disbursements to various fair vendors and does not maintain adequate documentation of these disbursements. In addition, the cash disbursements are not specified in the vendors' contracts.

Although the MSF opened the Grandstand Account to make disbursements to various fair vendors immediately after the event, it has long been a procedure of the MSF to make cash payments to the carnival operator. In addition, cash payments are made to various entertainers when requested. During the 2004 fair, cash payments made to the carnival operator exceeded \$170,000. In addition, the MSF does not maintain documentation (ie. receipt slip) with the signature of the vendor's representative to prove the cash was received by the vendor. Also, these cash disbursements are not specifically allowed for in the carnival's or applicable entertainers' contracts. The MSF did begin maintaining documentation for cash disbursements to the carnival and various entertainers during the 2005 fair.

Disbursements of MSF funds should be made by check; however, if cash disbursements are necessary, they should be kept to a minimum and complete documentation of the transactions should be maintained. To ensure cash disbursements are properly accounted for, a signed receipt slip should be obtained from a representative of any vendor receiving cash payments. In addition, these cash disbursements should be supported by an applicable contract clause allowing for such payments.

- E. The MSF incurred unnecessary cell phone expenses as a result of having contracts with two vendors that ran concurrently in 2004. The MSF signed a new cell phone contract with the state's preferred vendor in January 2004; however, because the MSF was still under contract with their previous carrier, additional charges for unused or unnecessary cell phones totaling approximately \$1,800 were incurred through October 2004. While the MSF was trying to obtain a new contract with the state vendor, they should have waited until their old contract had fully expired before signing the new agreement. These expenses do not appear to be a prudent use of public funds.
- F. Excess start-up cash obtained for the MSF Money Madness Minutes (cash machine) was not deposited back into the State Fair Fees Fund. During the fair, start-up cash totaling \$400 is placed in the cash machine and selected contestants try to grab as much cash as they can within an allotted amount of time. Cash won by contestants totaled \$338, \$373, and \$317 during the 2004, 2003, and 2002 fairs, respectively. However, our cash count showed the remaining cash totaling \$172 was not re-deposited at the end of each fair, but maintained in three separate envelopes within the Marketing Department. While reconciliations were performed to verify the cash on hand (the original amount less the cash won by

the contestants), this cash should be immediately re-deposited into the State Fair Fees Fund at the end of each fair.

WE RECOMMEND the MSF:

- A. Ensure that daily collections of the Revenue Office are deposited intact. The MSF should provide additional start-up cash, if necessary, for the cash fund and ensure these monies are maintained at a constant amount.
- B. Record the method of payment on the fee spreadsheet and reconcile the composition of receipts to the composition of bank deposits.
- C. Restrictively endorse all checks and money orders immediately upon receipt.
- D. Limit the extent of disbursements made in cash. If cash disbursements are necessary, adequate documentation should be maintained to support the transaction. In addition, cash disbursements should be specified in vendor contracts when applicable.
- E. Ensure all expenditures are a prudent use of public funds.
- F. Re-deposit all start-up cash obtained from the State Fair Fees Fund back into this fund at the end of each fair.

AUDITEE'S RESPONSE

- A. *The MSF accepts this recommendation and starting with the 2006 Fair, the Revenue Office will request additional start-up cash. The additional start-up cash fund will allow the Revenue Office to maintain these monies at a constant amount.*
- B. *The MSF agrees with this recommendation and will add a column on the fee spreadsheet for all cash received.*
- C. *The MSF agrees with this recommendation and will endorse all checks and money orders upon receipt.*
- D. *The MSF agrees with this recommendation to prepare adequate documentation to support the cash transactions. Vendor contracts will be amended to include cash disbursements when it is necessary.*
- E. *The MSF began using Cingular cellular services when it was determined that the mandatory state contract should be used and that we could not realize a cost savings continuing service with Mid Missouri Cellular. At the time of beginning services with Cingular, all MSF phone numbers were going to change with installation of a new telephone system. To save the cost of reprinting business cards, etc., the MSF began service with Cingular to have the new cell phone numbers available. During the time*

when there were still contract obligations with Mid Missouri, the cell phones were used by maintenance and event staff for better accessibility.

- F. The MSF will ensure that all start-up cash obtained from the Business Office is turned back into the correct fund after each fair by maintaining a spreadsheet which will log in and out entries for start-up cash.*

4. Entries and Premiums

Superintendents charged with collecting late fees do not always issue receipt slips or maintain adequate documentation to support amounts received. Some late fees due to the MSF are not collected before an entrant is allowed to participate in an event. In addition, entrants that did not pay their late fees received premiums for placing in their respective event.

The MSF holds many shows, exhibitions, and contests throughout the fair involving livestock, horses, agricultural items, and other animals or articles of entry. Most of these events require each participant to pay an entry fee and the winners to receive premium payments. The MSF contracts with superintendents to conduct these events. The MSF collected entry and stall fees of approximately \$241,000, \$257,000, and \$259,000 and made premium payments of approximately \$668,000, \$654,000, and \$689,000 for the years ending June 30, 2004, 2003, and 2002, respectively. We reviewed the MSF's procedures for collecting entry and other fees and paying premiums and noted the following concerns.

- A. Superintendents charged with collecting late fees do not always issue receipt slips or maintain adequate documentation to support amounts received. In addition, the MSF does not always reconcile amounts turned over by the superintendents to their records.

Most event participants remit their entry fees directly to the MSF. However, in some cases, superintendents are responsible for collecting certain fees and remitting these fees to the MSF, usually after the event has been held. These fees include late or partial entry fees and fees for pins, stalls, or other items.

Discussions with MSF officials indicated all superintendents are issued receipt slips to record the payments received. However, some superintendents do not use these receipt slips. In addition, the MSF does not require the superintendents to remit this documentation for review with the corresponding monies. Business Office personnel indicated most superintendents remit little supporting documentation to the MSF along with their transmittal of fees. As a result, there is less assurance that fees reported and transmitted by event superintendents are complete and accurate.

To ensure that amounts collected by superintendents and remitted to the MSF for entry fees are valid and complete, the MSF should require the superintendents to maintain appropriate supporting documentation including prenumbered forms and submit this documentation to the MSF along with the fees. Additionally, the MSF should account for the completeness of the forms and compare the fee monies received from the superintendents to the amounts recorded on the documents.

A similar condition was also noted in our prior report.

- B. Some late fees due to the MSF are not collected before an entrant is allowed to participate in an event. In addition, entrants that did not pay their late fees received premiums for placing in their respective event.

There appears to be some confusion as to exactly what fees the superintendents are supposed to collect (ie. entry fees, pins, etc.). As a result, some superintendents may allow entrants to participate in an event in which they have late fees. We reviewed late fees charged to the beef cattle superintendent and the receipt slips used to record payments received and noted several late fees listed that were not collected. Some entrants were "no shows", but for others there was no documentation as to why their late fees were not collected. In addition, we compared the entrants for this event with late fees due to the MSF to a list of premium payments made for the same event and noted two individuals that received premiums even though they still owed the MSF money.

All late fees should be received from an entrant prior to their participation in an event and premiums should never be paid to entrants with unpaid late fees due the MSF. Accordingly, records maintained by each superintendent should be complete and accurate. In addition, entrants with late fees should be cross checked against the premium payment vouchers prior to their distribution.

WE RECOMMEND the MSF:

- A. Require the superintendents to maintain appropriate supporting documentation of fees received and remit the documentation to the MSF along with the fees for review.
- B. Ensure all late fees are collected. If amounts are not collected entrants should not be allowed to participate in an event or documentation should be maintained to indicate why an exception was made. The MSF should also cross check the premium payment vouchers, prior to their distribution, against the list of entrants with unpaid late fees.

AUDITEE'S RESPONSE

- A. *The MSF agrees to the Fiscal Officer discussing and stressing the importance of the requirement of superintendents to maintain appropriate documentation of fees received*

at the annual superintendent meeting and turning the documentation into the Business Office.

- B. The MSF agrees to continue to work with Information Technology staff with program design to ensure that premium payment vouchers are not paid to exhibitors if late fees are not paid.*

5. Tram Service

Tram service revenues cannot be reconciled to passengers that use the service. In addition, collections are not deposited intact and start-up cash is not maintained at a constant amount. During the 2001 through 2004 fairs, the MSF has averaged approximately \$12,000 in tram ride sales.

Tram service attendants do not account for the number of passengers riding the trams. They only collect the fee from passengers as they enter the tram. No ticket, receipt, or any other documentation is maintained to account for these passengers making it impossible to reconcile the monies collected to the turnovers made to the Business Office. In addition, collections were not deposited intact as the monies kept for cash on hand for use by each tram attendant were not maintained at a constant amount. The Tram Service is provided with \$1,040 in start-up cash for each fair. However, additional amounts were withheld from sales during the fair based on what the Assistant Tram Service Superintendent felt was needed for that particular day.

The MSF should ensure the amounts remitted are complete and accurate. Accordingly, the MSF should consider implementing a portable receipt dispenser or similar system to account for the passengers using the tram service. This would not only benefit the MSF by being able to verify the revenues collected for the tram service, but would also provide useful information on increases/decreases in tram usage throughout the fair. In addition, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be deposited intact daily. The MSF should provide additional start-up funds, if necessary, and the cash funds should be constantly maintained at this amount.

WE RECOMMEND the MSF establish a system to account for the number of passengers riding the tram, reconciling the totals to daily collections. In addition, the MSF should ensure that daily collections of the Tram Service are deposited intact. The MSF should provide additional start-up cash, if necessary, for the cash fund and ensure these monies are maintained at a constant amount.

AUDITEE'S RESPONSE

The MSF agrees with the auditor's recommendation that the MSF should provide additional start-up cash and to see that the daily collections are deposited intact. However, the MSF still has concerns regarding establishing a system such as, selling and tearing tickets. The MSF

believes that this process would cause huge delays in serving our customers and could result in an increase in operational costs. The MSF sees the trams as a customer service to our fair goers and not as a revenue source. The MSF also receives a \$5,000 sponsorship which allows senior citizens to receive free tram rides.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI STATE FAIR HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri State Fair is responsible for promoting Missouri agriculture and creating understanding and education of the industry and its related fields. The fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, a number of entertainment events are held at the fair. The fairgrounds are also utilized throughout the year for various exhibits, sales, private functions, and entertainment. Through fiscal year 2002, the Missouri State Fair administered the Aid-to-Fairs Program which provided financial assistance to county and district fairs for youth exhibitors. However, the Aid-to-Fairs Program has not been funded by the legislature in the last two fiscal years.

The operation of the Missouri State Fair is financed from fees collected for admissions, parking, concessions, exhibitions, and other sources which are deposited to the State Fair Fees Fund, and annual appropriations from the state General Revenue Fund.

The Missouri State Fair was established in 1899 and became a program of the Department of Agriculture in 1933. Senate Bill 692, passed during the Second Regular Session of the 87th General Assembly, transferred control and supervision of the Missouri State Fair from the Department of Agriculture to a nine-member commission, effective September 1, 1995. The commission consists of the director of the Department of Agriculture and eight members appointed by the Governor. Of the eight appointed members, two are farmers, two are current or past presidents of county or regional fair boards, one is employed in agribusiness, and three are at-large members. Terms of the original eight members are one year for two members, two years for two members, three years for two members, and four years for two members. Their successors are to be appointed for terms of four years.

Members of the Missouri State Fair Commission as of October 2004 were:

<u>Name</u>	<u>Term Expires</u>
Jerry Divin, Chairman	December 29, 2007
Kent Blades, Vice Chairman	December 29, 2004
Peter Hofherr*	Not Applicable
Morris Brown	December 29, 2002**
Ken Keesaman	December 29, 2005
Jack Magruder	December 29, 2007
Elizabeth M. Schlueter	December 29, 2006
David Malmo	December 29, 2004**
Sue Rourk King	December 29, 2006

* Mr. Hofherr served as director of the Department of Agriculture until January 6, 2005, at which time Mr. Fred Ferrell was appointed.

** Mr. Brown continued to serve after his term expired until his replacement was appointment. Mr. Brown and Mr. Malmö were replaced by Barbara Hayden and Jerry King. Ms. Hayden was appointed January 20, 2005 and her term expires December 29, 2009. Mr. King was appointed February 9, 2005 and his term expires December 29, 2005.

The Director of the Missouri State Fair is appointed by the Commission to administer the Missouri State Fair. In January 1997, Gary Slater replaced Bill Arthaud as Director of the Missouri State Fair. In March 2001, Mel Willard was appointed interim Director, replacing Gary Slater. Mr. Willard was then formally appointed Director of the Missouri State Fair in August 2001.

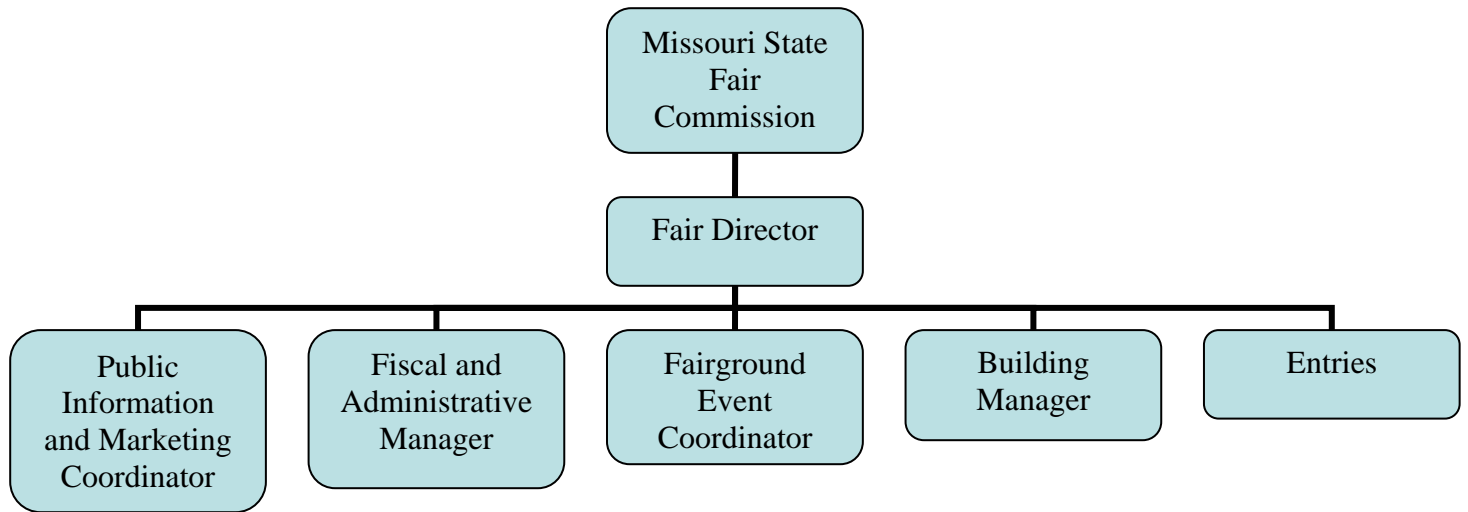
The Missouri State Fair employed approximately 20 full-time and 2 part-time employees as of October 2004.

The following chart shows the estimated state fair attendance since 1998:

<u>Year</u>	<u>Attendance</u>
1998	339,688
1999	343,207
2000	345,153
2001	335,986
2002	360,578
2003	340,922
2004	379,063

An organization chart follows:

MISSOURI STATE FAIR
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

MISSOURI STATE FAIR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2004			2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND									
Personal Service	\$ 597,762	579,715	18,047	649,841	589,765	60,076	665,212	620,379	44,833
Expense and Equipment	0	0	0	56,833	15,532	41,301	56,833	32,582	24,251
For maintenance, repairs, replacements, and improvements to the Coliseum, Women's Building and swine pavilion	0	0	0	44,283	44,135	148	121,914	77,631	44,283 *
For removal of the race track and construction of parking facilities, entryways, plazas, roadways, ticket booths and multi-purpose REC Building	0	0	0	415,178	415,178	0	1,584,258	1,169,080	415,178 *
For a multi-use facility for the Department of Agriculture and the Adjutant General-Missouri National Guard	0	0	0	1,191,724	1,191,724	0	1,668,240	476,516	1,191,724 *
Aid-to-Fairs Premiums	0	0	0	0	0	0	194,795	138,925	55,870
Total General Revenue Fund	597,762	579,715	18,047	2,357,859	2,256,334	101,525	4,291,252	2,515,113	1,776,139
FACILITIES MAINTENANCE RESERVE FUND									
Management of Hazardous Materials	0	0	0	1	0	1	9,963	1,385	8,578 *
For maintenance, repairs, replacements, and improvements to the Coliseum, Women's Building and swine pavilion	0	0	0	13,132	0	13,132	262,799	249,667	13,132 *
Unprogrammed Requirements for Facilities	6	0	6 *	6,227	6,227	0	975	0	975 *
Statewide Roofing Management System	27,162	23,833	3,329 *	0	0	0	24	0	24 *
For maintenance, repairs, replacements, and improvements to the Agriculture, Commercial, and Varied Industries Buildings	1,450,456	1,170,264	280,192 *	538,739	538,738	1	1,989,195	0	1,989,195 *
Maintenance and Repair of Facilities	126,578	103,225	23,353 *	1	0	1	158,853	146,372	12,481 *
Total Facilities Maintenance Reserve Fund	1,604,202	1,297,322	306,880	558,100	544,965	13,135	2,421,809	397,424	2,024,385
BPB-SERIES A 2003 BOND PROCUREMENT-PROJECT FUND									
Maintenance and Repair of Facilities	89,742	10,883	78,859 *	0	0	0	0	0	0
Total Bpb-Ser A 2003 Bond Proc-Proj Fund	89,742	10,883	78,859	0	0	0	0	0	0
STATE FAIR FEES FUND									
Funding to Start Fair	75,000	24,540	50,460	75,000	24,540	50,460	75,000	24,540	50,460
Personal Service	1,019,942	842,108	177,834	874,743	772,536	102,207	874,743	652,179	222,564
Expense and Equipment	3,172,558	2,992,766	179,792	3,234,033	2,936,595	297,438	3,229,033	2,691,683	537,350
Total State Fair Fees Fund	4,267,500	3,859,414	408,086	4,183,776	3,733,671	450,105	4,178,776	3,368,402	810,374
STATE FAIR TRUST FUND									
Funding to Start Fair	10,000	3,140	6,860	10,000	2,165	7,835	10,000	2,150	7,850
Total State Fair Trust Fund	10,000	3,140	6,860	10,000	2,165	7,835	10,000	2,150	7,850
Total All Funds	\$ 6,569,206	5,750,474	818,732	7,109,735	6,537,135	572,600	10,901,837	6,283,089	4,618,748

Appendix A

MISSOURI STATE FAIR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Note: The appropriations presented above are used to account for and control the fair's expenditures from amounts appropriated to the fair by the General Assembly. The fair administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the fair. Some expenditures relating to the fair are expended from accounts set up outside the state treasury, which are not subject to appropriation. Expenditures charged to these additional accounts are noted in Appendix C.

* Biennial appropriations set up in fiscal years 2004 and 2002 are re-appropriations to fiscal years 2005 and 2003, respectively. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 and 2002 appropriation balance for a biennial appropriation is established in fiscal year 2005 and 2003, respectively. Therefore, there is no lapsed balance for a biennial appropriation at the end of the first year (ie. 2004 and 2002).

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,		
	2004	2003	2002
Personal Service	\$ 17,935	59,597	44,752
Expense and Equipment	0	41,301	24,251
For maintenance, repairs, replacements, and improvements to the Coliseum, Women's Building and swine pavilion	0	13,278	0
Aid-to-Fairs Premiums	0	0	55,809
Total	\$ 17,935	114,176	124,812

Appendix B

MISSOURI STATE FAIR

COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2004	2003	2002
Salaries	\$ 634,642	627,720	598,737
Fair and Seasonal Personnel	787,181	734,581	673,821
Travel	104,403	100,902	91,423
Premiums	667,891	653,726	689,308
Other Event Costs	280,491	288,409	197,290
Advertising	157,310	169,378	175,730
Sound System	56,100	68,474	68,650
Other Contracted Services	254,842	247,426	244,053
Free Entertainment	246,324	250,128	225,118
Sales Tax	123,902	75,766	71,199
Utilities	443,014	399,410	338,388
Telephone	32,353	30,971	27,113
Printing	42,375	53,933	69,449
Postage & Shipping	41,477	59,399	41,520
Office Supplies	84,798	86,181	92,467
Inmate Labor	41,337	45,344	35,583
Equipment Purchases & Repair	160,803	159,089	152,035
Buildings & Grounds Supplies	133,275	123,468	115,991
Gasoline, Diesel Fuel & Oil	27,033	24,057	20,703
Capital Improvements *	1,304,152	2,187,651	2,085,191
Tents	46,027	67,536	47,355
Aid to Fairs	0	0	138,925
Other	80,744	83,586	83,040
Total Expenditures	\$ 5,750,474	6,537,135	6,283,089

* Expenditures from capital improvement project appropriations are handled by the Division of Facilities Management, Design and Construction.

Appendix C-1

MISSOURI STATE FAIR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - ACCOUNTS
WHICH WITH THE MISSOURI STATE FAIR HAS A PROPRIETARY INTEREST
YEAR ENDED JUNE 30, 2004

	State Fair Fees Fund	State Fair Trust Fund	Grandstand Account	Foundation Account	Agricultural Youth Ag Account	Foundation (Sheep) Account	Totals
RECEIPTS							
Grandstand Events	\$ 363,004	0	855,919	0	0	0	1,218,923
Admissions & Parking	1,292,191	0	0	6,760	0	0	1,298,951
Entries & Stalls	241,934	0	0	0	0	0	241,934
Camping, Meals & Dorms	361,616	0	0	30,033	0	0	391,649
Concessions	689,335	0	0	0	0	0	689,335
Building & Grounds Rental	144,986	0	0	0	0	0	144,986
Sponsorships & Premiums	503,644	0	3,780	0	0	0	507,424
Sales Tax	122,614	0	0	0	0	0	122,614
Carnival	251,067	0	259,476	0	0	0	510,543
Donations	0	2,824	0	14,863	0	0	17,687
Sale of Champions & Ham Auction	0	0	0	9,813	82,395	0	92,208
Souvenir & Other Sales	75,393	0	0	79,660	117	0	155,170
Other	141,886	92	200	436	52	120	142,786
Total Receipts	4,187,670	2,916	1,119,375	141,565	82,564	120	5,534,210
DISBURSEMENTS							
Salaries	54,927	0	0	7,274	0	0	62,201
Fair & Seasonal Personnel	787,181	0	0	0	0	0	787,181
Fringe Benefits	99,499	0	0	0	0	0	99,499
Travel	104,403	0	0	0	0	0	104,403
Premiums	665,746	2,145	0	0	0	0	667,891
Grandstand & Other Event Costs	280,491	0	717,810	0	0	0	998,301
Advertising	155,023	0	0	275	0	0	155,298
Sound System	56,100	0	0	0	0	0	56,100
Carnival & Other Contracted Services	254,842	0	234,116	97,558	0	0	586,516
Free Entertainment	246,324	0	0	0	0	0	246,324
Sales Tax	123,902	0	0	0	0	0	123,902
Utilities	443,014	0	0	0	0	0	443,014
Telephone	32,353	0	0	0	0	0	32,353
Printing	40,609	0	0	0	0	0	40,609
Postage & Shipping	41,477	0	0	0	0	0	41,477
Office Supplies	83,803	995	0	0	0	0	84,798
Inmate Labor	41,337	0	0	0	0	0	41,337
Equipment Purchases & Repair	160,803	0	0	3,860	0	0	164,663
Buildings & Grounds Supplies	133,275	0	0	0	0	0	133,275
Gasoline, Diesel Fuel & Oil	27,033	0	0	0	0	0	27,033
Capital Improvements	0	0	0	23,084	0	0	23,084
Tents	46,027	0	0	0	0	0	46,027
Sale of Champions	0	0	0	0	71,769	0	71,769
Other	183,894	43	818	3,437	214	0	188,406
Total Expenditures	4,062,063	3,183	952,744	135,488	71,983	0	5,225,461
RECEIPTS OVER (UNDER)	125,607	(267)	166,631	6,077	10,581	120	308,749
DISBURSEMENTS	264,102	4,658	1,047,845	82,211	25,100	23,823	1,447,739
CASH, JULY 1	\$ 389,709	4,391	1,214,476	88,288	35,681	23,943	1,756,488
CASH, JUNE 30							

Appendix C-2

MISSOURI STATE FAIR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - ACCOUNTS
WHICH WITH THE MISSOURI STATE FAIR HAS A PROPRIETARY INTEREST
YEAR ENDED JUNE 30, 2003

	State Fair Fees Fund	State Fair Trust Fund	Grandstand Account	Foundation Account	Agricultural Youth Ag Account	Foundation (Sheep) Account	Totals
RECEIPTS							
Grandstand Events	\$ 325,000	0	784,374	0	0	0	1,109,374
Admissions & Parking	1,191,672	0	0	0	0	0	1,191,672
Entries & Stalls	257,775	0	0	0	0	23,731	281,506
Camping, Meals & Dorms	325,800	0	0	22,298	0	0	348,098
Concessions	641,059	0	0	0	0	0	641,059
Building & Grounds Rental	103,757	0	0	0	0	0	103,757
Sponsorships & Premiums	536,355	0	3,125	0	0	0	539,480
Sales Tax	87,017	0	0	0	0	0	87,017
Carnival	250,000	0	209,340	0	0	0	459,340
Donations	0	3,406	0	122,229	0	0	125,635
Sale of Champions & Ham Auction	0	0	81,490	0	25,100	0	106,590
Souvenir & Other Sales	97,123	0	0	67,742	0	0	164,865
Other	152,285	43	48	20,439	0	92	172,907
Total Receipts	3,967,843	3,449	1,078,377	232,708	25,100	23,823	5,331,300
DISBURSEMENTS							
Salaries	50,634	0	0	0	0	0	50,634
Fair & Seasonal Personnel	721,902	0	0	0	0	0	721,902
Fringe Benefits	95,090	0	0	0	0	0	95,090
Travel	99,884	0	0	0	0	0	99,884
Premiums	651,561	2,165	0	0	0	0	653,726
Grandstand & Other Event Costs	288,409	0	859,387	0	0	0	1,147,796
Advertising	165,629	0	0	0	0	0	165,629
Sound System	68,474	0	0	0	0	0	68,474
Carnival & Other Contracted Services	246,159	0	185,270	60,031	0	0	491,460
Free Entertainment	250,128	0	0	0	0	0	250,128
Sales Tax	75,631	0	0	0	0	0	75,631
Utilities	391,423	0	0	0	0	0	391,423
Telephone	30,717	0	0	0	0	0	30,717
Printing	49,284	0	0	0	0	0	49,284
Postage & Shipping	59,365	0	0	0	0	0	59,365
Office Supplies	84,777	0	0	0	0	0	84,777
Inmate Labor	45,344	0	0	0	0	0	45,344
Equipment Purchases & Repair	157,464	0	0	0	0	0	157,464
Buildings & Grounds Supplies	121,707	0	0	0	0	0	121,707
Gasoline, Diesel Fuel & Oil	24,057	0	0	0	0	0	24,057
Capital Improvements	0	0	0	124,866	0	0	124,866
Tents	67,536	0	0	0	0	0	67,536
Sale of Champions	0	0	84,547	0	0	0	84,547
Other	121,945	34	1,264	25,070	0	0	148,313
Total Expenditures	3,867,120	2,199	1,130,468	209,967	0	0	5,209,754
RECEIPTS OVER (UNDER)							
DISBURSEMENTS	100,723	1,250	(52,091)	22,741	25,100	23,823	121,546
CASH, JULY 1	163,379	3,408	1,099,936	59,470	0	0	1,326,193
CASH, JUNE 30	\$ 264,102	4,658	1,047,845	82,211	25,100	23,823	1,447,739

MISSOURI STATE FAIR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - ACCOUNTS
WHICH WITH THE MISSOURI STATE FAIR HAS A PROPRIETARY INTEREST
YEAR ENDED JUNE 30, 2002

	State Fair Fees Fund	State Fair Trust Fund	Grandstand Account	Foundation Account	Totals
RECEIPTS					
Grandstand Events	\$ 231,312	0	809,480	0	1,040,792
Admissions & Parking	1,034,918	0	0	0	1,034,918
Entries & Stalls	235,494	0	0	23,731	259,225
Camping, Meals & Dorms	341,032	0	0	0	341,032
Concessions	531,206	0	0	0	531,206
Building & Grounds Rental	123,501	0	0	0	123,501
Sponsorships & Premiums	436,066	0	4,435	0	440,501
Sales Tax	85,806	0	0	0	85,806
Carnival	289,349	0	46,190	0	335,539
Donations	0	4,126	0	212,600	216,726
Sale of Champions & Ham Auction	0	0	63,186	0	63,186
Souvenir & Other Sales	67,084	0	0	8,157	75,241
Other	146,464	0	3,630	783	150,877
Total Receipts	3,522,232	4,126	926,921	245,271	4,698,550
DISBURSEMENTS					
Salaries	10,244	0	0	0	10,244
Fair & Seasonal Personnel	641,935	0	0	0	641,935
Fringe Benefits	62,775	0	0	0	62,775
Travel	90,910	0	0	0	90,910
Premiums	687,203	2,105	0	0	689,308
Grandstand & Other Event Costs	197,290	0	614,744	0	812,034
Advertising	169,347	0	0	0	169,347
Sound System	68,650	0	0	0	68,650
Carnival & Other Contracted Services	240,687	0	55,558	0	296,245
Free Entertainment	225,118	0	200	0	225,318
Sales Tax	71,199	0	0	0	71,199
Utilities	320,546	0	0	0	320,546
Telephone	19,380	0	0	0	19,380
Printing	42,422	0	0	0	42,422
Postage & Shipping	41,154	0	0	0	41,154
Office Supplies	89,623	45	0	0	89,668
Inmate Labor	35,583	0	0	0	35,583
Equipment Purchases & Repair	150,843	0	0	0	150,843
Buildings & Grounds Supplies	115,170	0	0	0	115,170
Gasoline, Diesel Fuel & Oil	20,703	0	0	0	20,703
Capital Improvements	0	0	0	217,064	217,064
Tents	47,355	0	0	0	47,355
Sale of Champions	0	0	57,437	0	57,437
Other	111,374	31	348	3,361	115,114
Total Expenditures	3,459,511	2,181	728,287	220,425	4,410,404
RECEIPTS OVER (UNDER)					
DISBURSEMENTS	62,721	1,945	198,634	24,846	288,146
CASH, JULY 1	100,658	1,463	901,302	34,624	1,038,047
CASH, JUNE 30	\$ 163,379	3,408	1,099,936	59,470	1,326,193



Claire McCaskill

Missouri State Auditor

December 2005

Missouri Technology Corporation



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

The following findings were noted as a result of an audit conducted by our office of the Missouri Technology Corporation.

The purposes of the Missouri Technology Corporation (MTC) are to contribute to the strengthening of the economy of the state through development of science and technology. Originally, the primary function of MTC was to act as an advisory board with administrative functions for the MTC provided by Department of Economic Development (DED) staff. In January 2005, the MTC hired a full-time executive director, Joe Driskill, the former director of DED.

The MTC maintains one bank account, established by the DED in 1995. The account did not have collateral security coverage for monies in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$100,000, as required by state law. At June 30, 2005, the bank balance exceeded FDIC coverage by \$197,692.

The MTC established the Research Alliance of Missouri (RAM) under a contract with DED and handles the administrative functions for RAM. RAM funds support 25 percent of the executive director's salary and office expenses.

The MTC issued a check from RAM funds in the amount \$6,432 to the University of Missouri-St. Louis (UMSL) to reimburse costs related to a sponsorship of a nanotechnology conference held in St. Louis. The invoice from UMSL listed two line items: \$5,289 for dinner, accommodations and parking for the conference; and \$1,143 to UMSL for a meeting room, audio visual equipment, breakfast, break, lunch, and setup. UMSL submitted detailed invoices from the conference hotel and the UMSL charges. The hotel invoice included beverage charges for \$630. We determined the beverage charges were for wines totaling \$140, and an open bar serving alcoholic beverages totaling \$490. The use of funds for entertainment expenses is expressly prohibited by both DED contractual restrictions, and MTC and RAM policy.

The MTC retained the services of a local CPA firm which submitted an engagement letter specifying the range of monthly, quarterly, and annual charges. The MTC requested additional procedures be performed beyond the scope of the original agreement. The CPA firm has been paid \$15,956, \$5,771, and \$1,950 in fiscal years 2005, 2004, and 2003, respectively. The invoices lacked sufficient detail to determine if the billings were in accordance with the agreed upon rates and failed to include the number of hours billed for each task.

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YELLOW SHEET

MISSOURI TECHNOLOGY CORPORATION
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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Mr. Donn Rubin, Chairman
and
Members of the Board of the
Missouri Technology Corporation
P.O. Box 2137
Jefferson City, MO 65101

We have audited the Missouri Technology Corporation. The scope of this audit included, but was not necessarily limited to, the five years ended June 30, 2005. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the corporation, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the corporation's management and was not subjected to the procedures applied in the audit of the corporation.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Technology Corporation.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 8, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Dennis Lockwood, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI TECHNOLOGY CORPORATION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Collateral Security

The Missouri Technology Corporation (MTC) maintains one bank account. The account was originally established by the Department of Economic Development (DED) in 1995. The DED performed the administrative functions for the MTC until January 2004, at which time MTC hired a full time executive director.

The account did not have collateral security coverage for monies in excess of the FDIC limit of \$100,000. Chapter 110, RSMo 2004, requires public funds of state institutions to be fully secured. Prior to fiscal year 2002, the MTC bank account balance did not exceed \$100,000. The bank balance exceeded \$100,000 for the following periods and the highest dollar amount that was not covered by collateral securities during each period were as follows:

Beginning Date	Ending Date	Highest \$ Amount Not Secured
September 18, 2001	September 23, 2001	\$ 13,569
February 15, 2002	June 15, 2002	286,233
November 22, 2002	January 12, 2003	285,620
April 4, 2003	April 28, 2003	24,937
May 4, 2004	June 30, 2005	\$ 241,412

At June 30, 2005, the bank balance exceeded FDIC coverage by \$197,692.

WE RECOMMEND the Missouri Technology Corporation ensure funds are fully protected by collateral securities at all times.

AUDITEE'S RESPONSE

We agree with the recommendation that the MTC's bank deposits should be fully protected with collateral securities. Our banking account with Central Bank was established in 1995 by the Missouri Department of Economic Development on behalf of the MTC. Since the account was established by a state agency, we assumed that the account had protections that would be appropriate for the deposit of funds the MTC received from the state. While the MTC is not a state agency and may not be bound by the statutory requirement for fully securing its deposits, we believe it is important to use the same standards for deposits that would apply to a state agency. Clearly, our deposits up to \$100,000 are protected by FDIC insurance, and we believe our depository, Central Bank, is in a strong financial position. However, out of an abundance of caution and in response to the Auditor's recommendation, at its August 26, 2005 meeting, the MTC Board authorized the Executive Director to enter into a "Cash Management Investment Account" at Central Bank in Jefferson City to provide for collateralization of the MTC's deposits

that exceed the FDIC insurance coverage. The agreement with Central Bank was subsequently executed.

2.	Expenditure Controls
-----------	-----------------------------

The MTC established the Research Alliance of Missouri (RAM) under a contract with DED and handles the administrative functions for RAM. RAM funds support 25 percent of the executive director's salary and office expenses. The funds MTC receives are designated for either MTC or RAM by the DED. MTC uses fund accounting methods to ensure MTC and RAM activities are paid from the proper fund. MTC and RAM monies are included in one bank account and the MTC chairman and secretary-treasurer are the required signatories for checks over \$1,000 and checks issued to the executive director. The MTC executive director has authority to sign checks for amounts of less than \$1,000 except for payments to himself. The MTC executive committee, consisting of the chairman, secretary treasurer, one board member and the executive director, authorizes payments from MTC funds following MTC board directives. The RAM board authorizes payments from RAM funds with the checks being signed by MTC chairman, secretary treasurer or executive director, as appropriate.

The MTC and RAM did not always require adequate detail on vendors invoices. As a result, it was not always possible to determine if the charges were in compliance with written and oral agreements with the vendors or were in violation of MTC and RAM policies and the contracts with the DED.

- A. The MTC issued a check from RAM funds in the amount of \$6,432 to the University of Missouri - St. Louis (UMSL) to reimburse costs related to a sponsorship of a nanotechnology conference held in St. Louis. The payment voucher requesting the check indicated the RAM board had approved the payment during the May 18, 2004 meeting. We reviewed the minutes of that RAM meeting and noted that a motion had been made to deny the payment but this motion was never voted upon. A subsequent motion authorized only consideration of support of future meetings for a working group emerging from the nanotechnology conference. Due to a misinterpretation of the motions, the payment voucher was prepared and check was issued and signed by the MTC Board Chairman and the Secretary Treasurer.

The invoice from UMSL listed two line items: \$5,289 for dinner, accommodations and parking for the conference; and \$1,143 to UMSL for a meeting room, audio visual equipment, breakfast, break, lunch, and setup. We contacted UMSL who submitted a detailed invoice from the conference hotel and a detailed invoice of the UMSL charges. The hotel invoice listed the following line items and amounts:

Description	Amount
Banquet	\$1,810
Beverages	630
Gratuity	464
Rooms & Parking	2,385
Total	\$5,289

We contacted the hotel and determined the beverage charges were for wines totaling \$140, and an open bar serving alcoholic beverages totaling \$490. The use of funds for entertainment expenses is expressly prohibited by both DED contractual restrictions, and MTC and RAM policy. After bringing this matter to the attention of the MTC executive director, a request was made to UMSL for a refund of the \$630 paid for the alcoholic beverages. The failure to require adequately detailed invoices resulted in the inappropriate payment.

- B. We noted the MTC, to enhance internal controls and acquire accounting expertise without hiring additional staff, retained the services of a local CPA firm to control the checkbook, prepare checks for signature based upon payment vouchers and record the transactions in an accounting software program, perform bank reconciliations, compile monthly and quarterly financial reports, calculate payroll checks, and file the appropriate payroll tax reports and the federal Form 990 for not-for-profit organizations. The accounting firm submitted an engagement letter specifying the range of monthly, quarterly, and annual charges.

The MTC requested additional procedures be performed beyond the scope of the original agreement. The CPA firm was paid \$15,956, \$5,771, and \$1,950 in fiscal years 2005, 2004 and 2003, respectively. The invoices from the accounting firm provided a listing by date and type of task performed during the month and a total invoice amount due. However, the invoices lacked sufficient detail to determine if the billings were in accordance with the agreed upon rates. In addition, the invoices failed to include the number of hours billed for each task. We requested additional supporting detail from the CPA firm for one of the larger invoices. This additional detail included the number of hours and the line item charge for each task and was sufficient to allow the determination that the total amount billed was reasonable. The MTC executive director indicated in the future he would request additional detailed invoices when the original invoices were not adequately detailed.

- C. The MTC had issued a payment of \$4,000 to the Hawthorne Foundation for the MTC's sponsorship share for a booth and promotional activities at the 2005 national biotechnology conference. The payment voucher and the check were dated May 18, 2005. There was an e-mail communication from a DED staff member requesting the payment dated May 17, 2005. The invoice was not issued by the Hawthorne Foundation until June 13, 2005. The issuance of payment prior to receiving a vendor invoice, even when the amount is known with certainty, is not a sound business practice. The MTC should ensure vendor invoices

containing adequate detail have been received and reviewed prior to issuance of payment vouchers.

WE RECOMMEND the Missouri Technology Corporation ensure vendor invoices are received prior to payment, are adequately detailed to allow determination that the specific items and services billed are in accordance with agreed upon prices or rates, are in accordance with MTC and RAM policies and contracts, and all purchases have been approved by the MTC executive committee or RAM board, as appropriate.

AUDITEE'S RESPONSE

We agree with the Auditor's recommendation that the MTC should strengthen its policies and practices related to the handling of invoices and the payment of vendors. Even though no MTC or RAM funds were expended for services that were not received by the organizations nor was any money lost, we believe we should have had a more rigorous process in place to examine the invoices that were received and to approve of the expenditures that were made.

In the first instance cited by the Auditor, the MTC reimbursed UMSL for part of the expenses the University incurred as a part of its sponsorship of the Missouri Nanotechnology Conference in 2004. UMSL submitted an invoice to the MTC and RAM as a request for reimbursement of expenses, a process that was agreed upon by RAM. Unbeknownst to the Executive Director, the MTC Board and the RAM Board, the reimbursement made to UMSL included a \$630 amount for wine and beer served at a conference reception. We agree this reimbursement was inappropriate and we should have asked for a more detailed invoice from UMSL that would have revealed the inappropriate request. When the inappropriate reimbursement was discovered, RAM requested that UMSL pay back the \$630 amount in question. That amount was received and deposited in the MTC/RAM account.

In its second observation, the Auditor recommended the MTC request a more detailed breakdown of the expenses billed by the MTC's CPA firm. The invoices received by the MTC historically have not included detailed breakdowns of the type of task performed during the month, the number of hours required and the rate charged for those tasks. While we do not believe we have been billed inappropriately for our accounting services in the past, we will require that all future invoices include greater detail.

The Auditor's final observation was that the MTC made a payment of \$4,000 to the Hawthorn Foundation, a not-for-profit organization operating in conjunction with the Department of Economic Development, before an invoice was received by the MTC. The payment in question was for RAM's participation in the BIO 2005 international biotechnology conference. The Executive Director of the MTC/RAM requested an invoice from the Hawthorn Board weeks in advance of the required deadline for RAM participation in the conference. The invoice did not arrive at the deadline for payment of RAM's participation fee. The Executive Director sought and received e-mail and telephone confirmation of the amount owed and that the invoice would be provided. However, the conference deadline did not allow the invoice to be delivered before payment was required. While no money was spent inappropriately and RAM was able to

participate in the BIO conference, we agree that all future expenditures should be based on a written invoice received before a check is written.

As a result of the Auditor's recommendation, the MTC Board adopted a change in its formal policy for dealing with expenditure controls at its August 26, 2005 Board meeting. According to the policy, invoices with greater detail will be required from vendors and no payment will be made until a written invoice is received. In addition, the MTC and RAM Boards requested and received a reimbursement from the University of Missouri-St. Louis for the amount of money inappropriately sent to UMSL as reimbursement for expenses at the Missouri Nanotechnology Conference in 2004.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI TECHNOLOGY CORPORATION HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Technology Corporation (MTC) was authorized by Section 348.251, RSMo, in 1994 to replace the Missouri Business Modernization and Technology Corporation. The MTC was organized and held its first board meeting on November 14, 1994, and its Articles of Incorporation were filed with the Secretary of State on January 10, 1995. The MTC is a private not-for-profit corporation.

The purposes of the MTC are to contribute to the strengthening of the economy of the state through development of science and technology, to promote the modernization of Missouri businesses by supporting the transfer of science, technology and quality improvement methods to the workplace, and to enhance the productivity and modernization of Missouri businesses by providing leadership in the establishment of methods of technology application, technology commercialization, and technology development.

Originally the primary function of MTC was to act as an advisory board. The administrative functions for the MTC were provided by Department of Economic Development (DED) staff. In fiscal years 2002 and 2003, the MTC was the funding conduit chosen by the legislature and the DED to participate in the development and ownership of the Fort Leonard Wood Technology Park in conjunction with the University of Missouri. The MTC, funded by state capital improvement appropriations, invested about \$1.5 million in the office building complex. The MTC was also involved with the 2002 Missouri Mathematics Academy, a training program for middle and high school math teachers, and the Base Realignment and Closure Studies for Fort Leonard Wood and Whiteman Air Force Base in 2004 and 2005.

In January 2004, the MTC hired a full time executive director, Joe Driskill, former director of DED. The administrative responsibility passed from DED staff to the MTC at that time. The legislature did not provide any funding for MTC or RAM in fiscal year 2006. Mr. Driskill resigned effective October 31, 2005, and a replacement has not been named.

The MTC board of directors is composed of fifteen persons and shall consist of the following members:

- 1) The director of the Department of Economic Development or his designee;
- 2) The president of the University of Missouri system or his designee;
- 3) A member of the state senate appointed by the president pro tem of the senate;
- 4) A member of the house of representatives appointed by the speaker of the house;
- 5) Eleven members appointed by the governor, two of which shall be from the public sector and nine members from the private sector who shall include, but shall not be limited to,

individuals who represent technology-based businesses and industrial interests. The governor shall appoint one of the private sector members as chairman.

The members of the MTC board of directors at June 30, 2005, were:

	Term Expires October 1,
Frank Stokes, Chairman*	2007
John Park, Vice-Chairman	2006
David Corwin, Secretary-Treasurer	2005
Dr. Jim Baker	2005
Dr. Robert Calcaterra	2008
Randall C. Ferguson, Jr.	2008
Dr. Martha Gilliland	2006
Stanley Salva	2007
Larry Sexton	2005
Greg Wendt	2008

At June 30, 2005, one board position was vacant.

Standing members are:

Greg Steinhoff, Director of Department of Economic Development

Elson Floyd, President, University of Missouri

Michael Gibbons, State Senator

Colonel J.C. Abney, ex-officio member, Fort Leonard Wood

At June 30, 2005, there was no appointed member from the Missouri House of Representatives.

*Effective November 1, 2005, Donn Rubin replaced Frank Stokes as Chairman.

In 2003, following a request by the governor and under a contractual agreement with DED, MTC established the Research Alliance of Missouri (RAM). The RAM is a cooperative effort of DED, MTC and many Missouri higher education institutions with active research and development programs. The primary goals of RAM, according to the 2005 strategic plan, are to increase the number of multi-university research proposals and awards and to improve university/industry relationships. Universities in the state with at least \$10 million in research and development expenditures annually are eligible for membership. The RAM is structured as a board with a senior research official of each member university serving as members.

The members of the RAM board of directors at June 30, 2005, were:

Theodore J, Cicero, Ph.D., Chair	Ronald A. MacQuarrie, Ph.D.
William A. Alter III, Ph.D., Vice Chair	Brian T, Reese
Nasser Arshadi, Ph.D.	Dennis Roedemeier
Donald Brennan, Ph.D.	Karel Schubert, Ph.D.
James Coleman, Ph.D.	Thomas R. Sharpe, Ph.D.
L. Scott Ellis, Ph.D.	Randall Shaw, Ed.D.
Gregory Fitch, Ph.D.	Margaret E. Stone, Ph.D.
Elsie Graber, Ph.D.	Greg Steinhoff

Wayne Huebner, Ph.D.
Marie Jennings
Stephen W. Lehmkuhle, Ph.D.

Frank Stokes
Frank Veeman, Ph.D.

Appendix

MISSOURI TECHNOLOGY CORPORATION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES

	Year Ended June 30				
	2005	2004	2003	2002	2001
RECEIPTS					
General Revenue Funding					
For Fort Leonard Wood Technology Park (FLWTP)	\$ -	-	590,000	893,407	-
For Innovation Center Development	69,799	-	-	-	-
For Research Alliance of Missouri (RAM)	86,286	80,000	-	-	-
For Base Realignment and Closure (BRAC) Projects	52,981	-	-	-	-
For Operations	215,714	200,000	-	-	-
Total General Revenue Funding	<u>424,780</u>	<u>280,000</u>	<u>590,000</u>	<u>893,407</u>	<u>-</u>
Other Funding Sources					
Math Academy Loan	-	-	-	110,000	-
Math Academy Contributions	-	16,500	73,500	-	-
RAM Donations	9,750	-	-	-	-
Local Match -FLWTP	-	32,000	-	-	-
Interest	1,362	232	4,242	1,534	162
Total Other Funding Sources	<u>11,112</u>	<u>48,732</u>	<u>77,742</u>	<u>111,534</u>	<u>162</u>
Total Receipts	<u>\$ 435,892</u>	<u>328,732</u>	<u>667,742</u>	<u>1,004,941</u>	<u>162</u>
DISBURSEMENTS					
Fort Leonard Wood Technology Park					
To University of Missouri Board of Curators for Construction Costs	\$ -	-	590,000	893,407	-
Innovation Center Development					
Joplin	30,799	-	-	-	-
Kansas City	30,000	-	-	-	-
Kirksville	9,000	-	-	-	-
Total Innovation Center Development	<u>69,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Math Academy					
Payments to Attendees/Teachers	-	-	-	92,480	-
Loan Payments & Interest	-	20,342	94,902	6,673	-
Expenses, Supplies, Meals, Housing	-	-	4,492	24,449	-
Total Math Academy	<u>\$ -</u>	<u>20,342</u>	<u>99,394</u>	<u>123,602</u>	<u>-</u>
Base Realignment and Closure Studies (BRAC) - MTC Share					
Fort Leonard Wood	\$ 11,011	15,127	-	-	-
Whitman Airforce Base	48,500	-	-	-	-
Total MTC Share BRAC Studies	<u>59,511</u>	<u>15,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operations					
Salary & Benefits	131,516	62,214	-	-	-
Travel and Office Expense Reimbursements to Exec. Dir.	17,124	8,617	-	-	-
Rent	7,195	2,400	-	-	-
Utilities & Telephone	4,265	1,882	-	-	-
Furniture, Office & Computer Equipment	950	6,801	-	-	-
Printing, Postage & Delivery	9,990	146	-	-	-
Meetings - Food & Misc.	2,625	1,897	648	495	-
Accounting	15,956	5,771	1,950	-	-
Legal	9,555	13,461	-	-	-
Consulting/ Website Development Fees	10,136	2,500	-	-	-
Membership Dues	500	500	500	-	-
Conference Sponsorship	9,030	6,432	-	-	-
Travel for Board Members	276	-	1,172	-	-
Miscellaneous	1,918	5,822	226	5,096	-
Total MTC Operations	<u>221,036</u>	<u>118,443</u>	<u>4,496</u>	<u>5,591</u>	<u>-</u>
Total Disbursements	<u>\$ 350,346</u>	<u>153,912</u>	<u>693,890</u>	<u>1,022,600</u>	<u>-</u>
Beginning Cash Balance	<u>\$ 177,562</u>	<u>2,742</u>	<u>28,890</u>	<u>46,549</u>	<u>46,387</u>
Ending Cash Balance	<u>\$ 263,108</u>	<u>177,562</u>	<u>2,742</u>	<u>28,890</u>	<u>46,549</u>



Claire McCaskill

Missouri State Auditor

November 2005

Davis R-XII School District

Year Ended June 30, 2004



Office Of
Missouri State Auditor
Claire McCaskill

November 2005

The following problems were discovered as a result of an audit conducted by our office of the Davis R-XII School District.

Despite a growth in revenues, the district has spent more than it received during the last two years, resulting in a financial decline. During 2002, the district opened an Early Childhood Center for both preschool aged children and infant and toddler aged children. Center revenues were not sufficient to operate either the preschool or infant and toddler centers, which has contributed to the district's deteriorating financial condition. In addition, the district has not adequately budgeted or monitored the expenditures of the Center. On June 30, 2005, the district discontinued providing services for toddler aged children.

The district is only provisionally accredited by the Department of Elementary and Secondary Education (DESE). A provisionally accredited district has not met enough of the Missouri School Improvement Program (MSIP) standards and indicators to be accredited. Further, based on the district's 2005 Annual Secretary to the Board Report, the Davis R-XII School District will be classified as a "financially stressed" district by DESE. For fiscal year 2006, the district has again budgeted expenditures to exceed revenues and as a result, further reducing its fund balance. Although the board president recommended an increase in the district's tax levy be placed on the August 2005 ballot, the board did not approve the ballot issue. In addition, the district overspent its budgets for the years ending June 30, 2005 and 2004. It appears the district is facing serious financial problems and action is needed to increase revenues or reduce expenditures.

The school board amended its budgets (at fiscal year end) after the actual expenditures were incurred. In addition, the original budgets approved by the school district were not accurate and complete, and did not include the superintendent's and lead teacher's salaries. Further, the board does not receive a detailed monthly financial report to monitor the financial condition of the district.

In December 2003, the board approved additional compensation in the form of stipends ranging from \$250 to \$500 to four employees for work previously performed relating to the district's MSIP report. These stipends or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate the Missouri Constitution and appear contrary to an Attorney General's opinion.

(over)

YELLOW SHEET

The Superintendent did not prepare and submit time sheets to the board documenting the number of hours worked in the 2004-2005 and 2003-2004 school years. In addition, various administrative employees do not prepare timesheets.

The district provided over \$11,265 in educational assistance to its lead teacher without adopting an educational assistance plan or policy or entering into a written agreement with him regarding any employment requirements of the education assistance. In addition, the district did not report the value of the educational assistance provided to the lead teacher on his W-2 form as a taxable benefit.

The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The district does not perform a reconciliation of district invoices, an approved listing of bills, and the actual checks written. Additionally, the district needs to improve controls over canceling invoices, obtaining adequate supporting documentation, ensuring Forms 1099 are filed, preparing written contracts and reconciling fuel purchases and usage.

The open meeting minutes do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. The school board held 20 closed meetings from July 2003 to July 2005 and all had discussions that did not clearly comply with the provisions of the Sunshine Law. In addition, the district's school board failed to follow its own policy for filling board vacancies.

The school board failed to follow district policies regarding student residency waivers and retaining documentation of substitute teacher's background checks, applications or certification. In addition, one substitute teacher's certification had expired prior to the district hiring him. The district also employed a librarian, guidance counselor, and physical education teacher that were not certified or appropriately certified by DESE to work in these subject areas during the 2003-2004 or 2004-2005 school years. Further the district has not corrected some of the concerns addressed in DESE's MSIP report.

Controls over meal and tuition collections including segregation of duties, depositing intact and timely, issuing receipts, and tracing meal accounts receivables/payables need improvement. In addition, employees who collect receipts and have access to monies are not bonded.

The audit report also includes some other matters related to payroll procedures, district expenditures, accounting controls, depositary contract and collateral securities, and general fixed assets, upon which the school district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

DAVIS R-XII SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
Davis R-XII School district

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Davis R-XII School District. The school board had engaged Gerding, Korte, and Chitwood, P.C., Certified Public Accountants (CPA), to audit the district's financial statements for the year ended June 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the school district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Davis R-XII School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 28, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Jay Ross

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DAVIS R-XII SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition and District Budgets
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Despite a growth in revenues, the district has spent more than it received during the last two years, resulting in a financial decline. The district has not performed a cost benefit analysis or adequately budgeted or monitored the expenditures of the Early Childhood Center, which has contributed to the district's deteriorating financial condition. In addition, the school board did not amend its 2005 and 2004 budgets until the actual expenditures had been incurred, and the school district's 2005 and 2004 budgets did not include the superintendent's and lead teacher's salaries. Finally, the board is not provided with adequate monthly financial information which would allow it to monitor the financial condition of the district.

- A. During the four years ended June 30, 2005, the district experienced growth in the revenues and expenditures of their funds (Incidental Fund, Teachers Fund, and Capital Project Fund). Despite the growth in district revenues, the district has spent more than it received during the last two years, resulting in a decline of the balance in these funds as follows:

		Year Ended June 30,			
		2005*	2004	2003	2002
Beginning balance	\$	79,103	167,300	151,316	141,960
Revenues		798,421	757,169	736,512	560,046
Expenditures		838,771	845,366	720,528	550,690
Ending balance**		38,753	79,103	167,300	151,316

* This information was obtained from the district's preliminary Annual Secretary to the Board Report ASBR (dated August 22, 2005).

**The 2005 ending balance includes \$27,178 of restricted fund balances according to the district's ASBR.

During 2002, the district opened an Early Childhood Center for both preschool aged children (age 3 to 5 years old) and infant and toddler aged children (six weeks to 3 years old). Center revenues were not sufficient to operate either the preschool or infant and toddler centers, which has contributed to the district's deteriorating financial condition as shown in the tables below:

		Year ended June 30,		
		2005	2004	2003
Preschool grant revenues	\$	52,650	70,000	100,000
Preschool tuition revenues		20,035	18,789	6,277
Total revenues		72,685	88,789	106,277
Preschool expenditures		81,311	111,060	103,672
Difference		(8,626)	(22,271)	2,605

		Year ended June 30,		
		2005	2004	2003
Infant and toddler tuition revenues	\$	30,979	22,144	11,622
Infant and toddler expenditures		48,050	47,373	29,020
Difference		(17,071)	(25,229)	(17,398)

The district received a preschool grant and charged tuition for children to attend the Center. The preschool grant provided for large amounts of funding at the beginning of the grant (during the year ending June 30, 2003) for start up costs and gradually declined in the following years. On June 30, 2005, the district discontinued providing services for toddler aged children. During the year ending June 30, 2006, the district expects to receive revenues totaling \$35,890 (from an extension for grant funds of \$25,000 and tuition monies of \$10,890), and plans to expend \$30,951.

In addition, the district has not adequately budgeted or monitored the expenditures of the Center as shown in the table below.

		Year ended June 30,		
		2005	2004	2003
Budget expenditures	\$	149,361	110,862	125,427
Actual expenditures		129,361	158,433	132,692
Difference		20,000	(47,571)	(7,265)

In addition, based on the district's preliminary 2005 ASBR (dated August 22, 2005), the Davis R-XII School District will be classified as a "financially stressed" district by the Department of Elementary and Secondary Education (DESE). Section 161.520, RSMo 2000, considers a district to be "financially stressed" if the year end operating funds balance is less than three percent of expenditures or is negative. The district's ASBR report indicated the district's

operating or unrestricted fund balance of \$11,575 would be 1.44% of expenditures.

For fiscal year 2006, the district has budgeted revenues of \$787,631 and expenditures of \$809,215. With a beginning balance of \$38,753, the budget shows a projected fund balance of \$17,169 (including restricted balances) at June 30, 2006. Although the Board President recommended an increase in the district's tax levy be placed on the August 2005 ballot during the April 2005 board meeting, the board did not approve submitting the ballot issue. In addition, the district overspent its budgets for the years ending June 30, 2005 and 2004, (See part B below) and the board is not provided with adequate monthly financial information to monitor the financial condition of the district (See part D. below).

Further, the district is only provisionally accredited by DESE and may not be reevaluated for several years. A provisionally accredited district has not met enough of the Missouri School Improvement Program (MSIP) standards and indicators to be accredited. (See MAR No. 6.)

It appears the district is facing serious financial problems and action is needed to increase revenues or reduce expenditures. The board should closely review all budgeted expenditures and perform a cost/benefit analysis of the Center. In addition, the school district does not have a long-term financial plan. Although the budget process provides annual financial planning, the school board needs to plan long-term to ensure the school district can maintain or increase the fund balance. The district should continue to work with DESE to ensure it becomes accredited.

- B. The school board amended its 2004-2005 and 2003-2004 budgets on June 28, 2005 and June 22, 2004, respectively (at fiscal year-end) after the actual expenditures were incurred. The following table illustrates budget amendments made by the School Board during the 2005 and 2004 fiscal year:

<u>Fiscal Year and Fund</u>	<u>Original Budget</u>	<u>Actual Expenditures</u>	<u>Amended Budget</u>
2005 Teachers	388,690	409,523	409,523
2004 Incidental	360,115	450,137	450,137
2004 Teachers	378,700	395,229	395,299

Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

In light of the district's declining financial position, it is imperative for the district to prepare accurate budget estimates on a timely basis and for the board to closely monitor actual revenues and expenditures. The board should refrain from

approving expenditures in excess of the budgeted amounts, and if necessary, adopt budget amendments in accordance with state law.

- C. The original budgets approved by the school district are not accurate or complete. The school district's original budgets for the 2004-2005 and 2003-2004 fiscal years did not include the superintendent's and lead teacher's salaries. However, the amended budgets prepared at the end of the year (noted above) did include these salaries. The district had no explanation why the amounts had been originally omitted. Preliminary budgets are prepared by the Superintendent and submitted to the board before the new fiscal year begins on July 1st of each year. For the school board to have a full understanding of all the school district expenditures and to properly monitor school funds, the budget should be accurate and complete. This was also noted in the district's MSIP report issued in April 2004.
- D. The board does not receive a detailed monthly financial report. The Superintendent prepares a monthly report showing only beginning and ending cash balances and total revenues and expenditures of both the Teachers and Incidental Funds combined for the board to review at each meeting. The board is not provided with adequate monthly financial information to monitor the financial condition of the district, such as a budget to actual report or detailed reports of monthly revenues and expenditures of each fund. In addition, without accurate and detailed financial information, the board can not make informed decisions about the district's operations. To adequately monitor the financial condition of the school district, the board should be provided a detailed and accurate budget to actual report each month.

WE RECOMMEND the School Board:

- A. Monitor the district's financial position and take all necessary steps to improve the financial condition of the district. In addition, the district should perform a cost/benefit analysis of the Center to determine its feasibility.
- B. Ensure budget amendments are made prior to incurring the actual expenditures.
- C. Ensure the budget is accurate and complete.
- D. Ensure detailed budget to actual reports for each fund are prepared and reviewed.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *As a cost savings step, we discontinued providing services for toddler aged children on June 30, 2005. We will monitor the district's finances monthly and take the necessary*

steps to improve the financial condition of the district. We will also revisit the possibility of placing an increase in the district's tax levy on the ballot.

- B. We have established a working budget that we will amend throughout the year as needed.*
- C. We have made adjustments to the 2005-2006 school year budget to clearly code and identify all salaries by staff, teachers, and administration.*
- D. The district administration will provide the board with a detailed budget to actual financial report monthly, and we will document our review of this report in the board minutes.*

2. Administrative Employees' Compensation and Payroll Procedures

The Superintendent's mileage allowance was not reported to the Internal Revenue Service (IRS) as taxable compensation. Also, the board approved additional compensation to four employees which appeared to be bonuses; these were not reported to the IRS as taxable compensation and taxes were not withheld. Additional controls over payroll need improvement, including timesheets are not prepared by administrative employees, time sheets prepared by hourly employees are not signed by the employee or the employee's supervisor, payroll duties are not adequately segregated, and the board failed to document why it did not pay a teacher in accordance with its salary schedule.

- A. The district pays the Superintendent a mileage allowance which is taxable compensation, but is not reported on his W-2 form. The Superintendent's 2004-2005 and 2003-2004 employment contracts each provide for a mileage allowance of \$6,000. According to expenditure records, the Superintendent was paid \$500 per month for mileage. IRS regulations require travel and expense reimbursements to be reported on the recipient's W-2 form unless the recipient is required to report related expenses to their employer. The district does not require the Superintendent to report his actual mileage. A similar comment was made by the district's auditor during the audit for the fiscal year ending June 30, 2004.
- B. In December 2003, the board approved additional compensation in the form of stipends to four employees for work previously performed relating to the district's MSIP report. The stipends ranged from \$250 to \$500 and totaled to \$1,750. The district indicated extra duties were performed by these individuals to prepare the report; however, it is unclear how the work was not within each employee's normal job duties outlined in their employment contracts. In addition, the district failed to enter into extra duty contracts or require the employees to document their time spent on this project. Further, these stipends were not included on the employee's W-2 form and taxes were not withheld. It is unclear why these stipends were treated differently than others, as we found evidence that the district entered into extra duty contracts with other employees who were paid stipends, reported those stipends on those employees' W-2 forms, and withheld taxes.

These stipends or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate Article III, Section 39 of the Missouri Constitution and appear contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "... a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." In addition, any additional compensation or stipends received by employees of the district should be reported on the employee's W-2 form.

- C. Each of the Superintendent's employment contracts required him to work 540 hours during both of the 2004-2005 and 2003-2004 school years. The Superintendent did not prepare and submit time sheets to the board documenting the number of hours worked in either school year. In addition, various administrative employees including the district Secretary, Early Childhood Center Director, and At Risk Aide do not prepare timesheets. The district Secretary does prepare a spreadsheet that tracks any leave earned, taken, and balances for all district employees (excluding the Superintendent) based upon leave request forms prepared by each employee. Timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked.
- D. Time sheets are prepared and maintained for hourly employees of the district; however, the time sheets are not signed by the employee or the employee's supervisor. Timesheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.
- E. Duties are not adequately segregated to provide the necessary internal controls over the payroll function. The district Secretary handles all payroll duties including preparation, record keeping, disbursing payroll checks, distributing employee W-2s, and maintaining the personnel files. A similar comment was made by the district's auditor during the previous annual audit for the fiscal year ending June 30, 2004.

In addition, the school board does not review or approve any payroll reports prepared by the district Secretary. As a result of not reviewing payroll reports for accuracy, the district failed to detect its under payment of payroll taxes to the IRS during the third quarter of 2003, and subsequently paid penalties and interest of \$600.

A proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of loss, theft, or misuse of funds. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employees time sheets by an independent individual would provide another supervisory review to minimize the risk of loss, theft or misuse of

funds. The district's lack of adequate review procedures over payroll allows the potential for errors and misstatements which may not be detected.

- F. A teacher was not contracted to be paid in accordance with the district's salary schedule during the 2003-2004 school year, and the board did not document its reasons for deviating from the approved salary schedule in the board minutes. The Superintendent indicated the board approved paying a teacher starting her fifth year of employment a salary equivalent to that of a first year teacher. The district's salary schedule provides for salaries to be based upon years of service and education. District policy requires the board to be responsible for establishing salary schedules, terms of employment, and other personnel policies district wide. To ensure employees are treated fairly and equitably, teachers should be paid in accordance with salary schedules established by the board, and if necessary, the board should document its decisions to deviate from the district's salary schedule in its minutes.

WE RECOMMEND the School Board:

- A. Properly report all taxable fringe benefits, and amend the Superintendent's W-2 form.
- B. Stop the practice of paying bonuses, and amend the employee's W-2 forms.
- C. Ensure administrative employees prepare timesheets.
- D. Ensure all timesheets have been signed by both the employee and the employee's supervisor.
- E. Adequately segregate the payroll function of recording, calculating and dispersing payroll. At a minimum, there should be a documented supervisory review of the reconciliation between time sheets and payroll records. In addition, payroll records should be reconciled with payroll tax forms to ensure all payroll taxes are properly paid.
- F. Ensure teachers are paid in accordance with the district's salary schedule, and if deviations from the schedule are necessary, document the board's decisions in its minutes.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will amend the Superintendent's W-2 form, and in the future, we will ensure any mileage allowances are included on W-2 forms.*

- B. *It was not our intention to pay bonuses. We intended for this to be a stipend. We were not aware of the law. In the future, we will ensure bonuses are not paid. We will amend the employees' W-2 forms.*
- C. *We will take this recommendation under advisement.*
- D. *We implemented this recommendation at the start of the 2005-2006 school year.*
- E. *We will have the district administrator review and sign-off on all payroll reports.*
- F. *In the future, we will document any deviations from the school district's salary schedule.*

3. Expenditures

The district provided over \$11,265 in educational assistance to its lead teacher without adopting an educational assistance plan or policy or entering into a written agreement with him regarding any future employment requirements. In addition, the district did not include the value of the educational assistance benefits on the lead teacher's W-2 as a taxable benefit. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy, and the district's procedures for reviewing and approving invoices for payment are in need of improvement. Checks are signed in advance by the Board President and Treasurer, supporting documentation was not retained for some payments made, procedures are not in place to ensure Forms 1099 are always filed with the IRS, and the district did not always enter into written contracts defining services to be provided and benefits to be received. Further, controls over fuel, mileage reimbursements, and phone usage need improvement.

- A. The district provided over \$11,265 in educational assistance to its lead teacher without adopting an educational assistance plan or policy or entering into a written agreement with him regarding any employment requirements of the educational assistance. In addition, the district did not report the value of the educational assistance provided to the lead teacher on his W-2 form as a taxable benefit. During the year ended December 31, 2004, the district paid a university \$7,745 for tuition, and also reimbursed the lead teacher \$1,087 and \$194, for mileage and books, respectively, so that he could obtain a masters degree in elementary education and his certification to act as a principal. During the period January 1 through June 30, 2005, the district paid additional amounts for tuition, mileage, and books and testing fees, of \$1,470, \$304, and \$465, respectively. The lead teacher provided us documentation that he attended classes during nonworking hours. The district did not establish an educational assistance plan or policy nor did it enter into a written agreement with the lead teacher that would have required him to work for the district for a certain period of time to ensure the district received some benefit from its investment. In addition, IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits*, indicates that if the employer

does not have an educational assistance plan and the benefits received by the employee are not a working condition of employment, the entire amount of educational assistance would be a taxable benefit to the employee.

- B. The district's bidding policy only requires competitive bidding for construction of facilities that are projected to exceed \$15,000, its insurance contract, bank depository services, and other products or services as required by law. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The following are examples of purchases for which the district did not follow a bid process or did not retain adequate bid documentation:

Item	Cost
Trailer for the Center	\$ 48,356
Food (2003-2004 school year)	18,289
Food (2004-2005 school year)	14,346
Computer equipment (one time payment)	4,222
Computer maintenance (2004-2005 school year)	5,000
Heating unit (one-time payment)	4,142
Bus repairs (one-time payment)	3,604
Auditing services (2003-2004 school year)	2,000
Auditing services (2004-2005 school year)	2,500

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for all types of expenditures. Bids could be handled by telephone quotation, sealed bids, or advertised sealed bids. Different approaches may be appropriate depending on the dollar amount of the purchase. Written documentation of bids also provides evidence that the board has complied with its procurement policy. Bid documentation should include a list of vendors contacted, a copy of the bid specifications, copies of all bids received, justification for awarding the bid, and documentation of discussion with vendors.

- C. The district does not perform a reconciliation of district invoices, the listing of bills reviewed by the school board, and the actual checks written. The school board reviews and approves a listing of expenditures each month; however, the listing does not always include some expenditures paid prior to each board meeting. In addition, while the Superintendent indicated he reviews invoices prior to payment, his review is not documented, and the board does not review invoices and/or supporting documentation unless a specific expenditure is questioned. For example, neither the board nor the Superintendents' approval was documented on either the listing of expenditures reviewed by the board or the actual invoices for 37 of 52 expenditures we selected for review.

Good business practice requires all disbursements to be closely scrutinized by the board or someone independent of the disbursement process and properly authorized. Failure to properly review all invoices and other supporting documentation, and to document authorization, increases the possibility of inappropriate disbursements occurring. To adequately document the board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the board to denote their approval, and retained with the official minutes. In addition, the Superintendent should document his review of each invoice, and an independent reconciliation of invoices; the approved listing of bills; and actual checks written should be performed.

- D. Invoices are typically not marked paid or otherwise cancelled by the district Secretary or board members. In addition, receipt of goods or services is not always indicated on the invoice prior to the expenditure being approved for payment. For example, receipt of goods or services was not indicated for computer equipment (\$4,222), fuel (\$1,175), and storage containers (\$556). Canceling invoices and all other supporting documentation reduces the possibility of duplicate payments, and documentation of the receipt of goods or services is necessary to ensure the district actually received the items or services being paid.
- E. Checks are signed in advance by the Board President and Board Treasurer for payroll expenditures and other bills that are due prior to the board meeting. To adequately safeguard assets, checks should not be signed until all pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the board.
- F. The district issued five checks totaling \$750 to the food service cook during the 2003-2004 and 2004-2005 school years to purchase food for the cafeteria and snacks for the after school program. Supporting documentation was not retained for \$600 of these advances. The district Secretary indicated these advances were used to purchase food at a local grocery store that only accepts cash and debit cards for payment; however, other documentation indicated that some of the purchases were made at vendors where the district had a charge account. Also, adequate supporting documentation for various other district expenditures including student t-shirts, hotel accommodations, and bus repairs was not always retained.

All expenditures should be supported by vendor invoices to ensure the obligation was actually incurred and the expenditure represents an appropriate use of funds. When circumstances arise where a check is issued prior to receiving supporting documentation of district purchases, the board should perform a follow up review of the transaction to ensure district funds were expended as intended.

- G. The district has no procedures in place to ensure Forms 1099 are always filed with the IRS when required. As a result, the district did not file 1099s with the IRS for

computer services and bus repairs totaling approximately \$5,000 and \$2,000, respectively.

Section 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on Forms 1099.

- H. The district did not always enter into written contracts defining services to be provided and benefits to be received. For example, the district paid an individual \$500 a month during the 2004-2005 school year for computer technical services. The district did not enter into a written agreement for these services. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo, require contracts for political subdivisions to be in writing.
- I. Mileage and fuel usage logs are not reconciled to fuel purchases. Fuel for a diesel fuel bus is purchased at a local station, and the district also maintains an unleaded fuel tank at the school for two other buses. Established procedures required bus drivers to complete mileage and fuel usage logs for each bus indicating how much fuel was pumped. The district spent approximately \$9,500 and \$13,200 for fuel during the fiscal years ending June 30, 2005 and 2004, respectively. To ensure the reasonableness of fuel expenditures, the district should reconcile mileage and fuel usage logs to fuel purchased. Failure to account for fuel purchases could result in loss, theft, and misuse.

In addition, the district reimbursed some employees for personal mileage driven to seminars and meetings; however, mileage reimbursement requests submitted by the employees did not always include detailed information about the purpose of the trip and the destination. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the board should require the requests to be adequately detailed, including the purpose and destination of each trip.

- J. The district has not developed a written policy regarding phone usage. Our review of the district's phone bill for August through September, 2003 noted several personal long distance calls. A formal written policy is necessary to address the usage and the monitoring of the district phones to ensure they are used for business purposes. The district should consider prohibiting personal use, except in cases of emergency.

WE RECOMMEND the School Board:

- A. Establish an educational assistance plan/policy, and enter into written agreements with employees receiving educational assistance. In addition, the board should

ensure an amended W-2 is prepared and filed with the IRS for the lead teacher's educational assistance.

- B. Adopt a more comprehensive bid policy which requires bidding and establishes bidding guidelines for other types of expenditures. Such bid policies should include criteria on how bids are to be solicited and when formal advertising should be used. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of these circumstances.
- C. Ensure detailed and complete listings of bills are prepared, that the board's approval is reflected on the listing, and that the listing is retained. In addition, either the board should review the invoices or assign someone independent of the check preparation and signing process to perform and document this review. Approved listings of bills should also be compared to checks written.
- D. Ensure all invoices are properly canceled, by marking the invoice 'Paid,' this would reduce the possibility of duplicate payments, and require all invoices to be initialed or signed by a district employee to indicate acceptance of the goods or services.
- E. Discontinue the practice of signing checks in advance.
- F. Ensure documentation is retained for all expenditures. In the future, if checks need to be issued prior to receiving supporting documentation, the board should perform a follow up review of the transaction to ensure funds are expended as intended.
- G. Ensure Forms 1099 are prepared and submitted to the IRS as required.
- H. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.
- I. Ensure a documented periodic reconciliation of fuel purchased to amounts used is performed, and investigate any significant discrepancies. In addition, the board should require employees to record detailed information as to actual mileage, destinations traveled, and the purpose of district business on mileage reimbursement requests.
- J. Develop a formal written policy regarding the use of the district's telephones, including a provision prohibiting their use for personal reasons. In addition, the district should establish a monitoring system, and ensure an independent and adequate review of the phone bills is performed.

AUDITEE'S RESPONSE

The School Board indicated:

- A. We consulted with DESE on this issue, and they indicated title funds could be used for this purpose. However, we were not aware of the Internal Revenue Service Publication on education assistance. We will amend the employee's W-2 form. The lead teacher attended class from 5:30 to 9:30 p.m. on Wednesday evening in Pleasant Hill over the past 18 months to obtain a certificate to be the principal of the school district.*
- B. We will reevaluate our bidding policy.*
- C. We will require the district administrator to review and sign all invoices and bills. We will require the district administrator to provide a complete list of bills and invoices to the board for our review. We will include board member signature lines on the list of invoices and bills to indicate the board's approval.*
- D. The district secretary is currently marking all invoices paid, and we will require the district administrator to initial the invoice to document receipt of goods or service.*
- E. If the need arises that checks need to be signed in advance, the board member pre-signing the checks will document their review of those checks/transactions at the next board meeting.*
- F. We will obtain and retain documentation for all purchases.*
- G. We will prepare and submit Forms 1099.*
- H. We recently entered into a written agreement for these computer services.*
- I. We will periodically reconcile the amount of fuel purchased to mileage logs maintained. We will ensure the established detailed mileage reimbursement form is used.*
- J. We will adopt a phone policy and review bills for personal calls.*

4. Conflicts of Interest and Financial Disclosure
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Various board members violated the district's conflicts of interest and financial disclosure policy. For example:

- The board president's wife was hired as the at risk aide and as a bus driver several years ago (prior to her husband serving on the school board). While the Board President abstained from voting on any salary increases related to his wife, he was the **only** board member that signed/approved his wife's written employment contract. By

signing his wife's employment contract, it appears the Board President may have violated the district's conflict of interest policy.

The district's conflict of interest policy provides for board members to make a good faith effort to avoid a conflict of interest, and if a situation arises which involves the potential for a conflict of interest, the board member will declare his interest and refrain from action regarding the transaction in question.

- School board members did not file financial interest statements with the district as required.

The district's financial disclosure policy requires all board members to file a financial interest statement with the district which discloses all potential board member and employee conflicts of interest including transactions between any business entity in which such individuals have a substantial interest. Substantial interest is defined as ownership by the individual, his/her spouse, or dependent children, either singularly or collectively of ten percent or more of any business entity or an interest having a value of \$10,000 or more, or receipt of a salary, gratuity or other compensation of \$5,000 or more from any individual partnership, organization or association within any calendar year.

WE RECOMMEND the School Board strictly enforce the district's conflict of interest and financial disclosure policy.

AUDITEE'S RESPONSE

The School Board indicated the former board president is no longer the president. We will adopt a written policy that will address this issue and require another board member to sign any contracts involving relatives. We will file financial interest statements.

5. School Board Minutes and Appointment Policies

The open meeting minutes do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. In addition, the district's school board failed to follow its own policy for filling board vacancies.

- A. The open meeting minutes do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. In addition, it is not clear whether some issues discussed by the board in the closed meetings complied with the provisions of the Sunshine Law. The school board held 20 closed meetings from July 2003 to July 2005 and all had discussions that were questionable.

For example, on April 13, 2004, the board approved the staff handbook and leave policies, on July 13, 2004, the board approved a severe weather school closing

policy, and on August 10, 2004, the board approved dividing the infant and toddler room to make a two to three year old room in the early childhood center.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, the law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings including litigation; real estate transactions; bid specifications and sealed bids; personnel matters; and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The district's school board failed to follow its own policy for filling board vacancies. Two board members resigned and new members were subsequently appointed between April 2004 and January 2005; however, board minutes did not indicate that the board interviewed or approved (by vote) either of the candidates in accordance with their own policy. The school board's unexpired term fulfillment/vacancy policy states the board will (1) announce and make public notification in a local newspaper of any school board vacancies, (2) interview perspective candidates in open session, and (3) approve any candidate by vote in open session.

To ensure board member appointments to vacant positions are handled fairly and to ensure the best candidate is appointed, the board should follow its own policy.

WE RECOMMEND the School Board:

- A. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure closed meetings are conducted according to state law.
- B. Review and follow its policy for filling board vacancies.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will follow state laws regarding closed meetings.*
- B. *In the future, we will follow district policy.*

The Davis R-XII school board failed to properly document hearings and decisions made regarding student residency waivers. In addition, the district did not retain documentation of substitute teachers' background checks, applications, and certifications, and one substitute teacher's certification had expired prior to the district hiring him during the 2003-2004 school year. Also, the district employed a Librarian, a Guidance Counselor, and a Physical Education teacher that were not certified or appropriately certified by DESE to work in these subject areas during either the 2003-2004 or the 2004-2005 school years. Further, the district has not corrected some of the areas of concerns addressed in DESE's MSIP report.

- A. District policy and state law allows residency enrollment requirements to be waived for some students and requires school boards to convene a hearing to consider the student's request for a waiver. However, the Davis R-XII school board failed to document a hearing was held and the discussions or reasons related to approving or disapproving student waivers in the board minutes. To document compliance with district policy and state law and to ensure consistent treatment of individuals receiving residency waivers, the district should document the waiver hearing and the reasons for approving or disapproving waivers in the board minutes.
- B. District policy requires all substitute teachers to be certified by DESE and to satisfactorily complete background checks and screenings. The policy also requires all substitute teachers' applications and certifications from DESE to be processed in the Superintendent's office; however, the district did not retain documentation of the substitute teachers' background checks, applications, or certifications. Further, one substitute teacher's certification had expired prior to the district hiring him during the 2003-2004 school year. To ensure substitute teachers are qualified and certified by DESE, documentation of each substitute teacher's background check, application, and certification should be retained in the employee's personnel file.
- C. The district employed a librarian, guidance counselor, and physical education (P.E.) teacher that were not certified or appropriately certified by DESE to work in these subject areas during the 2003-2004 or 2004-2005 school years. For example: (1) The district employed an individual who was **only** certified as a substitute teacher as the school's guidance counselor during the 2003-2004 school year. The district subsequently hired (in August 2004) an appropriately certified guidance counselor 1 day a week. (2) The at risk aide/bus driver served as a part time librarian during the 2003-2004 school year, although she was not certified by DESE. The district subsequently hired (in August 2004) a certified librarian 1 day a week. (3) The district employed the lead teacher to teach P.E. during the 2004-2005 school year, although he was not appropriately certified by DESE. The district plans for the lead teacher to continue to teach P.E. during the 2005-

2006 school year. DESE's MSIP report issued in March 2004 also reported the district's Guidance Counselor and Librarian were not appropriately certified or certified by DESE. To ensure students are receiving quality instruction and the district becomes accredited, the district should ensure employees are appropriately certified by DESE.

- D. The district has not corrected some of the concerns addressed in DESE's MSIP report. While the Superintendent and Lead Teacher told us some of the areas of concern have been or are in the process of being corrected, other concerns have not been resolved. In addition, the Lead Teacher indicated that the district could not be reevaluated by MSIP until the district student's Missouri Assessment Program (MAP) scores meet the standards set by DESE. The earliest the district can be reevaluated is in the fall of 2006 (dependent upon the student's MAP scores).

DESE's MSIP reviewed various procedures of the district for compliance with state and federal requirements and issued a report in March 2004. The MSIP report addressed many areas of concerns and recommended the district to **only** be provisionally accredited. Some of the areas of concern include: 1) library improvements are needed, including adequate seating/workspace, updated resources, additional hours of service, and a certified librarian, 2) a certified guidance counselor is needed, 3) improvements are needed in the professional development of teachers, 4) the district failed to demonstrate substantial compliance with state and federal regulations for implementing Individuals with Disabilities Education Improvement Act, and does not provide appropriate services to identify gifted students, 5) the district failed to evaluate its teachers, survey its graduates in their first or second year of high school regarding their preparation for high school, or include a statement of nondiscrimination on its job applications and vacancy notices, 6) the district's budget is not complete and is not utilized to monitor revenues and expenditures, and 7) the district's Parents As Teachers Committee has not been established, and the district's Guidance Advisory Committee does not have community representation.

To ensure the district will be accredited, the district needs to correct concerns addressed in the MSIP report and continue to work with DESE to ensure any new state and federal standards or requirements are met.

WE RECOMMEND the School Board:

- A. Clearly document the reasons for approving or denying residency waivers in the board minutes.
- B. Ensure substitutes are certified by DESE, and background checks, applications, and certifications are documented in each employee's personnel file.
- C. Ensure employees are certified by DESE.

- D. Ensure concerns addressed in the MSIP report are corrected, and continue to work with DESE to ensure any new state and federal standards or requirements are met.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *In the future, we will follow district policy and document reasons for approving or denying residency waivers in the board minutes.*
- B. *We will require the administrator to update substitute teacher files annually to ensure documentation of certification, background checks, and applications is on hand.*
- C. *Currently all teachers are certified; however, the P.E. teacher is teaching outside his certified subject area. We will continue to work towards requiring all teachers to be appropriately certified.*
- D. *We have corrected some of the concerns noted in the MSIP report and are working towards resolving the others. This is an ongoing process involving much attention and time.*

7. Accounting Controls

Controls over meal and tuition collections need improvement. Accounting duties are not adequately segregated, receipts are not deposited intact or in a timely manner, pre-numbered receipt slips are not issued for monies received, and an adequate system for tracking meal accounts receivables/payables has not been established. The district Secretary maintains a petty cash fund for small purchases. It is not maintained on an imprest basis and a petty cash ledger is not maintained. Employees who collect receipts and have access to money are not covered by an employee bond.

The district collects monies for meals (breakfast, lunch, and milk) and tuition for the Early Childhood Center and after school care. The district collected \$5,750 and \$53,101 for meals and tuition during the 2004-2005 school year.

The At Risk Aide collects meal monies and prepares a daily cash ledger that indicates the date, payee, composition of the receipt (cash/check), number and dollar amount of meals and snacks, and after school care tuition purchased by each student. In addition, she prepares a daily log of meals and snacks served to each student/teacher.

Parents deposit tuition payments in a drop box at the Center. The Lead Teacher collects tuition from the drop box and remits it to the district Secretary. The district Secretary prepares a log of tuition receipts received from the Lead Teacher. An attendance spreadsheet is prepared by the Center Director that documents the student's name, dates attended, amount, date paid, and the check number.

- A. Accounting duties are not adequately segregated. The At Risk Aide is primarily responsible for receiving, recording, preparing the deposit, and transmitting meal monies to the district Secretary for depositing. Although the district secretary deposits the monies, she does not reconcile the monies received and deposited to the ledger of meal monies collected.

In addition, the district Secretary records tuition receipts, and prepares and makes the deposit.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by requiring the district Secretary to reconcile meal monies received and deposited to the Director's ledger of meal monies collected, and segregating accounting and bookkeeping duties regarding tuition monies among available employees or by implementing an independent documented review of records by another employee or the Superintendent.

- B. Receipts are not deposited intact or in a timely manner. During a cash count conducted on April 26, 2005, meal and tuition receipts totaled to \$352 and \$449, respectively. These meal receipts and others collected subsequent to the cash count totaling \$692 were not deposited by the district Secretary until May 23, 2005. These tuition receipts and others collected subsequent to the cash count totaling \$2,479 were not deposited by the district Secretary until May 5, 2005. In addition, of the meal receipts counted, cash receipts totaled to \$80; however, only \$18 in cash was deposited. According to the district Secretary, \$62 cash was given to the At Risk Aide for a change fund; however, this was not adequately documented. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100, and checks should be restrictively endorsed immediately upon receipt.

- C. Pre-numbered receipt slips are not issued for any monies received. To properly account for all receipts and ensure they are properly deposited, pre-numbered receipt slips should be issued for all monies received and reconciled to monies deposited.
- D. The At Risk Aide does not have an adequate system to track meal accounts receivables. The school district processed approximately \$5,750 and \$7,228 in meal receipts for the 2004-2005 and 2003-2004 school years, respectively. The At Risk Aide records monies received from students on a daily cash ledger sheet. She then records the number of meals purchased on each student's meal ticket by drawing an open circle for each meal purchased. As a student is served a meal in the cafeteria, the At Risk Aide fills in the open circle. Because the At Risk Aide

does not track the dollar value associated with the meals purchased or served, she can not readily identify the dollar value of any meal accounts receivables/payables. To ensure proper accountability over meal collections and meal accounts receivables/payables, an adequate system for tracking meals purchased, served, and any meal monies on hand should be established. In addition, the accounts receivable balance should be reconciled with meal monies on hand.

- E. The district Secretary maintains a petty cash fund for small purchases; however, it is not maintained on an imprest basis. The Secretary indicated miscellaneous cash receipts collected from the purchase of school supplies by parents, any change returned from cash purchases made by the At Risk Aide, or change from small purchases are placed in the petty cash fund. In addition, the district does not maintain an adequate petty cash ledger or proper documentation to support the receipts and disbursements of the petty cash fund. During a cash count conducted on April 26, 2005, the petty cash fund contained \$25 with no supporting documentation. The district could provide no documentation of how much money was collected and spent through this petty cash fund during the 2004-2005 or 2003-2004 school years.

To ensure all receipts are appropriately handled and recorded, and disbursements are proper, the district should maintain the petty cash fund on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should only be reimbursed by district checks equal to the amount of the paid invoices and other district receipts should not be added to the fund. In addition, the district should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

- F. The Board President, Board Treasurer, and district Secretary are authorized to sign checks; however, only the Board Treasurer is bonded. In addition, other employees who collect receipts and have access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the district's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the School Board:

- A. Ensure the district Secretary reconciles meal monies received and deposited to the ledger of meal monies collected. In addition, provide for an adequate segregation of duties or the performance of independent reviews of the accounting records regarding early child care tuition monies.
- B. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.

- C. Require pre-numbered receipt slips to be issued for all monies received.
- D. Ensure the At Risk Aide maintains an adequate system for tracking the dollar value of meals purchased, served, on hand, and due. In addition, the accounts receivable balance should periodically be reconciled with meal monies on hand.
- E. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. The district should also ensure a petty cash ledger is maintained.
- F. Ensure all employees or Board Members with access to cash or that sign checks are adequately bonded.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will require the district administrator to reconcile cash receipts to deposits.*
- B. *We will make deposits intact at least weekly.*
- C. *We are currently issuing pre-numbered receipt slips.*
- D. *We have installed a food service software program that will allow us to track meal monies.*
- E. *We have established a petty cash fund of \$25.00, and the district secretary is maintaining a ledger and retaining documentation of all petty cash fund expenditures.*
- F. *We have already obtained bond coverage for these employees.*

8.	Depository Contract and Collateral Securities
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The district has not solicited proposals for its checking and depository services nor entered into a written agreement with its depository bank in several years. In addition, the district has not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were under collateralized.

- A. The district has not solicited proposals for its checking and depository services nor entered into a written agreement with its depository bank in several years. In January 2005, the district was only earning 1.23% in interest, paying for the rental of a safe deposit box, and being charged fees for returned checks. To ensure the quality of banking services and ensure interest earnings received by the district are maximized, the district should procure its banking services through a competitive bid process. A written depository contract helps both the bank and

the district understand and comply with the requirements of any banking arrangement. The contract, among other things, may specify the bank fees for check printing, checking account services, safe deposit boxes, interest charges for borrowing funds, interest rates for invested funds, and a requirement for the bank to pledge collateral security for any deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage. In addition, the district's bidding policy requires competitive bidding for bank depository services.

- B. The district has not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were under collateralized. The amount of collateral securities pledged by the district's depository bank to cover deposits of the school district was insufficient by approximately \$85,463, \$10,209, and \$25,000 during January 2005, 2003 and 2002, respectively. A similar comment was made by the district's auditor during the previous audit for the fiscal year ending June 30, 2003. Section 110.020, RSMo, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave district funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the School Board to seek proposals or competitively bid the district's banking services, enter into a written depository agreement with its depository bank, and establish monitoring procedures to ensure its depository bank pledges adequate collateral securities at all times.

AUDITEE'S RESPONSE

The School Board indicated they will bid banking services and include collateral security requirements in the bid specifications. They will also monitor district funds to ensure funds are adequately secured.

9. General Fixed Assets

A permanent detailed record of the property owned by the district has not been properly maintained. Physical inventories of property located in each classroom and in the administrative offices have not been performed in several years. The last physical inventory for some of the classrooms was conducted in 2000, with others that dated as far back as 1994. In addition, the district does not tag or otherwise identify fixed assets as property of the district. Further, the district has not recorded the Early Childhood Center building valued at \$48,000 on its property records.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage,

and provide assurance to the public that assets purchased with school monies are being utilized by the school district. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Pre-numbered tags, when affixed to property items, allow for identification of property in the records and may deter the potential for personal use of district assets.

A similar condition was noted by the district's auditor in the previous annual audit for the year ending June 30, 2004.

WE RECOMMEND the School Board establish property records for all fixed assets and require annual physical inventories of the fixed assets. Additions to the property records should be reconciled to purchases annually, and pre-numbered inventory tags that label each item as "Property of Davis R-XII School District" should be attached to all fixed assets. The Early Childhood Center building should be added to the district's property listing.

AUDITEE'S RESPONSE

The School Board indicated they will prepare a listing of district property and periodically conduct inventories. They will attach property tags to fixed assets.

HISTORY, ORGANIZATION AND
STATISTICAL INFORMATION

DAVIS R-XII SCHOOL DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Davis R-XII School District is located approximately 11 miles west of Clinton on Highway T. It covers approximately 87.6 square miles within Henry County.

The district operates an elementary school (grades K-8) and a early childhood center (pre-school). Enrollment in the elementary school and early childhood center was approximately 44 and 25, respectively, for the 2003-2004 school year. The district employed approximately 28 full- and part-time employees, including 1 administrator, 12 teachers, and 15 support staff.

The Davis R-XII School District has been classified under the Missouri School Improvement Program (MSIP) as "Provisionally Accredited" by the Missouri Department of Elementary and Secondary Education. A provisionally accredited district has not met enough of the MSIP standards and indicators to be accredited.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board during the year ended June 30, 2004, were:

School Board	Dates of Service During the Year Ended June 30, 2004
David L. Vaughn, President (1)	July-June
Donald O. Batschelett, Jr., Vice President (2)	July-June
Amanda K. Cothorn, Treasurer (3)	July-June
Michael R. Hendrich, Member	July-June
Donald A. Hale, Member (4)	July-June
Brian Danforth, Member	July-April
Keri A. Spurgeon, Member (5)	April-June
Darren M. Sanders, Member (6)	July-June

(1) Michael Hendrich was approved by the board as President in April 2005.

(2) Amanda Cothorn was approved by the board as Vice President in April 2005.

(3) Keri Spurgeon was approved by the board as Treasurer in April 2005.

(4) Replaced by Sue Steward in April 2005.

(5) Replaced Brian Danforth, who resigned in April 2004.

(6) Replaced by Sheryl Hull, who was elected in April 2005.

The district's other principal officials during the year ended June 30, 2004, are identified below. The compensation of these officials is established by the school board.

Other Principal Officials	Dates of Service During the Year Ended June 30, 2004	Compensation Paid for the Year Ended June 30, 2004
Larry D. Hagedorn, Superintendent (1)	July-June	\$ 22,500
Jeff Levy, Lead Teacher/Preschool teacher(2)	July-June	30,000
Juli Schmedding, Early Childhood Center Director	July-June	28,637
Judy Sanders, Secretary	July-June	32,833

- (1) Superintendent's salary for fiscal year 2005 is \$23,400. A \$6,000 mileage allowance is included in the salary amount each year.
- (2) Jeff Levy will become Principal in July 2005 with a salary of \$36,000. Job duties of a lead teacher include many duties of a principal; however, the lead teacher is not certified as a principal.

Assessed valuations and tax rates for 2004 and 2003 were as follows:

	2004	2003
Assessed valuation	\$ <u>13,039,561</u>	\$ <u>10,964,194</u>
Tax rate:		
General	\$ 3.559	\$ 3.559



Claire McCaskill

Missouri State Auditor

November 2005

Grandview C-4 School District

Year Ended June 30, 2004



Office Of
Missouri State Auditor
Claire McCaskill

November 2005

The following problems were discovered as a result of an audit conducted by our office of the Grandview C-4 School District.

The school district does not always solicit bids or retain bid documentation for major purchases. District employees indicated that in most instances, bids were solicited through telephone quotes or other direct contacts with vendors; however, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor were not retained for some purchases. The district did not have formal procurement policies prior to March 2004, and district personnel indicated the only bidding policy which was regularly followed was the state law that required bids for major construction projects totaling more than \$12,500. In addition, district personnel had difficulty locating various expenditure records and files. Also, purchase orders for several expenditures were missing, incomplete, prepared subsequent to incurring the related expenditure, or did not have the required approval. Expenditure records are located at various buildings throughout the district and no standard system is used for maintaining these records.

Credit card purchases were approximately \$24,000 during fiscal year 2004, and approximately \$46,000 through April 2005. Some credit card charges were accompanied with just the charge receipt which did not document the goods or services received, and some charges were not accompanied with any type of invoice or receipt. Additionally, the district has not established policies for district-provided food expenditures for employees not on travel status, does not adequately track food expenditures, and did not document the purpose of some food expenditures.

The district has not complied with some of the contractual requirements with the City of Grandview regarding shared telephone and data communication systems. The contract requires the district to be responsible for maintaining the system and the district bills the city for its share of the operating costs. Total annual operating costs have averaged approximately \$350,000, with the city's share averaging approximately \$90,000 annually. The district has not billed the city for its share of 2004 operating costs.

The audit report also includes some other matters related to budgetary procedures, an ethics violation related to a district newsletter, and mobile communications controls upon which the school district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

GRANDVIEW C-4 SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
Grandview C-4 School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Grandview C-4 School District. The school district engaged Daniel, Schell, Wolfe and Associates, P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended June 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended June 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Grandview C-4 School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Marty Beck
Audit Staff:	Tania Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

GRANDVIEW C-4 SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Procurement Practices and Records
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District procurement practices and record-keeping need improvement. A review of the expenditure process noted inconsistent bidding procedures and missing or misfiled transaction information, including purchase orders, bidding documentation, and vendor files.

- A. Procedures for maintaining district expenditure records need improvement. District personnel had difficulty locating various expenditure records and files. Expenditure records are located at various buildings throughout the district and no standard system is used for maintaining these records. The district's decentralization of purchasing functions may have contributed to this problem. The district is currently in the process of centralizing all of the district's purchasing and associated record keeping functions.

Retention of accounting records is essential to establishing accountability for the district's financial activity. Expenditure files should include all relevant information related to specific expenditures, and they should be properly controlled and filed to ensure they are readily accessible when needed. Procedures for periodic reviews of the accounting records would help improve the accuracy and completeness of the records.

- B. The school district does not always solicit bids or retain bid documentation for major purchases. District employees indicated that in most instances, bids were solicited through telephone quotes or other direct contacts with vendors, and other means, such as State of Missouri purchasing contracts, were used; however, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor were not retained for some purchases. Examples of items and services purchased for which bid documentation could not be found or was not sufficient are as follows:

Item Purchased	Cost
Asphalt sealant--labor and materials	\$ 39,115
New doors--labor and materials	53,547
Ditch materials	8,400
Carpet--labor and materials	30,100
Projectors and accessories	24,359
Flooring--labor and materials	11,225
Loader	20,750
Computer equipment	21,488
Heating and cooling--labor and materials	83,151

The district did not have formal procurement policies prior to March 2004, and district personnel indicated the only bidding policy which was regularly followed was the state law that required bids for major construction projects totaling more than \$12,500 (recently changed to \$15,000). The district's procurement policy which became effective March 2004 requires that written bids be obtained for all purchases which involve an expenditure of more than \$5,000. In addition, expenditures over \$300 require documented price quotes from at least three competing vendors or catalogs. While the establishment of formal procurement policies should help ensure bids are solicited for major purchases, some of the purchases noted above were made subsequent to March 2004.

Adequate bidding documentation provides evidence that the district is obtaining the best possible service or product at a reasonable price.

- C. The district did not solicit proposals for architectural services as required by district policy. In 2000, the district obtained a proposal from a single architectural firm and has contracted with this firm exclusively for the past several years. The district had not solicited proposals from other architectural firms since 1996. District policy requires the consideration of at least three qualified firms prior to procuring architectural services. In March 2005, the district did solicit proposals from several architectural firms for consideration on upcoming projects.

To ensure other interested firms have the opportunity to participate in district business and to ensure the district obtains the best services for a reasonable price, the district should follow its policy and solicit at least three proposals when obtaining architectural services.

- D. Purchase orders for several expenditures were missing, incomplete, prepared subsequent to incurring the related expenditure, or did not have the required approval. District policy requires that purchase orders be prepared and approved by a supervisor prior to ordering the applicable goods and services. Purchase orders should be prepared and approved prior to incurring the related expenditures to help ensure expenditures are reasonable and necessary.

Similar findings were noted by the CPA firm that performed the district's financial statement audit for the year ended June 30, 2004.

WE RECOMMEND the School Board:

- A. Ensure complete and accurate expenditure files are maintained and establish procedures to provide periodic reviews of the records.
- B. Ensure bids are solicited for all purchases in accordance with district policy and all applicable bid documentation is retained.

- C. Ensure architectural services are solicited by using the criteria defined in district policy.
- D. Require purchase orders be prepared and approved prior to incurring the related expenditure.

AUDITEE'S RESPONSE

- A. *We agree that complete and accurate expenditure files need to be maintained consistently. The errors in this area confirm the need, though the variance has been a small percentage of district purchases. Most were attributable to the de-centralization of the purchasing function to schools and departments.*

Re-centralization of purchasing and reorganization of the business office have been implemented to address these issues.

- B. *We agree with seeking bids for appropriate items, per Board procedures, and maintaining documentation of actions. In March 2004, the Board established its initial interim purchasing procedures. Prior to the adoption of those procedures, the district bid, bargained/negotiated, and haggled for the best deal for goods and services. In the then decentralized purchasing process, records were not centrally maintained. Of the above purchases, six occurred before the cited board purchasing process was adopted. Board procedures and state law required bids on items over \$12,500 for construction – not for maintenance work or goods and services. Repairs and replacements are generally considered maintenance.*

On the itemized list of purchases (#'s from audit):

Asphalt sealant—labor and materials – Repair of driveways and playgrounds. Project was bid using city specs and lowest bidder dropped out, objecting to following the specs. Winning bidder was second low bidder and selected, documentation can be made available.

New doors—labor and materials – Time and materials to repair/replace doors at high school. Quotes sought by telephone for rates.

Ditch materials – Ditch repair at high school and parts for storm sewer. Telephone quotes sought before purchase.

Carpet—labor and materials – Replace tile and carpet as needed for broken tile or tattered carpet. Telephone quotes done annually for labor and materials and low bidder was selected.

Projectors and accessories – Repair parts and replacement parts, plus some new purchases to upgrade services in classrooms, purchased from State/Federal bid list.

Flooring—labor and materials – Remove and install new flooring, repair jobs, etc., below required \$12,500 bid threshold in Board policy. Job was bid, documentation can be made available.

Loader – Item was bid, documents were misplaced in change of personnel, can be made available.

Computer equipment – Materials purchased off of State/Federal bid list.

Heating and cooling—labor and materials – Roof top units from Board-approved sole provider chosen from prior RFP's, based on dehumidification capacity of these units. No other manufacturer can provide needed units.

While documentation was not provided to cover these items at the time of the audit, several were issues addressed at the Board table where they were approved. All of them were subject to bid, quotes or negotiated purchase, or from State/Federal pre-approved bid lists. The district is committed to getting the most for its money in every instance.

- C. We disagree that proposals for architectural services were not solicited. In 1996, architectural services were broadly solicited and two were selected. An architect was selected and approved by the Board in February 2000. In March 2005, another broadly targeted solicitation was published and architects were selected and approved by the Board.*
- D. We agree that purchase orders should precede actual purchase (there are emergency exceptions). Purchase orders should be complete with proper approval prior to their execution. Procedures have been modified to assure that appropriate process and sequencing occur.*

AUDITOR'S COMMENT

- B. Bid documentation was not made available during the audit upon our request.**

2. Expenditures and Related Matters
--

Adequate documentation was not maintained to support some district credit card expenditures. Expenditures for food provided to employees are not tracked and the purpose of some food expenses was not adequately documented. The district spent approximately \$5,500 on brochures which included information to support two ballot measures, which is a violation of state law.

- A. The district did not maintain adequate documentation to support some purchases made with the district's credit cards. Credit card purchases were approximately \$24,000 during fiscal year 2004, and approximately \$46,000 through April 2005. Some credit card charges were accompanied by just the charge receipt which did**

not document the goods or services received, and some charges were not accompanied with any type of invoice or receipt. In particular, many food and travel-related charges did not include detailed invoices or explanations regarding the purpose of the charge.

Without detailed supporting documentation including the purpose of the charge, it cannot be determined if the expenditures were reasonable and necessary uses of public funds.

- B. The district has not established policies for district-provided food expenditures for employees not on travel status, does not adequately track food expenditures, and did not document the purpose of some food expenditures. Overall expenditure totals for non-travel related food cannot be easily quantified as these purchases are not charged to a separate object code on the accounting system, and are normally classified as supplies expense.

In addition, the district does not always document the purpose of food expenditures. For example, several charges on district credit cards were for meals at local area restaurants, including one charge for \$90. District employees stated these meals were for meetings of district officials and others; however, the purpose of the meetings and lists of those attending were not documented.

The district should adopt formal policies for non-travel related food expenditures to ensure such expenditures represent prudent uses of public funds, and ensure adequate documentation is maintained for all such expenditures. In addition, the district should ensure food expenditures are tracked separately and properly classified in its accounting system.

- C. During 2004, the Missouri Ethics Commission determined that the school district spent approximately \$5,500 for publication and postage on a district newsletter, which included some statements that supported two ballot measures. Section 115.646, RSMo, provides that public funds should not be used to advocate, support, or oppose any ballot measure. The Missouri Ethics Commission investigated this incident, ruled that this expenditure was a violation of state law, and imposed a monetary fine of \$300 on both the School Board President and the District Superintendent. The district should adopt policies and procedures to prohibit the spending of district funds to support ballot measures and help ensure compliance with state law.

WE RECOMMEND the School Board:

- A. Ensure adequate detailed supporting documentation is maintained for all credit card expenditures.
- B. Adopt policies regarding non-travel related food expenditures to ensure such expenditures represent prudent use of district funds. In addition, such

expenditures should be tracked separately and appropriately recorded on the district's accounting system.

- C. Adopt policies to ensure district funds are not spent to advocate, support, or oppose any ballot measure.

AUDITEE'S RESPONSE

- A. *We agree and are requiring more documentation for all credit card expenditures, holding items open for payment until documentation is provided. However, credit cards are often the only payment method acceptable to vendors who will not accept a purchase order, especially with telephone and electronic purchases.*
- B. *We agree that guidelines for the purchase of food by individuals would be prudent. Budget modifications and separate accounts are being created to provide lines to track expenditures for food. Documentation requirements for all purchases have been improved to provide for easier tracking.*
- C. *We agree. Policies exist to prohibit use of district funds in advocacy of ballot issues. Again, the incident cited is the result of a few lines of information within an educative instrument. Presentations strayed from educative neutrality in only a few lines of a multi-paged document. The Board and Administration have agreed to refrain from all advocacies in any future district publications.*

3. Budgets

The formal budgets approved by the board only include anticipated expenditures by object code for each fund. Revenues, beginning available resources, projected ending resources, comparative data from previous years, debt information, and a budget message are not included.

Section 67.010, RSMo, requires each political subdivision to prepare an annual budget, and Sections 67.010 to 67.080, RSMo, as well as district policies, set specific guidelines for the format, approval, and amendment of the annual operating budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the preceding two budget years, the beginning and estimated ending available resources, and information regarding the debt of the political subdivision.

District officials and board members indicated that budget workshops are held at various times during the year, and complete information, such as revenues and comparative data from previous years, is reviewed and discussed during these budget workshops; however, much of this information is not included in the final budget approved by the board. A complete budget document, in addition to meeting statutory requirements, is necessary to inform the public of specific cost and revenue expectations for district operations.

WE RECOMMEND the School Board adopt complete and accurate budget documents which include all information required by state law and district policy.

AUDITEE'S RESPONSE

We disagree that the Board budget is incomplete and not in compliance with legal requirements of the State, DESE, or any regulation. The issue is one of formatting. As the district pursues Government Finance Officers Association (GFOA) recognition, the issues of formatting will be addressed with new budget presentation packages.

AUDITOR'S COMMENT

The final budgets approved by the board and presented to the public do not include much of the information required by state law.

4. Mobile Communications

The district does not have a written policy regarding appropriate use of two-way radio/mobile phones. During the year ended June 30, 2004, the district spent approximately \$52,500 for the utilization of approximately 100 mobile communication units.

Our review of usage for a single month noted some units were not used at all while some were used for several hours. While this usage may be appropriate, it is difficult to determine whether units are only used for district purposes because individual calls are not listed on the billings. A formal written policy is necessary to address appropriate usage, the need and benefit to the district, and monitoring of costs and usage to ensure the two-way radios/mobile phones are used for business purposes. Inappropriate or personal usage may not result in additional direct costs to the district (because the current plan allows for unlimited usage on each unit); however, indirect costs in the form of low productivity may result.

WE RECOMMEND the School Board adopt a policy to address the appropriate use and assignment of two-way radios/cellular phones.

AUDITEE'S RESPONSE

We agree. A procedure will be advanced. A district director reviews billings monthly and reconciles usage and charges for each mobile unit each month. Communication is essential to bus drivers and administrators so that they can reach or be reached at any time. Units that are not used are reassessed to evaluate their continued assignment.

5.**Telephone and Data Communication Contract**

The district has not complied with some of the contractual requirements with the City of Grandview regarding shared telephone and data communication systems. The district and the city entered into a cooperative agreement contract in 1999 to develop telephone and data communication systems that would be year 2000 compliant. Both entities paid their share of the original hardware and startup costs. The contract requires the district to be responsible for maintaining the system and the district bills the city for its share of the operating costs. Total annual operating costs have averaged approximately \$350,000, with the city's share averaging approximately \$90,000 annually.

There has been some concern by both parties regarding the continuation of this contract, and the district recently contracted with an independent auditor to review effectiveness and efficiency of this contractual agreement with the city. The audit report's conclusions indicate that both parties have not met some of the requirements outlined in the contract. Concerns include the district not providing required training to city personnel, the city not designating someone as a technician for first-tier support, and the lack of a committee to regularly meet and discuss system issues and concerns.

In addition, the audit indicates that while the district has regularly billed the city in the past and the amounts billed have fairly represented the city's share of operating costs, the district has not yet billed the city for its share of 2004 operating costs. During 2004, the city constructed a community center and paid for the communication system hardware and wiring. However, the district and the city have not negotiated a new billing amount based on the city's increased use of the system.

The district should review the current system and contract with the city and determine if it wants to continue this contract, or whether other telephone and data communication systems may be more cost beneficial or better suit its needs. The district should ensure compliance with all the terms of the contract if it continues to use the current system.

WE RECOMMEND the School Board review the current telephone and data communication system and determine whether to continue the current cooperative agreement contract with the City of Grandview. If the district continues with the current contract, the board should ensure all requirements of the contract with the city are followed as recommended by the independent auditor.

AUDITEE'S RESPONSE

We agree with this recommendation and have instituted measures to meet criteria in compliance with those recommended.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

GRANDVIEW C-4 SCHOOL DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Grandview C-4 School District is located in Jackson County, Missouri.

The district operates one senior high school (grades 9-12), one alternative high school (grades 9-12), one middle school (grades 6-8), one middle/elementary school (grades K-8), and five elementary schools (grades K-5). Enrollment was approximately 4,200 for the 2003-2004 school year. The district employed approximately 711 full- and part-time employees, including 21 administrators, 365 teachers, and 325 support staff.

The Grandview C-4 School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board during the year ended June 30, 2004, were:

School Board	Dates of Service During the Year Ended June 30, 2004
Allen L. Meyer, President	July 2003-June 2004
Katherine A. Meyers, Vice President	July 2003-June 2004
Al Kemp, Treasurer (1)	July 2003-June 2004
Cathy Broockerd, Member	July 2003-June 2004
Ann Fisher, Member	July 2003-June 2004
Leonard C. Greene, Member	July 2003-June 2004
Dennis J. Hooton, Member (2)	July 2003-June 2004

(1) Jon Brax was elected to replace Al Kemp in April 2005

(2) Elected Board Treasurer in April 2005

The district's other principal officials during the year ended June 30, 2004, are identified on the following page. The compensation of these officials is established by the school board.

Other Principal Officials	Dates of Service During the Year Ended June 30, 2004	Compensation Paid for the Year Ended June 30, 2004
Dr. John Martin, Superintendent (3)	July 2003 to June 2004	\$ 159,600
Debra Nelson, Assistant Superintendent-Human Resource Development (4)	July 2003 to June 2004	99,970
Barbara Tate, Assistant Superintendent-Curriculum and Instruction (4)	July 2003 to June 2004	112,830
Chester Neumann, Assistant Superintendent-Finance (4)	July 2003 to June 2004	106,854
Dr. Joe Gassaway, Director of Special Services (4)	July 2003 to June 2004	82,742

(3) Includes a \$550 per month car allowance (\$6,600 total), a \$15,000 contribution to an annuity, and a \$14,400 contribution to a trust fund.

(4) Includes a \$75 per month car allowance (\$900 total).

Assessed valuations and tax rates for calendar years 2004 and 2003 were as follows:

	2004	2003
Assessed valuation	\$ <u>390,347,914</u>	\$ <u>374,806,323</u>
Tax rates (per \$100 assessed valuation):		
Incidental	\$ 4.97	\$ 4.64
Debt service	.50	.50
Total	\$ <u>5.47</u>	\$ <u>5.14</u>



Claire McCaskill

Missouri State Auditor

November 2005

MENTAL HEALTH

Central Missouri Regional Center



Office Of
Missouri State Auditor
Claire McCaskill

November 2005

The following was discovered as a result of an audit conducted by our office of the Department of Mental Health, Central Missouri Regional Center (CMRC).

CMRC service coordinators provide Targeted Case Management (TCM) services for many of its clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for services from the Division of Mental Retardation and Developmental Disabilities. Most of what service coordinators do as routine activity qualifies as TCM and is billable. Each time a service coordinator provides TCM services they are required to log the duration and description of the services into the computer system. The Department of Mental Health has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. Of 16 full-time service coordinators reviewed, 5 did not meet the 106 direct hour standard. We estimate the CMRC lost over \$29,000 in potential reimbursements during fiscal year 2005 due to these service coordinators not providing and logging direct service hours equal to the established standard.

Various problems were noted related to placement facilities' management of client funds. During our review, we visited four placement facilities and reviewed the records related to 27 client fund accounts. Problems noted included client ledgers not being reconciled to checking account balances, inadequate documentation to support some disbursements, client fund balances exceeding maximum limits, inaccurate recording of transactions, accounts with negative balances, and untimely deposits.

The audit report also includes some other matters related to the use of state vehicles, billing of Medicaid Waiver match, and payroll documentation upon which the CMRC should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Kent Stalder, Acting Division Director
Mental Retardation and Developmental Disabilities
and
Sandra Wise, Acting Deputy Division Director
for Community Services
and
Marcy Volner, Acting Director
Central Missouri Regional Center
Columbia, MO 65202

We have audited the Department of Mental Health, Central Missouri Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review facility compliance with certain legal provisions, statutes, regulations, and department policies.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the Central Missouri Regional Center.

Our methodology to accomplish these objectives included reviewing the facility's revenues, expenditures, contracts, meeting minutes, written policies and procedures, and other pertinent documents; interviewing various personnel of the facility and various other state and provider personnel; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract and other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Central Missouri Regional Center.



Claire McCaskill
State Auditor

June 2, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	David Gregg
Audit Staff:	Liang Xu
	James A. Samek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Targeted Case Management
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The Central Missouri Regional Center (CMRC) has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized. As a result, the CMRC lost over \$29,000 in potential reimbursements during fiscal year 2004.

CMRC service coordinators (case managers) provide TCM services for many of its clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for services from the Division of Mental Retardation and Developmental Disabilities (MRDD). TCM services are defined as activities that assist individuals in gaining access to care and services, and they may be provided in or out of the presence of the client. Examples of TCM services include making contacts with applicable parties, making client assessments, planning for the client, and documenting client information. According to the TCM operations manual, most of what service coordinators in the MRDD regional centers do as routine activity qualifies as TCM and is billable.

Each time a service coordinator provides TCM services they are required to log the duration and description of the services into the computer system. The number of TCM hours is converted to units and billed monthly to the state's Medicaid program. During the year ended June 30, 2004, the Department of Mental Health (DMH) billed the Medicaid program \$6.60 for every unit, or five minutes, spent on TCM services, with approximately 60 percent (federal portion) of that amount being reimbursed. In that year, the CMRC generated approximately \$1.6 million in reimbursements from the state's Medicaid program for TCM services.

The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. The CMRC has not developed adequate procedures to ensure each service coordinator is meeting the 106 direct hour standard. The CMRC case supervisors interviewed indicated they monitor the direct hours logged by the service coordinators under their supervision and stated there are frequently reasons why the 106 direct hour standard is not met; however, those reasons are not always documented.

During our review, we compared the total direct hours logged by service coordinators in fiscal year 2004 to the total hours based on the 106 direct hour standard. We concentrated our review on 16 full-time service coordinators who worked in that capacity for the entire fiscal year. We did not include in our analysis those service coordinators who worked part-time, did not work for CMRC the entire year, got promoted and picked

up more administrative duties, etc. Of the 16 service coordinators reviewed, 5 did not meet the 106 direct hour standard. We estimate the CMRC lost over \$29,000 in potential reimbursements during fiscal year 2004 due to these service coordinators not providing and logging direct service hours equal to the established standard. Even though the applicable case manager supervisors cited possible reasons why the 106 direct hour standard was not met by the applicable employees, those reasons were not documented.

Procedures should be established to ensure TCM reimbursements are maximized. The direct service hours of CMRC service coordinators should be closely monitored and deviations from the 106 direct hour standard should be investigated and documented.

WE RECOMMEND Regional Center management establish adequate procedures to ensure TCM revenues are maximized. This should include ensuring that service coordinators are in compliance with department's standard of providing and logging at least 106 hours of direct services each month.

AUDITEE'S RESPONSE

We concur. Case management supervisors do monitor TCM billing of the service coordinators; however, documentation has not been kept unless there was a significant problem that would require disciplinary action. Policy has been developed and logging of the Targeted Case Management hours by the service coordinator will be monitored on a monthly basis by the case management supervisor with an entry into the individual's performance log. Also, supervisors will report monthly to the Assistant Center Director of Habilitation to ensure that monitoring is completed and documented for each service coordinator.

2. Placement Facilities' Handling of Client Funds
--

Various problems were noted related to placement facilities' management of client funds. Problems noted included client ledgers not being reconciled to checking account balances, inadequate documentation to support some disbursements, client fund balances exceeding maximum limits, inaccurate recording of transactions, accounts with negative balances, and untimely deposits.

The CMRC has entered into contracts with many private care providers whereby it purchases residential care in community-based facilities for clients who would otherwise require institutionalization. These placement facilities include residential care centers, group homes, foster homes, supervised apartments, and individualized supported living sites. Besides providing care and treatment for the clients, these placement facilities are responsible for maintaining adequate records of the clients' personal funds and complying with established guidelines pertaining to those monies.

CMRC has not established an adequate level of oversight over client funds maintained at placement facilities. During our review, we visited four placement facilities and

reviewed the records related to 27 client fund accounts. A review of those client funds and related records disclosed the following concerns:

- A. Two of the facilities visited did not reconcile the client ledgers to the checking account balance. This affected 13 of 27 client fund accounts reviewed. In addition, one of the facilities visited had over \$500 in the bank account which could not be identified to any particular clients.

Periodic reconciliations of the client ledgers to the bank account help provide assurance the client ledgers are being maintained accurately and help detect errors on a timely basis. Any differences between the client ledgers and the bank account should be investigated and resolved on a timely basis.

- B. Two of the facilities visited did not maintain supporting documentation for various expenditures made from client funds. For 13 of 27 client fund accounts tested, these facilities did not always maintain receipts or signed ledger sheets supporting cash disbursements for a number of expenditures reviewed. Placement facilities should maintain adequate documentation to support the expenditure of all client monies.

- C. All four facilities visited did not ensure client funds did not exceed \$200. Eight of 27 client fund accounts exceeded the \$200 maximum, sometimes for extended periods of time, and we saw no reasons documented for the excess. A facility policy (FOR #1.220) indicates that a client's placement facility account balance can only exceed \$200 for a stated purpose. To ensure compliance with facility policy, CMRC should more closely monitor clients' ledger balances to ensure balances are maintained within the established limit.

- D. Two of the facilities visited did not always accurately record the date transactions occurred on the quarterly reports accounting for client fund activity. Numerous instances were noted where the date of deposits and disbursements were not recorded accurately.

The regional center should ensure the quarterly reports prepared by placement facilities accurately reflect when the client fund transactions actually occur and present accurate client account balances. This is necessary to ensure account balances are kept within the established limits.

- E. Three of the client fund accounts reviewed at one of the facilities visited had negative balances as of March 31, 2005. Overspending occurred because client balances were not adequately monitored to ensure sufficient balances existed before expenditures were made.

- F. Two of the facilities visited did not deposit client funds received in a timely manner. We noted numerous instances where client checks received by the provider were not deposited timely, with delays of up to 36 days before a check

was deposited. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

WE RECOMMEND Regional Center management:

- A. Require placement facilities to periodically reconcile the client ledgers to the client bank account and maintain documentation of such reconciliations. Any differences between the client ledgers and the bank account should be investigated and resolved on a timely basis.
- B. Require placement facilities to maintain adequate documentation, such as original invoices, to support expenditures made from client funds. In addition, the placement facilities should ensure clients initial the ledger sheets when obtaining cash and ensure the clients and staff sign off on ledger sheets.
- C. Monitor client fund account balances to ensure the accounts do not exceed the \$200 limit, unless a specific reason is documented.
- D. Ensure the quarterly reports prepared by placement facilities accurately reflect when the client fund transactions actually occur.
- E. Ensure placement facilities do not make expenditures from client fund accounts in excess of available balances.
- F. Ensure placement facilities deposit client receipts on a timely basis.

AUDITEE'S RESPONSE

We concur with all of the recommendations as follows:

- A. *During on-site visits, an accountant reviews the bank statements and reconciliations.*
- B. *During on-site visits, an accountant reviews ledgers and verifies that original receipts are maintained to support expenditures from consumers' funds. Ledgers are also reviewed for the consumers' initials, signature, or mark when receiving cash and the provider staff's initials or signatures.*
- C. *During Fiscal Year 2005, we began monitoring all placement facility consumer accounts on a quarterly basis when data is sent to the Regional Center. We verify balances and notify providers of excess funds (over \$200).*
- D. *During on-site visits, the accountant will review the quarterly reports to ensure transaction dates are accurate.*

- E. *During our monitoring of placement facility consumer accounts, we review for expenditures made in excess of available balances.*
- F. *During on-site visits, the accountant verifies deposits are being made in a timely manner.*

If any discrepancies are found during the review, the provider and Case Manager are notified, and if needed, another review is conducted within a short period of time to assist the provider in correcting procedures. The Regional Center also conducts training for providers when errors seem to be repeated and for new providers to assure they maintain adequate consumer fund information, balance ledgers, bank statements and receipts.

3. Use of State Vehicles

State vehicles have not been adequately utilized and monthly vehicle logs are not always complete or accurate.

- A. The CMRC has a fleet of state-owned vehicles that are considered pool vehicles and available for use by all employees. During the two fiscal years ended June 30, 2004, the regional center owned and operated 23 pool vehicles for virtually all of that two-year period. During this period, the average annual usage of these 23 pool vehicles ranged from 4,422 to 24,795 miles, with an overall annual average of 12,935 miles per vehicle.

Office of Administration (OA) vehicle guidelines, Policy SP-4, and DMH policy, DOR 1.540, provides that pool vehicles should average at least 15,000 miles per year. Mileage less than 15,000 miles per year can be an indicator that an agency is not utilizing the vehicles efficiently or that some vehicles are not needed.

In an effort to improve the utilization of its vehicle fleet, toward the end of fiscal year 2004, CMRC officials disposed of three of its vehicles by transferring two vehicles to other state agencies and surplusizing another. We reviewed fiscal year 2005 mileage records through April 30, 2005, and determined that while it appears overall vehicle usage increased in that year, we noted that some vehicles are still being underutilized.

CMRC should continue to review the usage of its pool vehicles and consider reducing the size of its vehicle fleet further, if necessary, to ensure that state vehicles are efficiently used and that vehicle usage complies with policy.

- B. The vehicle logs maintained by the facility were not always complete or accurate, and mileage is not always recorded correctly. We noted several instances in which the mileage logs contained gaps between the ending odometer reading of one trip and the beginning odometer reading of the following trip. In addition, the

total mileage driven for several trips was not calculated correctly, and the purpose of the trip was not always documented.

Complete, detailed vehicle logs, reviewed periodically by a supervisor, documenting all dates traveled, destinations, and mileage for state-own vehicles are necessary to help provide assurance that vehicles are used only for authorized purposes and that mileage logs are accurate and reliable.

WE RECOMMEND Regional Center management:

- A. Continue to evaluate the need for each vehicle and ensure each vehicle is effectively utilized. If necessary, the current vehicle fleet should be reduced further.
- B. Maintain complete and accurate mileage logs for each vehicle.

AUDITEE'S RESPONSE

- A. *During Fiscal Year 2005 we reviewed and evaluated the use of state vehicles on a monthly basis, to see that each vehicle is effectively utilized, and if rotation is necessary to comply with guidelines set by State Fleet Management. We adjust by transferring vehicles among our sites.*
- B. *A new vehicle log has been implemented to make it easier for staff using the vehicle and staff who enter the information into the Fleet Management System to complete with fewer mileage errors.*

4. Billing of Medicaid Waiver Match
--

The CMRC did not bill a Senate Bill (SB) 40 board the correct waiver match. As a result, the SB 40 board was under billed by \$1,700 during the two years ending June 30, 2004.

The Medicaid Home and Community-Based Waiver (waiver) program has been established for mentally retarded and/or developmentally disabled individuals who are Medicaid eligible and who would otherwise, but for receipt of services through the waiver, require placement in an Intermediate Care Facility for the Mentally Retarded (ICF/MR). Services under the waiver are provided as an alternative to an ICF/MR level of care or to allow a person to be discharged from an ICF/MR into the community.

Various county SB 40 boards in CMRC's service region have entered into cooperative funding agreements with the regional center, agreeing to pay all or a portion of the state match of certain waiver clients residing in their respective counties. Under these agreements, the regional center determines the amount of state match owed and bills the respective SB boards on a monthly basis.

The regional center did not ensure the correct amount of waiver match was billed to one of the SB 40 boards in that region. We determined that SB 40 board was under billed by \$1,700 during the two years ending June 30, 2004. This situation occurred because the regional center billed the applicable SB 40 board the waiver match for two clients based on a contracted service rate established in 2000 rather than the current year rates. As a result, the state paid for service costs which should have instead been paid by the local funding.

The regional center needs to ensure SB 40 boards are billed the correct amount of waiver match to reduce the amount of care and treatment costs incurred by the state.

WE RECOMMEND Regional Center management ensure SB 40 boards are billed for the correct amount of waiver match in accordance with the cooperative funding agreements.

AUDITEE'S RESPONSE

We concur, and will oversee staff to assure that SB40 Boards are billed accurately and in a timely manner, to receive collections. The Accountant will forward SB40 Board Invoices which are submitted to the County Board to the Region Program Specialist and to the Assistant Center Director of Administration to review also.

5. Payroll Documentation

The regional center does not always maintain written documentation authorizing an employee's current position and pay rate.

The CMRC employed approximately 79 employees as of June 30, 2004, assigned to various administrative, service, and support sections. We determined that in eight of ten employee files reviewed there was not written authorization for the applicable employee's current position and pay rate. The payroll clerk indicated that normally supervisors advise her of any changes in an employee's position and pay rate by phone.

To ensure adequate documentation is maintained to support employee salaries, written documentation should be maintained to authorize an employee's current position and pay rate.

WE RECOMMEND Regional Center management ensure written authorization is maintained to support any changes in an employee's position and pay rate.

AUDITEE'S RESPONSE

We concur and corrected this during Fiscal Year 2005. We have sent formal letters to the employees showing their position and pay rate. A copy is maintained in the employee's personnel file.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Central Missouri Regional Center (CMRC) is one of eleven regional centers established by the Department of Mental Health. The objective of the facility is to provide, procure, or purchase comprehensive services for the mentally retarded, cerebral palsied, epileptic, autistic, and learning disabled residents of a thirteen-county region including, Benton, Boone, Callaway, Carroll, Chariton, Cole, Cooper, Howard, Moniteau, Morgan, Pettis, Randolph, and Saline counties. The facility originally began operations in 1975 at the Marshall Habilitation Center as an operating unit of that facility. In November 1982, the facility was moved to Columbia and given its current designation. In May 1999, the facility moved to its present location at 1500 Vandiver Drive.

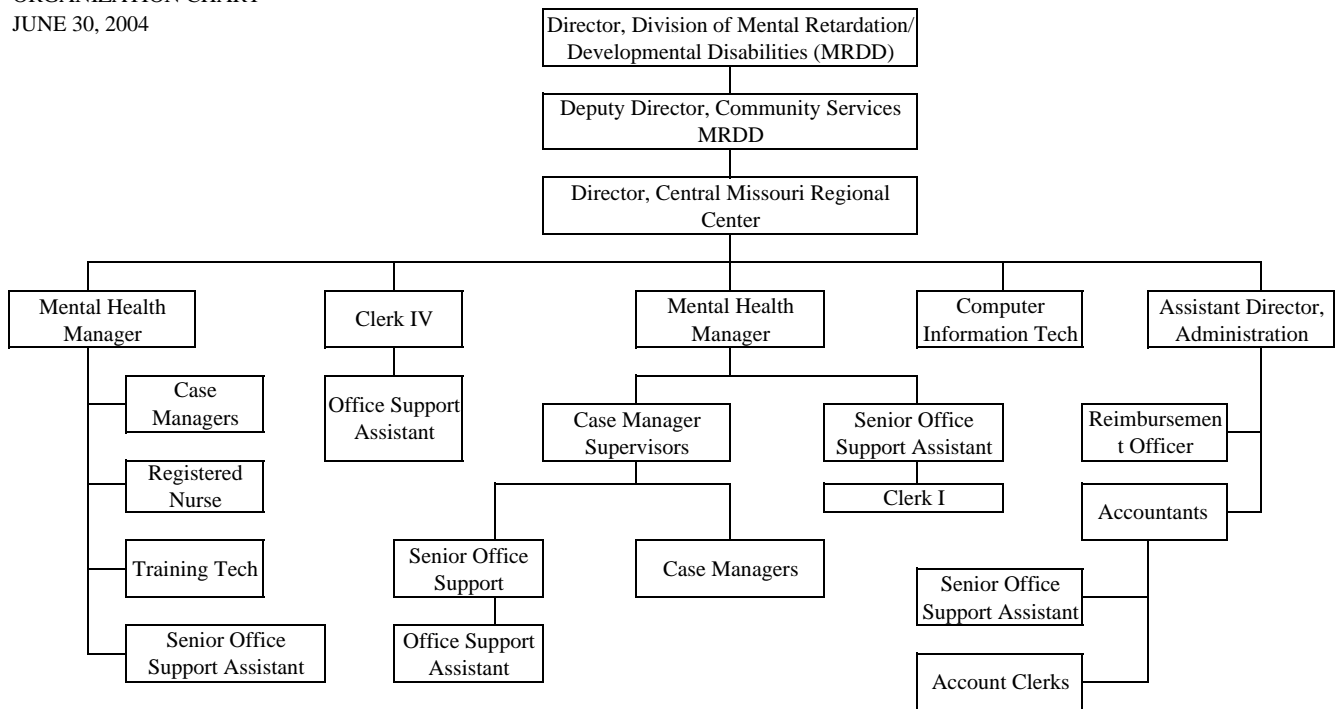
The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health who reside in the region identified above.

The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2004, the facility had an active caseload of approximately 3,136 clients and employed approximately 79 personnel assigned to various administrative, service, and support sections.

At June 30, 2004, Dr. Anne Deaton served as Director of the Division of Mental Retardation and Developmental Disabilities. On December 15, 2004, Anthony A. Casey Jr. became the Interim Director of the division, and on March 15, 2005, he was appointed to the position of Division Director. Mr. Casey resigned as Division Director effective August 31, 2005, and Kent Stalder currently serves in that capacity as Acting Division Director. Mr. Stalder had previously served as the Deputy Division Director for Community Services and was responsible for supervising operations of the CMRC and all other regional centers. Sandra Wise, who held the position of the Director of the CMRC since April 1, 2001, is currently serving as Acting Deputy Division Director for Community Services. Marcy Volner is currently serving as Acting Director of the CMRC.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES
TWO YEARS ENDED JUNE 30, 2004

	Year Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND						
Personel Service	\$ 1,482,100	1,371,425	110,675	1,403,411	1,317,098	86,313
Expense and Equipment	109,446	107,746	1,700	109,446	99,669	9,777
Personel Service/Expense & Equipment Flex	0	0	0	73,863	56,251	17,612
Total General Revenue Fund	\$ 1,591,546	1,479,171	112,375	1,586,720	1,473,018	113,702

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Central Missouri Regional Center are noted in Appendix B.

* The lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2004	2003
GENERAL REVENUE FUND		
Personel Service	\$ 110,675	85,402
Expense and Equipment	1,152	9,154
Personel Service/Expense & Equipment Flex	0	17,612
Total General Revenue Fund	\$ 111,827	112,168

Appendix B

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2004		2003	
	Expenditures from Facility Appropriations	Expenditures from Department-Wide Appropriations for CMRC	Expenditures from Facility Appropriations	Expenditures from Department-Wide Appropriations for CMRC
Salaries and Wages	\$ 1,371,425	878,374	1,373,348	913,735
Travel, In-State	753	4,248	1,815	3,407
Fuel and Utilities	0	27,852	0	26,666
Supplies	12,358	39,010	16,656	29,909
Professional Development	240	605	1,220	300
Communication Service and Support	15,053	30,223	4,353	30,603
Professional Services	61,978	55,156	58,232	77,677
Housekeeping and Janitorial Services	12,364	12,243	12,812	2,044
Maintenance and Repair Services	1,469	14,874	1,704	8,641
Computer Equipment	1,806	0	296	0
Office Equipment	0	146	336	330
Property and Improvements	0	313	0	0
Real Property Rentals and Leases	0	223,732	0	230,812
Equipment Rental and Leases	1,126	0	1,346	45
Miscellaneous Expenses	599	2,262	900	2,258
Program Distributions	0	29,720,425	0	13,245,883
Total Expenditures	\$ 1,479,171	31,009,463	1,473,018	14,572,310

Note: In fiscal year 2004, the federal share of Medicaid expenditures related to programs of the Department of Mental Health were appropriated to the DMH-Office of Director. This resulted in a significant increase in the Program Distributions category compared to fiscal year 2003.

Appendix C

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES - CLIENT FUNDS (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2004	2003
CASH BALANCE, JULY 1	\$	<u>237,339</u>	<u>245,003</u>
RECEIPTS		4,081,639	3,884,518
DISBURSEMENTS		4,041,932	3,892,182
CASH BALANCE, JUNE 30	\$	<u><u>277,046</u></u>	<u><u>237,339</u></u>

Appendix D

DEPARTMENT OF MENTAL HEALTH
CENTRAL MISSOURI REGIONAL CENTER
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES (FROM SENATE BILL 40 TAX)

	Year Ended June 30,	
	2004	2003
CASH BALANCE, JULY 1	\$ 69,579	16,812
RECEIPTS	749,002	632,445
DISBURSEMENTS	688,135	579,678
CASH BALANCE, JUNE 30	\$ <u>130,446</u>	<u>69,579</u>

Note: Vendors of the Central Missouri Regional Center provide services to numerous clients who are also affiliated with the surrounding counties' Senate Bill 40 Boards. The costs of these services are initially paid by the state's Medicaid program. The receipts in the schedule above represent reimbursements made by the various Senate Bill 40 Boards for a percentage of the cost. The disbursements represent the Central Missouri Regional Center's match, which is paid to the state's Medicaid program.



Claire McCaskill

Missouri State Auditor

November 2005

City of Dearborn, Missouri

Year Ended December 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

November 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Dearborn, Missouri.

The city needs to better monitor and manage its park project. Although the project was expected to be completed in December 2004, no major components of the project are finished. In spring 2004, the city received three grants totaling almost \$422,000 from the Platte County Parks and Recreation Grant Program for a new city park complex. The city was expected to provide approximately \$120,000 in matching funds.

The city's approved grant applications included estimated completion dates for significant project components. However, as various events delayed the project, the city did not develop revised timelines/completion dates or evaluate how the delays affected the various components of the project. Starting in April 2005, the city focused its efforts solely on finishing the baseball field and estimated the field would be completed in fall 2005. It is unclear when or if other components of the project will be started and completed.

Additionally, the estimated costs per the grant agreements have not been updated based on subsequent events. The estimated costs to finish the baseball field have increased by approximately \$45,000. This cost overrun may affect whether other components of the project can be completed as intended. Because the city was not tracking actual costs or timelines, the city purchased some items, such as the shelter house, playground equipment, and stadium seats, which cannot be used until other work is completed. However, it is unclear if funds will be available to complete all park components as planned. Also, the city's budget needs more detail to adequately monitor estimated and actual project costs.

The city recently reduced the work hours for its water/sewer employees; but, the reductions were not based on documented performance expectations. As a result of the reductions, the city decreased its budgeted personnel costs in 2005 by over \$47,000. However, it is unclear how the current work activities and accomplishments compare to the prior activities or if the reduced hours will be sufficient to accomplish everything the city expects.

The method of allocating the City Clerk's and the water/street employees' wage expense to the city's funds is not supported by documentation. Additionally, the city needs to contact the Internal Revenue Service for guidance regarding the reporting of life/health insurance

(over)

YELLOW SHEET

payments to employees and the city's contribution to the employee's deferred compensation plan and the payment of applicable taxes. Also, the city has not established an ordinance for employee compensation or the term of office for the City Clerk as required by state law.

The city needs to monitor the declining cash balance in the Street Fund. In both 2004 and 2003, the expenditures from the fund exceeded the revenues, and the cash balance declined to approximately \$39,000 at December 31, 2004, a \$60,000 decrease from December 31, 2002. Further, although the city has incurred a significant amount of debt which will have an impact on the financial condition of the Water and Sewer Fund, the city has no formal plan to address the repayment of this debt.

Also included in the report are recommendations related to budgeting, planning, and financial reporting, accounting controls and procedures, public records and meetings, and capital asset records.

All reports are available on our website: www.auditor.mo.gov

CITY OF DEARBORN, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Dearborn, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Dearborn, Missouri. The city engaged Karlin & Unger, P. C., Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and

violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Dearborn.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 26, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	John Lieser, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF DEARBORN
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Park Project
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The city has not adequately monitored and managed its new park project. Although the project was expected to be completed in December 2004, no major components of the project are finished. According to city officials, the city is concentrating on finishing the baseball field and is not currently working on other parts of the project.

In March and April 2004, the city received three grants totaling almost \$422,000 from the Platte County Park and Recreation Grant Program for a new city park complex. The city was expected to provide approximately \$120,000 in matching funds. The county purchased two parcels of land for the project and transferred the property to the city. In addition, the county is currently in the process of acquiring another parcel of land for the project. The components of the project, estimated costs, and actual costs through June 2005 are as follows. Estimated costs were compiled from the grant applications, while actual costs to date were obtained from the city's general ledger and invoices.

<u>Component</u>	<u>Estimated Cost</u>	<u>Actual Cost</u>
Land acquisitions	\$ 120,000	\$ 103,500
Baseball field	130,000	2,000
Community center	60,200	0
Pop shack	56,000	0
Walking trails	40,000	0
Playground	30,500	16,900
Tree removal	28,000	2,400
City employee labor	22,000	2,800
Basketball court	12,900	0
Shelter house	0	10,500
Drainage tiles	0	8,800
Other	42,200	12,000
Total costs	<u>\$ 541,800</u>	<u>\$ 159,000</u>

- A. As various events delayed the project, the city did not develop revised timelines/completion dates on a timely basis or evaluate how the delays affected the various components of the project.

The city's approved grant applications included estimated completion dates for significant project components. For example, the playground and baseball field were to be completed by October 2004 and November 2004, respectively, and the entire park project was scheduled to be completed by December 2004. Although the progress on the project was discussed in the board meetings, the city did not formally track its progress in relation to the timelines/completion dates.

According to city officials, wet weather, questions regarding the installation of a culvert and drainage tiles, grading issues, and other factors have delayed the project. As a result, no major components of the park project are currently completed. Starting in April 2005, the city focused its efforts solely on finishing the baseball field and estimated the field would be completed in fall 2005. However, this completion date is questionable. It appears additional work will be necessary. According to city officials, various concerns have been raised including whether the drainage tiles need to be inspected by an engineer and the amount of debris on the field from tree removal.

Because the original timelines have not been met, no park facilities are currently available to residents. The city has dismantled its old playground equipment and sold its old park. Additionally, it is unclear when or if other components of the project will be started and completed. As noted below, cost overruns may prohibit the completion of some components. Tracking project milestones is important to ensure the effective use of resources and to establish accountability and expectations for completing the project.

To help monitor the progress of the park project, the city needs to develop revised timelines/completion dates detailing project milestones for finishing the baseball field and other components of the project. The timelines/completion dates should be updated as needed.

- B. The city needs to improve its monitoring of the estimated and actual costs of the park project and to revise the estimated costs as needed.

The estimated costs per the grant agreements have not been updated based on subsequent events. The estimated costs to finish the baseball field have increased by approximately \$45,000 to a total estimate of over \$175,000. This cost overrun may affect whether other components of the project can be completed as intended. Because the city was not tracking actual costs or timelines (as noted above), in summer/fall 2004, the city purchased some items which cannot be used until other work is completed. These items include the shelter house, playground equipment, and stadium seats. However, it is unclear if funds will be available to complete all park components as planned.

Additionally, the city's budget does not include enough detail to adequately evaluate and monitor the estimated (budgeted) and actual project costs. For example, while over \$380,000 in estimated costs have not been expended, the 2005 budget only includes two expense categories for the park project, approximately \$217,000 and \$17,000 for miscellaneous expenses and payroll (in-kind match for grants), respectively. According to city personnel, there is no documentation to support these amounts.

To provide for effective and timely monitoring of the project costs, the estimated costs of the project should be revised as needed and these estimates reflected in detail in the city's budget.

WE RECOMMEND the Board of Aldermen develop revised timelines and cost estimates for the entire project and monitor progress of the project against those timelines and cost estimates. These monitoring activities should be documented and need to explain significant variations between estimates, actual events, and costs. The revised cost estimates should be reflected in detailed expense categories in the city's budget.

AUDITEE'S RESPONSE

The city of Dearborn will develop revised timelines and cost estimates for the park project and monitor progress of the project against those timelines and cost estimates. Monitoring activities shall be documented and an explanation of significant variations between estimates, actual events and costs will be made. The revised cost estimates shall be reflected in detailed expense categories in the city's budget.

2. Payroll and Personnel Matters

The city needs to continue monitoring the work hours established for its water/street employees, and to develop supporting documentation for the allocations of wage expense to its various funds. In addition, the city needs to ensure its payments to employees for their insurance and its contributions to an employee's deferred compensation plan, are properly handled and accounted for. Also, Form 1099-MISC is not always issued as required.

- A. The city needs to continue monitoring the work activities of its water/street employees to ensure their authorized work hours are appropriate. The city recently reduced the work hours for its water/street employees; however, the reductions were not based on documented performance expectations or written job descriptions for the water/street employees. As a result it is unclear what services, if any, may have been forgone in this cost-cutting effort.

When the city closed its water plant in August 2003, the city executed employment contracts with its water/street employees, with guaranteed minimum weekly hours of 50, 40, and 6 for the three employees. The employee required to work 50 hours per week worked 10 hours overtime on Saturday and Sunday, principally to fill the water tower on those days. In December 2004, the city decided the guaranteed hours were more than needed and in January 2005 offered the current employees reduced hours and benefits. The 50 hour position was reduced to 40 hours, the 40 hour position was reduced to 32 hours, and 6 hour position was reduced to hours as needed. The two full-time employees refused to accept the offers and resigned. In March 2005, the board hired an employee for

the 40 hour position, eliminated the 32 hour position, and retained the 6 hour position.

The city reduced its budgeted personnel costs in 2005 by over \$47,000 with these changes. Although the city decided to stop routinely filling the water tower on weekends, it appears the city did not consider what, if any, other duties/activities should or should not be performed by the water/street employees. The city did not document reductions in activities or plans to support the decrease in total employee work hours, and did not prepare formal written job descriptions for its water/street employees. Consequently, it is unclear how the current work activities and accomplishments compare to the prior activities or if the reduced hours will be sufficient to accomplish everything the city expects.

Written job descriptions or formal performance expectations for employees would facilitate communication of employee responsibilities and provide support for the expected work hours. Although the city now requires its full-time water/street employee to prepare a daily activity log, it appears this is not currently being maintained. The city needs to continue monitoring the activities of its water/street employees to ensure the authorized work hours are sufficient to accomplish what the city expects. The employee's daily activity log may provide useful information for the board to develop the job descriptions.

- B. The method of allocating the City Clerk's and the water/street employees' wage expense to the city's funds is not supported by documentation. Although the City Clerk does not prepare a timesheet, her wages are allocated 56 percent to the General Fund, 24 percent to the Water Fund, and 20 percent to the Police Fund. In addition, while the water/street employees prepare timesheets, the timesheets show no detail and the employees' wages are allocated equally between the Water Fund and Street Fund. The city has no documentation to support how these percentages were determined.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user fees necessary to meet operating costs.

- C. The city does not report and withhold payroll taxes or pay the employer's share of social security for compensation paid to employees for health and life insurance. The city requires its full-time water/street employee to procure his own health and life insurance and pays the employee \$130 a month for the insurance premiums. The city paid its two former full-time water/street employees \$280 and \$443 per month for health insurance premiums.

These payments may be taxable compensation. The Internal Revenue Service (IRS) regulations require employers to report taxable compensation on W-2 forms and withhold federal income taxes. Similarly, Chapter 143, RSMo, includes

requirements for reporting compensation and withholding state income taxes. Also, state and federal laws require employers to withhold payroll taxes and pay the employer's share of social security on the compensation paid to employees.

- D. The city is reporting its contributions to the employees' deferred compensation plan on the employees' W-2 and is paying social security and Medicare tax on its contributions. Except for the City Treasurer who takes the contribution as salary, the city pays three percent of each employee's gross salary into a deferred compensation plan. Also, until January 2005 (when he resigned) a former water/street employee received the three percent contribution and an additional \$727 per month as deferred compensation. These contributions are included in the employees' gross salary which are subject to social security and Medicare tax.

IRS regulations provide that employer contributions to a qualified retirement plan are exempt from social security and Medicare tax. The city's records do not indicate whether its deferred compensation plan is or is not a qualified retirement plan. The city needs to contact the IRS for guidance regarding this situation.

- E. The city has no procedures in place to ensure Form 1099-MISC is always filed with the IRS as required. In 2004, the city did not file Form 1099-MISC with the IRS for payments, totaling \$4,472, to its attorney.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Form 1099-MISC.

- F. The city has not established an ordinance for employee compensation or the term of office for the City Clerk. Although the city sets employee compensation and benefits through employment agreements with each employee, Section 79.270, RSMo, provides that city officials and employee salaries be set by ordinance. In addition, Section 79.320, RSMo, requires the City Clerk's term of office be established by ordinance. Also, Section 79.270, RSMo, provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law.

WE RECOMMEND the Board of Aldermen:

- A. Continue monitoring the activities of its water/street employees to ensure the authorized work hours are appropriate. As part of the monitoring process, the city should consider developing written job descriptions for its employees.
- B. Ensure the City Clerk's and water/street employees' wages are properly allocated to the various funds and are supported by adequate documentation.

- C. Contact the IRS for guidance regarding the reporting of life and health insurance payments to employees and the withholding and payment of applicable payroll and social security taxes.
- D. Contact the IRS for guidance regarding the reporting of the city's contribution to the employee's deferred compensation plan and the withholding of social security and Medicare taxes.
- E. Establish procedures to ensure Form 1099-MISC is prepared and reported to the IRS as required.
- F. Establish the compensation of city officers and employees by ordinance. In addition, the term of office for the City Clerk should be set by ordinance.

AUDITEE'S RESPONSE

- A. *The city of Dearborn agrees that this and every board should monitor the activities of all employees to make sure that hours worked are appropriate for the amount of work needed in this city. We also agree that a more thorough job description, one outlining the job even further than what is on file, is needed to give the employee an understanding of what is expected of him. We will continue to monitor hours and will work on a more thorough job description. Any changes to hours will be documented.*
- B. *The city of Dearborn agrees that we should ensure that wages are properly allocated to the funds of the city and are documented to back those decisions. We will document hours worked for a set amount of time to ensure that proper allocation is taking place.*
- C. *The city of Dearborn agrees that we should contact the IRS to ensure we are reporting insurance payments correctly. We will contact the IRS to develop a plan to correct our current process reporting insurance payments and withholdings/payments of taxes and payroll.*
- D. *The city of Dearborn agrees that we should contact the IRS to ensure we are correctly reporting the city's contribution to all employees' compensation plan and withholding of taxes. We will contract the IRS to develop a plan to implement changes that will be in line with what is asked of the city.*
- E. *The city of Dearborn agrees that we should establish procedures to make sure Form 1099-Misc is prepared and reported to the IRS. We will contact the IRS to acquire said procedures to ensure steps are being made correctly.*
- F. *The city of Dearborn agrees that an ordinance should be set to establish compensation of all city employees and officers and also to set the term of office for the City Clerk. We will look for correct examples to follow and will implement changes in our ordinance book according to city and state laws.*

3.**Budgeting, Planning, and Financial Reporting**

Significant weaknesses were identified in the city's budgeting, planning, and financial reporting. Complete budgets are not prepared as required by state law, an annual maintenance plan for city streets is not prepared, and the city's financial report for the year ended December 31, 2003 was not submitted to the State Auditor's Office. In addition, the city needs to monitor the financial condition of its Street Fund and Water and Sewer Fund.

- A. The budget prepared for the year ending December 31, 2004 did not include a budget message, actual revenues and expenditures for the two preceding budget years, or the beginning and estimated ending available resources. Section 67.010, RSMo, requires the preparation of an annual budget which presents a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- B. The city does not prepare an annual maintenance plan for city streets. In 2004, the Street Fund expenditures totaled almost \$60,000.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

- C. The city did not submit an annual financial report or audited financial statements to the State Auditor's Office for the year ended December 31, 2003, as required by state law. The audited financial statements for the year ended December 31, 2004 were filed with the State Auditor's Office on July 22, 2005. Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office. The city's audited financial statements are due by June 30, each year.

D. The city needs to monitor the declining cash balance in the Street Fund and develop long-term plans to address the repayment of Water and Sewer Fund debt.

1. The city needs to monitor the declining cash balance in the Street Fund. In both 2004 and 2003, the expenditures from the fund exceeded the revenues, and the cash balance declined to approximately \$39,000 at December 31, 2004, a \$60,000 decrease from December 31, 2002. Additionally, the city's 2005 budget has expenditures exceeding revenues by over \$10,000. The city should monitor the fund's revenues and expenditures to ensure an adequate cash balance is maintained.
2. Although the city has incurred a significant amount of debt which will have an impact on the financial condition of the Water and Sewer Fund, the city has no formal plan to address the repayment of this debt.

In March 2002, the city entered into a cooperative agreement to purchase water from Kansas City. However, a new water supply main and pump station had to be constructed for Kansas City to deliver the water. The city's share of the construction costs totals almost \$761,000 and are to be repaid over 20 years. The city is required to begin repaying these costs later this year. Also, Kansas City is installing telemetry equipment and programming for which the city is responsible for reimbursement, however, Kansas City has not provided an estimate of these costs to the city.

In addition, the net income and/or loss (excluding the extraordinary loss in 2004) for the Water and Sewer Fund was \$14,225, (\$7,465), and \$7,149 for 2004, 2003, and 2002, respectively. The city has taken recent action to increase the cash balance of the fund by reducing its payroll costs (as discussed in MAR finding number 2) and contracting to sell its old waterworks property. Although, these actions may provide the fund with sufficient cash to meet its financial obligations for the short-term, long-term plans are needed to ensure sufficient resources will be available throughout the duration of the debt repayment term.

The city needs to closely monitor the ongoing financial condition of the Water and Sewer Fund and to develop a long-range plan which will allow the city to reduce its water/sewer expenditures and/or increase its revenues to pay operating cost as well as the required debt payments.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law.
- B. Prepare an annual street maintenance plan as part of the budget.

- C. Submit financial reports to the State Auditor's Office on a timely basis, as required by law.
- D.1. Monitor the financial condition of the Street Fund to ensure an adequate cash balance is maintained.
- 2. Develop a long-range plan for the Water/Sewer Fund to ensure the financial condition of the fund is sufficient to pay the operating costs as well as the required debt payments.

AUDITEE'S RESPONSE

- A. *The city of Dearborn agrees that we should prepare budgets that contain all the information required by law and that date back at least 2 years. We will research with the state to ensure all budgets made for the city of Dearborn are within the confines of state law.*
- B. *The city of Dearborn agrees that we should prepare an annual street maintenance plan as part of the yearly budget. We will sit down with our streets employee to prepare an annual plan of what streets are to be repaired, estimated costs, and any improvements needed in that calendar year.*
- C. *The city of Dearborn agrees that we should submit financial reports to the State Auditor's Office on a timely basis. We will prepare said reports and make sure that they make it to the State Auditor's Office, as required by law.*
- D.1. *The city of Dearborn agrees that the financial condition of the Street Fund needs to be monitored to ensure the account is maintained in a working order. Before repairs are made to our city streets, we will consult with the budget to ensure it can handle the financial burden placed on it.*
- 2. *The city of Dearborn agrees that we should develop a long-range plan for the Water/Sewer Fund to ensure the account is maintained in a working order, now and in the future. We will prepare a budget that will look forward to the next year, 5 years, 10 years, 20 years, and 30 years in the future and will include any foreseeable changes in the water/sewer department. All debt payments and improvements will be included, as will future rate and income increases that can be foreseen.*

4.	Accounting Controls and Procedures
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The city needs to consolidate its bank accounts and evaluate whether the Police Fund is needed. In addition, duties are not adequately segregated related to the city's utility system.

- A. The city has several bank accounts and the need for a Police Fund is questionable.

The city has nine checking accounts, three money market accounts, and four certificates of deposit (CDs). Except for separate accounts for the Water Fund and bond reserve accounts, it appears the remaining bank accounts could be consolidated to help simplify the city's records and reduce the number of accounts that must be monitored and controlled. A large number of bank accounts requires additional record keeping and increases the likelihood that errors will occur in the handling of funds. Consolidating accounts would also allow funds to be pooled for increased investment opportunities. In spring 2005, the city was earning .35 percent on checking accounts, .65 percent on money market accounts, and rates ranging from 1.195 to 1.295 percent on CDs.

In addition, the Police Fund has no funding source other than transfers from the General Fund. The city should consider eliminating the Police Fund and recording and reporting police expenses within the General Fund. Eliminating the Police Fund would reduce the number of interfund transfers and simplify record keeping.

- B. There is no independent oversight or adequate segregation of duties related to the city's utility system. The City Clerk performs all functions related to generating monthly water/sewer bills; receiving, recording and depositing water/sewer payments; approving and making adjustments; and producing various reports. There is no documented independent review of these activities or reports.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of generating bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between water/sewer payments and recorded deposits, and an independent review and approval of credit adjustments and delinquent account follow-up.

WE RECOMMEND the Board of Aldermen:

- A. Consider consolidating the city's bank accounts and CDs and evaluate whether the Police Fund is needed.
- B. Segregate the duties of receipting and depositing monies from that of preparing bills and recording payments. If proper segregation of duties can not be achieved, at a minimum, there should be an independent review of the reconciliations between payments deposited and recorded, and an independent review of and approval for credit adjustments and delinquent accounts follow-up.

AUDITEE'S RESPONSE

- A. *The city of Dearborn agrees that we should consolidate the city's bank accounts and CDs, as well as any funds that can be combined. We will review all accounts to see what can be combined in order for the city to have fewer accounts.*
- B. *The city of Dearborn agrees that we should segregate the duties of receipting and depositing monies and of payments. We will develop a plan to ensure that all deposits and payments are reviewed. We will also review any adjustments or accounts that require our attention. Also, the board will be presented with any accounts which are to be written-off.*

5. Public Records and Meetings

The city needs a formal policy regarding public access to city records. Additionally, official board meetings were not held when telephone votes were utilized.

- A. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. Section 610.026, RSMo, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- B. The city did not comply with applicable requirements when members of the board voted via telephone. We noted two instances where board members apparently voted on issues via the telephone at times other than during an official board meeting. However, a quorum of board members was not physically present.

Section 610.015 RSMo, allows board members to participate and vote in a public meeting only when a quorum of members is physically present and less than a quorum of the members participate via telephone.

WE RECOMMEND the Board of Aldermen:

- A. Develop written policies regarding procedures to obtain access to, or copies of, public city records.
- B. Comply with state law regarding board members participating and voting via a telephone.

AUDITEE'S RESPONSE

- A. *The city of Dearborn agrees that we should develop written policies regarding procedures to obtain copies of public city records. We have implemented changes regarding this; whereby city records can be obtained by filling out a form that will include what is being requested, who is making the request and when the request is made to make sure copies are given within the guidelines set by the Missouri Sunshine law of 3 days.*
- B. *The city of Dearborn agrees that board members should comply with state law regarding phone votes. We have since made sure that all Sunshine Laws are followed with regards to voting by phone.*

6. Capital Asset Records

The city does not maintain complete and current records for its capital assets, including land, buildings, equipment and furniture. In addition, property is not tagged for specific identification and an annual physical inventory of the property is not performed. At December 31, 2004, the city's financial statements showed capital assets totaling over \$1.3 million.

Although, the city's Certified Public Accountant (CPA) maintains a list of capital assets for report purposes, the city only maintains a list of water/sewer and street equipment. In addition, the city had not updated this list since 2002 and does not reconcile their list to the CPA's list of property.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amounts of insurance coverage. The city needs to maintain property records on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. All property items should be identified with a tag or other similar device, and the city should conduct annual physical inventories and compare to the detailed records. In addition, the city should periodically reconcile their property records to records maintained by the CPA to ensure all property is accounted for and reported.

WE RECOMMEND the Board of Aldermen maintain complete and current capital asset records that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. Additionally, annual physical inventories should be performed and compared to the detailed records.

AUDITEE'S RESPONSE

The city of Dearborn agrees that we should maintain complete and current asset records of city property. We will begin making a detailed list, including serial numbers/descriptions/etc., of all our property. We will also make sure that an annual inventory is made.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF DEARBORN, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Dearborn is located in Platte County. The city was incorporated in 1882 and is currently a fourth-class city. The population of the city in 2000 was 529.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2004, are identified below. The Mayor and the Board of Aldermen serve without compensation.

Mayor and Board of Aldermen	Dates of Service During the Year Ended December 31, 2004		
Josh Linville, Mayor Delba McAuley, Mayor (1) Donald Swanstone Jr. Bill Edwards Bill Brooks Robert Carroll (2) Brian Justus (3) Lila Scrivener (4)	August 2004 – December 2004 January 2004 – August 2004 January 2004 – December 2004 April 2004 – December 2004 January 2004 – April 2004 January 2004 – December 2004 August 2004 – December 2004 January 2004 – August 2004		
Other Principal Officials	Dates of Service During the Year Ended December 31, 2004		
Susan Crowley, City/Court Clerk Marjorie Williams, City Treasurer (5)	January 2004 – December 2004 January 2004 – December 2004	\$	16,200 3,399

- (1) Ms. McAuley resigned in August 2004 and Mr. Linville was appointed Mayor.
- (2) Mr. Gary Bomar was elected in April 2005.
- (3) Mr. Louis Buntin was elected in April 2005.
- (4) Ms. Scrivener resigned in August 2004 and Mr. Justus was appointed Alderman.
- (5) Ms. Williams resigned in May 2005 and Ms. Carol Bryan was appointed City Treasurer.

In addition to the officials identified above, the city employed two full-time employees and one part-time employee on December 31, 2004. For all employees, except the City Treasurer, the city contributed 3% of the employee's gross salary to a deferred compensation plan. These

contributions are not included in the amounts above. The City Treasurer elected to receive her 3% as additional salary.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$	2,995,848
Personal property		909,492
Railroad and utility		87,601
Total	\$	<u>3,992,941</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

		Rate
General Fund	\$	<u>.5539</u>

TAX RATE(S) PER \$1 OF RETAIL SALES

		Rate
General	\$	<u>.015</u>

The city receives 1 percent of 50 percent of the proceeds (municipal portion) of a county-wide transportation sales tax. The sales tax expires in 2013.

The city also received grants for its park project from Platte County from the proceeds of a county-wide sales tax for local parks and storm water control. The sales tax expires in 2010.



Claire McCaskill
Missouri State Auditor

November 2005

Missouri 3rd Class Counties



Office Of
Missouri State Auditor
Claire McCaskill

October 2005

IMPORTANT: This report contains information about the eighty-nine (89) Missouri counties that do not have a county auditor. Using recently issued audit reports and county budgets, this report has been compiled to show comparative financial information. Data for the years 2004, 2003, and 2002 are presented in this report.

The highlights of our review include financial data regarding significant county funds, such as the General Revenue Fund, Special Road and Bridge Fund, and various sales tax funds.

The majority of the counties' General Revenue and Special Road and Bridge Funds had receipts and disbursements ranging from \$500,000 to \$1,499,999. Sales taxes represent the main source of receipts (average of 39 percent for all counties) for the General Revenue Fund, while intergovernmental revenues, such as federal and state aid, represent the main source of receipts (average of 62 percent for all counties) for the Special Road and Bridge Fund. There has been little change in the level of receipts and disbursements or the percentage of the composition of receipts for these funds during the three years ended December 31, 2004.

General County Government represents the main disbursement category (average of 44 percent for all counties) while Public Safety represents the next major disbursement category (average of 34 percent for all counties) for most counties' General Revenue Fund. For some counties, public safety disbursements may be paid from a law enforcement sales tax fund rather than the General Revenue Fund. There has been little change in the percentage of the composition of disbursements during the three years ended December 31, 2004.

A comparison of the General Revenue and Special Road and Bridge Funds year-end cash balance to disbursements for the past three years shows that the ratios have experienced little change. The 2004 average cash balance to disbursement ratios (.30 and .30 for the General Revenue Fund and Special Road and Bridge Fund, respectively) indicate that cash available at year-end would fund county operations for approximately three to four months.

Sales tax funds are established by counties to account for additional sales taxes approved by voters and earmarked for a specific purpose, including capital improvements, law enforcement, and road and bridge work. Fifty-six counties have established one or more of these funds. During 2004, receipts into these type funds totaled approximately \$68 million, and the overall level of activity of receipts in these types of funds has increased during the three years ended December 31, 2004.

(over)

YELLOW SHEET

Common county audit findings involved problems related to reporting of federal grant expenditures, budgetary practices and financial statements, bidding procedures, county property controls and records, and payroll controls and procedures. Other significant county findings included declining financial condition, lack of supporting documentation for expenditures paid, and concerns relating to the administration of various federal awards. In addition, common findings related to county elected fee officials included poor receipting, depositing, and reconciliation procedures, as well as a lack of segregation of duties.

All reports are available on our website: www.auditor.mo.gov

MISSOURI 3RD CLASS COUNTIES

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STATE AUDITOR'S TRANSMITTAL LETTER



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
County Commissions

The Missouri State Auditor's office, as required by Section 29.230, RSMo, is responsible for audits of counties throughout the state that have not elected a county auditor. Currently, there are eighty-nine such 3rd class counties. The State Auditor is required to conduct county audits once every four years.

This report was compiled using recently issued audit reports and county budgets. The objectives of this report were to:

1. Compile various financial information of all 3rd class counties into comparative schedules.
2. Assess county data in relation to all 3rd class counties and identify significant trends or changes.
3. Identify the most common problems reported in audits of 3rd class counties.

Because this report is based upon a combination of audited and unaudited information, no opinion can be expressed as to the accuracy of the unaudited amounts. This, along with differences that exist between counties with regard to their organization, funding sources, and financial reporting procedures, results in some comparison problems.

The State Auditor's Office has issued an aggregate report on Missouri 3rd class counties for several years. To improve the presentation and content of this report, changes have been

made to the overall format and content throughout the years. Future reporting will be affected by suggestions of those involved in the county government and other readers of this report.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 20, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Jeffrey Wilson

EXECUTIVE SUMMARY

MISSOURI 3RD CLASS COUNTIES EXECUTIVE SUMMARY

The following tables, charts, and conclusions are highlights of our review of financial information of the 3rd class counties in Missouri. These highlights represent data of significant county funds, such as the General Revenue Fund, Special Road and Bridge Fund, and various sales tax funds. In addition, highlights are included from our review of the written findings in the most recently issued audit reports of these counties. Specific information has also been compiled into Schedules 1 through 5 of this report.

Overall receipts and disbursements

The following tables categorize the counties based on receipts and disbursements of the General Revenue and Special Road and Bridge Funds for the three years ended December 31, 2004, as presented in Schedules 1-A and 1-B.

General Revenue Fund						
	Receipts			Disbursements		
	2004	2003	2002	2004	2003	2002
< \$ 500,000	2	2	2	2	2	2
500,000 - 999,999	14	19	21	14	22	19
1,000,000 - 1,499,999	31	28	27	28	21	30
1,500,000 - 2,000,000	9	9	10	13	13	9
> \$ 2,000,000	33	31	29	32	31	29
Total	89	89	89	89	89	89

Special Road and Bridge Fund						
	Receipts			Disbursements		
	2004	2003	2002	2004	2003	2002
< \$ 500,000	2	1	1	1	1	0
500,000 - 999,999	24	24	21	26	21	28
1,000,000 - 1,499,999	32	35	36	31	34	33
1,500,000 - 2,000,000	16	15	18	17	22	17
> \$ 2,000,000	15	14	13	14	11	11
Total	89	89	89	89	89	89

Measuring financial condition

One method for measuring financial condition is to compare a fund's year-end cash balance to disbursements for the year. As shown on Schedule 2-A and 2-B, over the past three years the General Revenue Fund ratio and Special Road and Bridge Fund ratio have experienced little change. These schedules show the 2004 average cash balance to disbursement ratio was .30 and .30 for the General Revenue Fund and Special Road and Bridge Fund, respectively. These average ratios indicate cash available at year-end would fund county operations for

approximately three to four months. The following table categorizes the counties based on the cash balance to disbursements ratios during the last three years.

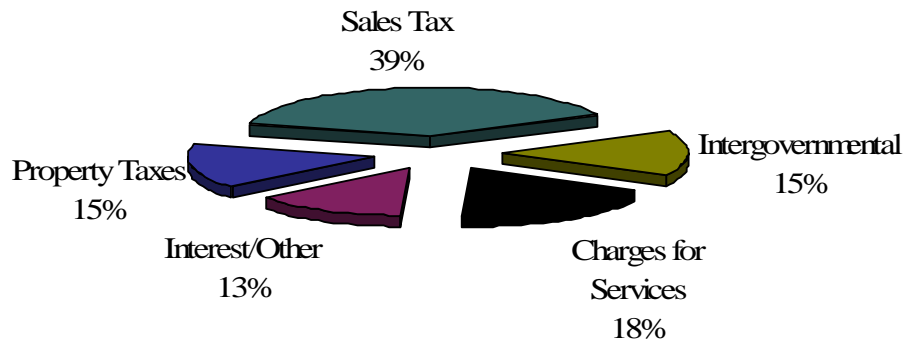
Cash Balance: Disbursements	General Revenue Fund			Special Road and Bridge Fund		
	2004	2003	2002	2004	2003	2002
> .90:1	7	5	5	2	3	5
.76:1 - .90:1	0	4	2	5	4	2
.61:1 - .75:1	4	3	5	5	5	3
.46:1 - .60:1	4	4	4	12	9	12
.31:1 - .45:1	14	15	13	9	15	12
.16:1 - .30:1	22	21	22	20	20	28
.0:1 - .15:1	35	35	36	34	33	27
< 0	3	2	2	2	0	0
Total	89	89	89	89	89	89

The table above shows that the majority of counties have a cash balance to disbursements ratio of .30 or less for both the General Revenue and Special Road and Bridge Fund. A declining ratio may be indicative of a poor or worsening financial condition, while a growing ratio might represent a county's effort to accumulate and reserve monies for a significant future purpose or an improved financial condition. While the cash balance to disbursements ratio can assist in analyzing financial condition, such factors as types of receipts, cash flow, receivables, debt, and discretionary versus mandated disbursements also have a significant effect on the financial well-being of a county. Additionally, the availability of sales tax funds shown on Schedule 5 or an unusually large spending level in one year can distort the financial condition analysis.

Breakdown of receipts

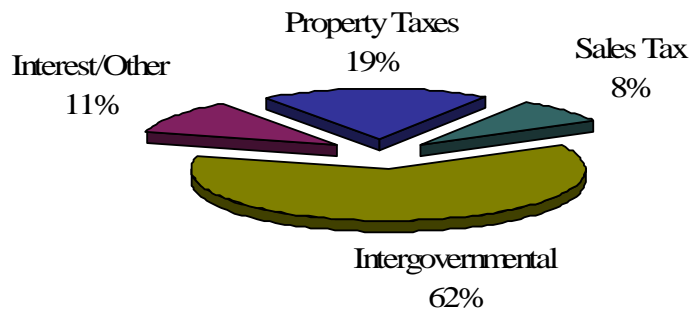
Sales tax receipts represent the main source of receipts for most counties' General Revenue Fund and are used to assist in meeting day-to-day operating and law enforcement costs. Schedule 3-A presents the composition of receipts into the General Revenue Fund for each county. The following chart depicts the average receipt amounts as a percentage of the total of the General Revenue Fund for all 3rd class counties for 2004. There has been little change in the percentages for the three years ended December 31, 2004.

General Revenue Fund Percentage Composition of Receipts - 2004



Intergovernmental revenues represent the main source of receipts for most counties' Special Road and Bridge Fund. Intergovernmental revenues include state distributions of county aid road trust (CART) monies, federal bridge project and disaster monies, and other government distributions. Schedule 3-B presents the composition of receipts into the Special Road and Bridge Fund for each county. The following chart depicts the average receipt amounts as a percentage of the total of the Special Road and Bridge Fund for all 3rd class counties for 2004. There has been little change in the percentages for the three years ended December 31, 2004.

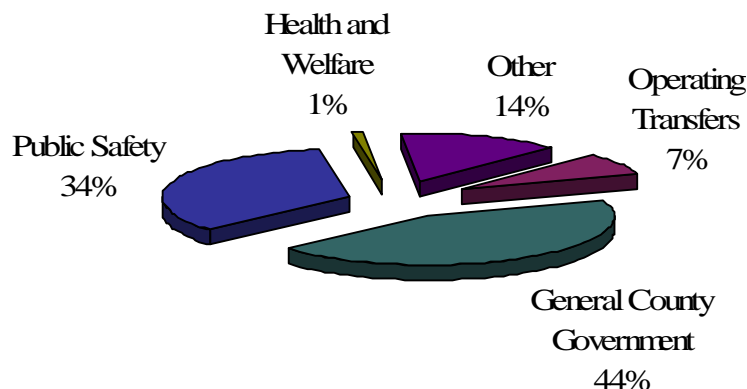
Special Road and Bridge Fund Percentage Composition of Receipts - 2004



Breakdown of disbursements

General County Government represents the main disbursement category for most counties' General Revenue Fund. For counties having a law enforcement sales tax, public safety disbursements may be paid from a law enforcement sales tax fund rather than from the General Revenue Fund. The majority of the counties do not have health and welfare disbursements from the General Revenue Fund. Those with significant disbursements in this category generally do not have a county health center board. Schedule 4 presents the composition of disbursements by function from the General Revenue Fund for each county. The following chart depicts the average disbursement amounts as a percentage of the total of the General Revenue Fund for all 3rd class counties for 2004. There has been little change in the percentages for the three years ended December 31, 2004.

General Revenue Fund Percentage Composition of Disbursements - 2004



In addition to the law enforcement sales tax funds mentioned above, many counties also have capital improvements sales tax funds and/or road and bridge sales tax funds. The availability and use of these monies may impact the disbursements of the General Revenue Fund and Special Road and Bridge Fund, and how these funds are utilized.

Schedules 3-A, 3-B, and 4 show that the "Other" receipts and disbursements categories are becoming more significant in some counties. Various receipt and disbursement classifications are combined for report presentation. Therefore, the noted increases in these categories are not necessarily representative of an increase in the 3rd class counties classifications of "Other" receipts and disbursements. However, when appropriate, counties need to classify receipts and disbursements in more specific and suitable categories.

Sales tax funds

Many counties have significant sales tax receipts. These receipts may be accounted for in a fund specifically established for that purpose or through existing county funds, such as the General Revenue Fund and the Special Road and Bridge Fund. Schedule 5 presents receipts, disbursements, and cash balances information for various sales tax funds established by the counties that are not otherwise presented in the General Revenue and Special Road and Bridge Funds. These funds represent additional sales taxes approved by voters and earmarked for a specific purpose. Without sales taxes, capital improvement projects might have to be canceled, deferred, or funded through other county funds, and services currently provided by the counties might have to be reduced. Of the 3rd class counties, fifty-six have one or more of these sales tax funds.

The following table categorizes the sales tax funds based on receipts and number of counties with these funds for the three years ended December 31, 2004, as presented in Schedule 5.

Type of Sales Tax Fund	Receipts			Number of Counties		
	2004	2003	2002	2004	2003	2002
Capital Improvement	\$ 12,659,816	13,531,447	13,256,222	24	24	23
Law Enforcement	47,409,210	40,754,004	36,547,723	42	39	37
Road and Bridge	8,270,757	9,007,058	8,465,587	11	11	11
Total	\$ 68,339,783	63,292,509	58,269,532	77	74	71

While the majority of the receipts to these funds are sales tax monies, intergovernmental reimbursements, interest income, and other miscellaneous receipts are also included. A review of data for the last several years shows that the overall level of activity of receipts in these types of funds has increased.

Common audit findings

The most common problems reported in county audit reports were determined. The following list of frequent county findings was compiled utilizing the most recent audits of the eighty-nine 3rd class counties. Some of the areas listed are not applicable to all counties and various parts of the findings may not have been present in all examples noted.

- Reporting of federal grant expenditures

County-prepared schedules of expenditures of federal awards (SEFA) did not include all federal programs and/or included inaccurate expenditure information for some federal programs presented.

- Budgetary practices and financial statements

Budgets were not obtained and/or prepared for some county funds. Many budgets were inaccurate or incomplete, budget amendments were not always prepared when actual disbursements exceeded budgeted amounts, and in some cases, receipts and disbursements were not reasonably estimated and some budget amendments were made after the fact. In addition, county published financial statements frequently did not include information for some county funds.

- Bidding procedures

Counties did not always bid purchases in accordance with state law or solicit proposals for professional services. In addition, many counties did not adequately document their actions or decisions when obtaining bids or soliciting proposals.

- County property controls and records

Counties frequently had inadequate written policies or did not maintain adequate property records, reconcile fixed asset additions and deletions to property records, or affix property tags to all county property. In addition, required physical inventories and inspections were not always performed by various county officials.

- Payroll controls and procedures

Counties frequently did not maintain adequate records to support overtime payments and/or compensatory time balances. Many did not monitor vacation and sick leave earned and taken. Time sheets were not always prepared and time sheets prepared were sometimes inadequate and not signed by a supervisor.

In addition to these findings, other significant county findings included declining financial condition, lack of supporting documentation for expenditures paid, and concerns related to the administration of various federal awards.

We also noted concerns related to county elected officials that handle funds other than those reported on in this report. These findings included poor receipting, depositing, and reconciliation procedures, as well as a lack of segregation of duties.

OBJECTIVES, SCOPE, AND METHODOLOGY

MISSOURI 3RD CLASS COUNTIES OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this report were to 1) compile various financial information of all 3rd class counties into comparative schedules; 2) assess county data in relation to all 3rd class counties and identify significant trends or changes; and 3) identify the most common problems reported in audits of 3rd class counties.

Scope

This report is titled “Missouri 3rd Class Counties” because the eighty-nine counties for which information is presented are counties of the 3rd class.

Several documents were used in the compiling the information included in this report.

- A recent audit report for each county was used to obtain audited data and findings. Some counties had been audited through 2003, whereas other counties had only been audited through 2002 and 2001.
- The 2005 county budgets contain information for 2004 and were used in compiling unaudited actual receipts and disbursements information for all counties for the year 2004. The unaudited actual receipts and disbursements information for 2003 and 2002 was obtained from the 2004 and 2003 county budgets, respectively.

Methodology

Receipts, disbursements, and cash balance information for each county’s General Revenue Fund and Special Road and Bridge Fund was compiled for 2004, 2003 and 2002. This information was placed in various schedules, tables, and charts for report presentation and analyzed for significant trends or changes, similarities and/or differences between counties, and the financial conditions of the counties. The compilation of the financial data is presented in Schedules 1-A, 1-B, 2-A, 2-B, 3-A, 3-B, and 4. Various disbursement functions presented in Schedule 4 were combined so that disbursements are presented in five broader categories for Executive Summary purposes. These consist of general county Government, Public Safety, Health and Welfare, Other, and Operating Transfers. In addition to the above mentioned schedules, various tables, charts, and comments regarding the General Revenue and Special Road and Bridge Funds are presented in the Executive Summary.

State law provides for several different types of special-purpose sales taxes that may be imposed by county commissioners with approval by the majority of county voters. Schedule 5 presents receipts, disbursements, and cash balances for various county sales tax funds for 2004, 2003 and 2002. The funds presented consist of additional sales taxes approved by voters, pursuant to Sections 67.547, 67.582, and 67.700-67.727, RSMo, which are not placed in the county’s General Revenue or Special Road and Bridge Funds. These sales taxes are earmarked for a

specific purpose, including capital improvements, law enforcement, and road and bridge work. Some counties have more than one of these additional funds, in which case, the amounts have been reported separately for presentation purposes.

The most recently issued audit reports of all the 3rd class counties were reviewed. The most common audit findings were determined and are presented in the Executive Summary.

Limitations

When analyzing the schedules and other data in this report, it is important to remember that audited and unaudited information has been used. When actual audit reports are issued for the years shown as unaudited, some differences may result. The presentation of a combination of audited and unaudited amounts results in some comparison problems. For example, a comparison of General Revenue Fund 2002 unaudited receipts to 2002 audited receipts shows a net difference of about \$69,053 or about .05 percent of total 2002 receipts. A comparison of General Revenue Fund 2002 unaudited disbursements to 2002 audited disbursements shows a net difference of about \$186,029 or about .13 percent of total 2002 disbursements.

Funding sources (such as property tax levies, sales taxes, and state or federal grants) also vary between counties and can impact the analysis of the data.

Counties' accounting and financial report procedures differ. For example, some counties may account for special-purpose sales tax monies in separate funds; whereas, other counties may account for these monies as a part of General Revenue or Special Road and Bridge Funds. Likewise, some monies available for general purposes may be kept in separate funds by some counties, while other counties account for such monies as a part of General Revenue Fund. In addition, some counties may classify disbursements as one type of function whereas other counties may classify the same disbursement as another type of function.

Differences in classifying receipts and disbursements often exist between budget documents prepared by county officials and audit reports issued by the State Auditor's office and independent certified public accountants. Audit adjustments are sometimes made to receipts, disbursements, and cash balances presented on the various budgets to correct errors and reconciliation problems noted.

The manner in which receipts, disbursements, and audit findings are classified or reported may differ between audit reports issued by the State Auditor's office and those issued by independent certified public accountants. The table below lists those counties that were audited by independent certified public accountants during 2004 and 2003, and the years those audits encompassed.

Two Years Ended December 31, 2003			Two Years Ended December 31, 2002		
Adair	Douglas	Ozark	Barry	Laclede	Randolph
Andrew	Iron	Reynolds	Cooper	Lewis	St. Clair
Atchison	Lincoln	Scott	Crawford	Maries	Ste. Genevieve
Audrain	Miller	Shannon	Dade	Mercer	Scotland
DeKalb	Monroe	Washington	Dallas	Moniteau	Stoddard
			Daviess	Morgan	Texas
			Howell	Perry	Webster

For the past several years, the State Auditor's office has audited or contracted for an audit of each 3rd class county biennially. However, since this service is not statutorily required, in June 2003, the State Auditor's office notified 3rd class counties that the audit cycle for counties was changed to once every 4 years. As a result of federal monies expended, debt issuances, significant contracts, or other actions, many counties will likely need to provide for independent audits during the 4 years between state audits. Six counties, including Clinton, Dent, Gasconade, Hickory, Osage, and Worth, have not been audited by the State Auditor's office or filed an audit report with the State Auditor's office since 2001. Therefore, unaudited information is presented for all three years for these counties.

Counties do not always prepare budgets for various funds as required by law. If this occurs, unaudited data obtained from county budget documents will be presented.

Additionally, the structure and organization of the counties will cause some differences when comparing county information. Twenty-two of the 3rd class counties have a township form of governments. These counties are as follows:

Barton	Daviess	Henry	Stoddard
Bates	DeKalb	Linn	Sullivan
Caldwell	Dunklin	Livingston	Texas
Carroll	Gentry	Mercer	Vernon
Chariton	Grundy	Nodaway	
Dade	Harrison	Putnam	

SCHEDULES

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
GENERAL REVENUE FUND

County	December 31,								
	2004			2003			2002		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	\$ 1,886,383	* 2,146,419	* 233,357	* 2,552,892	2,503,784	493,392	2,002,546	1,906,469	444,284
Andrew	1,621,798	* 1,369,776	* 1,742,250	* 2,114,975	1,959,196	1,490,228	1,385,255	1,370,502	1,334,449
Atchison	1,072,180	* 1,105,403	* 271,728	* 958,281	1,036,642	304,952	1,173,135	1,046,356	383,313
Audrain	2,676,653	* 2,822,403	* 1,504,278	* 2,540,200	2,478,486	1,650,027	2,632,850	2,438,006	1,588,312
Barry	3,066,456	* 3,103,932	* 536,685	* 2,886,694	* 3,127,188	* 574,161	* 2,732,555	4,445,235	814,655
Barton	955,958	* 957,484	* 313,372	* 839,139	783,232	314,898	763,782	789,201	258,991
Bates	1,232,828	* 1,478,316	* 507,889	* 851,257	620,728	753,377	832,795	707,704	522,848
Benton	1,852,511	* 1,871,920	* 163,328	* 1,729,013	1,808,531	182,736	1,663,228	1,724,415	262,253
Bollinger	1,410,980	* 1,303,644	* 142,898	* 1,268,351	1,253,681	35,563	1,161,281	1,153,542	16,693
Butler	3,920,385	* 3,480,161	* 1,360,015	* 4,924,504	* 4,486,226	* 919,790	* 4,741,994	4,911,311	481,512
Caldwell	1,429,360	* 1,542,586	* (197,636)	* 895,208	840,800	(84,410)	806,398	879,829	(138,818)
Carroll	1,324,323	* 1,205,847	* 674,206	* 1,325,867	* 1,138,263	* 555,730	* 1,199,442	1,148,179	368,127
Carter	766,510	* 709,233	* 291,398	* 748,431	683,735	234,120	634,881	628,913	169,424
Cedar	1,074,672	* 946,028	* 416,458	* 1,100,307	991,850	287,812	917,957	857,913	179,355
Chariton	1,310,033	* 1,302,092	* 38,763	* 1,188,611	1,187,577	30,823	1,219,728	1,190,029	29,789
Clark	930,390	* 934,557	* (1,899)	* 946,191	* 944,160	* 2,268	* 1,004,039	1,004,084	236
Clinton	2,129,817	* 2,071,450	* 58,367	* 1,903,933	* 1,925,765	* 0	* 1,747,174	* 1,816,125	* 21,832
Cooper	2,032,071	* 2,230,062	* 1,279,700	* 1,885,828	* 1,977,519	* 1,477,691	* 1,894,279	1,945,177	1,569,382
Crawford	2,458,148	* 2,328,997	* 181,126	* 2,319,735	* 2,297,874	* 51,975	* 2,360,315	2,387,686	30,114
Dade	614,080	* 525,915	* 527,040	* 614,080	* 525,915	* 438,875	* 605,542	631,975	350,710
Dallas	1,024,336	* 1,017,674	* 194,709	* 1,004,559	* 1,036,567	* 188,047	* 1,021,896	1,027,990	220,056
Daviess	829,980	* 721,117	* 1,152,306	* 907,672	* 680,226	* 1,043,443	* 782,340	619,091	815,997
DeKalb	1,200,894	* 1,150,303	* 96,100	* 1,096,758	1,053,971	45,509	1,087,722	1,102,367	2,722
Dent	1,251,578	* 1,014,630	* 717,430	* 1,226,945	* 1,297,140	* 480,481	* 1,184,257	* 1,191,309	* 550,676
Douglas	1,618,237	* 1,726,493	* 176,441	* 1,481,153	1,501,953	284,697	1,336,042	1,422,457	305,497
Dunklin	2,954,776	* 2,797,480	* 1,827,608	* 2,901,967	* 3,712,876	* 1,670,312	* 2,921,393	2,634,370	2,481,221
Gasconade	1,770,917	* 1,833,692	* 455,322	* 1,699,571	* 1,671,191	* 518,096	* 1,617,134	* 1,759,775	* 489,716
Gentry	1,249,931	* 1,060,481	* 213,587	* 1,019,151	1,046,301	24,137	1,115,072	1,093,557	51,287
Grundy	1,376,738	* 1,156,560	* 236,775	* 869,452	* 1,065,098	* 16,598	* 852,631	1,066,274	212,244
Harrison	895,699	* 740,431	* 267,815	* 765,124	* 738,863	* 112,547	* 909,146	923,100	86,286
Henry	2,271,602	* 2,173,495	* 284,291	* 2,230,806	* 2,414,850	* 186,184	* 2,284,845	2,226,460	370,227
Hickory	1,286,941	* 1,277,264	* 495,699	* 1,238,324	* 1,131,946	* 486,022	* 1,158,387	* 1,092,447	* 379,644
Holt	1,143,760	* 1,181,752	* 316,798	* 1,088,084	* 1,037,597	* 354,789	* 1,077,320	1,021,985	304,302
Howard	993,580	* 957,696	* 189,707	* 1,009,164	* 937,470	* 153,823	* 911,201	1,022,737	82,129
Howell	3,019,479	* 3,040,121	* 299,121	* 2,788,866	* 2,902,007	* 319,764	* 2,830,523	2,849,641	432,904
Iron	1,327,930	* 1,509,113	* 89,193	* 1,340,896	1,389,439	270,376	1,199,260	1,341,252	318,919
Knox	625,787	* 687,023	* 136,457	* 591,168	583,269	197,694	557,394	534,211	189,796
Laclede	3,877,454	* 3,685,406	* 964,513	* 3,527,524	* 3,602,492	* 772,465	* 3,416,944	3,405,809	847,433
Lawrence	3,315,857	* 3,345,270	* 518,119	* 3,238,181	* 3,337,967	* 547,532	* 3,052,345	3,148,874	647,317
Lewis	1,280,117	* 1,373,249	* 132,408	* 1,381,647	* 1,523,096	* 225,540	* 1,302,739	1,274,371	366,989
Lincoln	4,177,815	* 3,378,164	* 3,501,401	* 3,930,723	3,574,750	2,701,751	3,672,392	3,116,953	2,345,779
Linn	1,344,490	* 1,244,102	* 456,512	* 1,175,445	1,218,177	356,124	1,132,339	1,223,627	398,856
Livingston	1,496,487	* 1,550,161	* 116,973	* 1,483,111	1,531,665	170,647	1,465,238	1,468,433	219,201
Macon	\$ 1,635,903	* 1,560,513	* 201,372	* 1,528,053	1,555,224	125,982	1,528,216	1,551,075	153,152

* Unaudited (see Objectives, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
GENERAL REVENUE FUND

County	December 31,								
	2004			2003			2002		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Madison	\$ 1,118,802	* 1,025,434	* 202,828	* 1,118,802	* 1,025,434	* 109,460	* 1,192,932	1,211,137	16,091
Maries	1,247,015	* 1,269,419	* 131,758	* 1,049,950	* 964,747	* 154,162	* 1,145,863	1,087,165	68,959
Marion	3,925,808	* 4,114,110	* 58,022	* 3,916,684	* 4,089,325	* 246,324	* 3,578,679	3,351,598	418,965
McDonald	1,173,815	* 1,256,076	* 477,470	* 1,393,545	940,242	559,730	1,655,832	1,709,952	106,427
Mercer	657,513	* 628,641	* 64,494	* 622,050	* 652,071	* 35,622	* 593,356	656,993	65,643
Miller	2,594,590	* 2,839,886	* 150,564	* 2,460,419	2,252,562	395,860	2,420,870	3,153,268	188,003
Mississippi	1,623,748	* 1,715,215	* 586,616	* 1,646,716	1,657,655	678,083	1,807,064	1,680,808	689,021
Moniteau	1,552,164	* 1,486,647	* 69,740	* 1,480,867	* 1,506,691	* 4,222	* 1,266,109	1,237,420	30,046
Monroe	1,449,012	* 1,453,153	* 177,305	* 1,334,522	1,226,432	181,445	1,263,248	1,312,794	73,355
Montgomery	2,844,595	* 2,809,582	* 289,227	* 2,508,992	2,415,425	254,214	2,244,717	2,106,934	160,647
Morgan	2,818,362	* 2,566,395	* 1,084,437	* 2,154,364	* 2,070,780	* 832,470	* 1,814,927	1,923,429	748,887
Nodaway	2,612,918	* 2,395,633	* 3,596,238	* 2,386,297	* 2,134,097	* 3,378,953	* 2,560,230	2,125,889	3,126,753
Oregon	1,196,806	* 1,225,141	* 678,654	* 1,125,659	1,105,709	706,988	1,129,873	1,087,142	687,037
Osage	1,168,999	* 1,205,029	* 179,954	* 1,084,031	* 987,770	* 215,984	* 983,727	* 952,209	* 119,723
Ozark	1,045,297	* 1,064,904	* 220,731	* 983,595	1,011,551	240,339	947,189	921,927	268,294
Pemiscot	2,677,934	* 3,055,936	* (376,563)	* 3,179,515	* 3,184,598	* 1,439	* 2,938,604	2,982,518	6,522
Perry	2,659,098	* 2,542,690	* 754,683	* 2,378,387	* 2,275,222	* 638,276	* 2,175,333	2,091,251	535,110
Phelps	3,882,464	* 3,708,546	* 615,987	* 4,092,679	* 4,257,815	* 442,069	* 4,170,113	4,232,501	607,205
Pike	2,022,369	* 1,967,229	* 751,262	* 1,742,874	1,603,725	696,122	1,532,875	1,363,529	556,973
Polk	1,341,200	* 1,152,730	* 1,317,646	* 1,193,747	1,200,534	1,129,176	1,355,114	1,184,406	1,135,963
Pulaski	3,062,989	* 3,138,837	* 131,575	* 2,798,323	* 2,823,337	* 207,423	* 2,698,414	2,529,236	232,437
Putnam	709,530	* 683,048	* 72,077	* 588,102	* 588,653	* 45,595	* 816,365	862,393	46,146
Ralls	1,455,830	* 1,562,207	* 30,570	* 1,390,538	* 1,373,747	* 136,947	* 1,377,973	1,371,066	120,156
Randolph	2,763,026	* 2,869,679	* (588,066)	* 2,763,026	* 2,869,679	* (481,413)	* 2,811,457	3,051,529	(374,760)
Ray	2,526,797	* 2,445,169	* 314,694	* 2,526,797	* 2,445,169	* 233,066	* 2,810,970	2,702,260	151,438
Reynolds	1,100,059	* 1,067,223	* 325,838	* 1,041,755	916,694	293,002	871,338	819,952	167,940
Ripley	613,733	* 691,754	* 421,326	* 614,924	* 551,110	* 499,347	* 550,221	532,853	435,533
St. Clair	3,649,472	* 3,530,127	* 1,200,102	* 3,597,525	* 3,246,335	* 1,080,756	* 3,294,661	2,788,301	729,566
Ste. Genevieve	4,015,961	* 4,077,424	* 119,460	* 3,778,871	* 3,842,561	* 180,923	* 3,584,688	3,884,412	244,612
Schuyler	347,411	* 402,121	* 116,804	* 335,650	* 350,440	* 171,515	* 343,050	357,443	186,304
Scotland	689,377	* 814,371	* 96,480	* 617,330	* 720,936	* 221,475	* 679,844	679,346	325,080
Scott	3,297,137	* 3,494,394	* 1,043,108	* 3,497,930	3,417,369	1,240,366	3,370,262	3,096,798	1,159,805
Shannon	1,052,929	* 909,324	* 184,334	* 842,158	798,458	40,729	888,664	852,997	(2,971)
Shelby	996,256	* 1,038,623	* 213,687	* 916,303	983,439	256,054	994,334	897,090	323,189
Stoddard	3,319,256	* 2,886,888	* 1,970,884	* 3,383,373	* 2,693,125	* 1,538,516	* 2,529,389	2,377,048	848,268
Stone	6,225,175	* 5,938,345	* 1,540,420	* 6,198,584	* 6,232,739	* 1,253,590	* 5,675,036	5,404,509	1,287,745
Sullivan	973,214	* 1,026,020	* 25,975	* 958,866	* 933,763	* 78,780	* 926,674	946,889	53,677
Texas	1,582,187	* 1,506,723	* 343,301	* 1,339,343	* 1,389,678	* 267,837	* 1,343,316	1,226,298	318,173
Vernon	2,244,093	* 2,120,057	* 343,903	* 1,940,460	2,056,342	219,868	1,887,132	2,007,308	335,750
Warren	2,812,798	* 1,636,438	* 3,171,550	* 2,535,412	* 2,219,559	* 1,995,190	* 2,455,170	2,293,881	1,679,337
Washington	2,221,156	* 2,257,445	* 60,123	* 2,829,091	2,752,129	96,412	2,121,015	2,175,714	19,450
Wayne	1,484,633	* 1,563,137	* 55,684	* 1,610,402	1,570,452	134,188	1,428,607	1,434,826	94,238
Webster	2,531,588	* 2,692,214	* 139,985	* 2,416,011	* 2,527,897	* 300,611	* 2,338,861	2,173,464	412,497
Worth	432,819	* 432,819	* 325	* 445,845	* 445,845	* 325	* 420,087	* 420,087	* 325
Wright	1,368,550	* 1,464,758	* 230,880	* 1,302,847	1,414,658	327,088	1,331,962	1,333,649	438,899
Average	\$ 1,874,430	1,835,393	513,259	1,811,697	1,784,739	474,221	1,732,833	1,726,888	447,217

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 1-B

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SPECIAL ROAD AND BRIDGE FUND

County	December 31,								
	2004			2003			2002		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	\$ 1,557,034 *	1,919,622 *	173,833 *	1,763,821	1,953,439	536,421	1,486,519	1,247,756	726,039
Andrew	2,795,079 *	2,976,842 *	451,533 *	2,177,909	2,269,558	633,296	1,950,035	1,969,248	724,945
Atchison	944,818 *	1,049,059 *	20,162 *	930,403	1,049,730	124,403	1,261,717	1,043,167	243,730
Audrain	2,151,268 *	1,924,736 *	1,024,713 *	1,884,888	1,978,774	798,181	1,949,033	1,786,611	892,067
Barry	732,357 *	603,178 *	215,907 *	579,734 *	646,775 *	86,728 *	514,176	578,651	153,769
Barton	876,347 *	771,911 *	1,019,552 *	1,090,158	1,018,911	915,116	728,861	610,625	843,870
Bates	1,335,653 *	1,184,819 *	853,176 *	1,072,597	973,587	702,342	1,150,372	998,947	603,332
Benton	1,165,537 *	1,323,734 *	581,396 *	1,320,698	1,216,442	739,594	1,416,632	1,483,982	635,338
Bollinger	1,225,966 *	1,484,019 *	129,218 *	2,018,534	1,786,593	387,272	1,049,355	1,010,429	155,331
Butler	2,625,278 *	2,567,289 *	338,399 *	2,387,054 *	2,439,031 *	280,410 *	3,102,147	2,919,103	332,387
Caldwell	769,034 *	791,501 *	425,189 *	1,125,896	1,082,388	447,654	943,915	802,257	404,146
Carroll	1,441,944 *	1,412,307 *	404,571 *	1,789,061 *	1,872,979 *	374,934 *	2,092,208	2,444,184	458,851
Carter	513,365 *	599,574 *	156,028 *	772,709	878,974	242,236	908,279	651,846	348,501
Cedar	833,603 *	967,099 *	28,115 *	997,983	1,074,085	161,611	902,464	836,270	237,713
Chariton	826,570 *	711,384 *	591,729 *	1,226,761	1,179,336	476,542	1,106,920	1,239,406	429,117
Clark	1,217,897 *	1,320,061 *	105,936 *	1,373,918 *	1,282,290 *	208,099 *	1,683,275	1,648,489	116,472
Clinton	1,517,825 *	1,340,921 *	176,903 *	1,446,803 *	1,456,640 *	0 *	1,393,772 *	1,400,587 *	9,837 *
Cooper	1,408,302 *	1,022,043 *	618,854 *	1,154,943 *	1,254,552 *	232,594 *	1,141,220	1,184,408	332,204
Crawford	2,017,518 *	1,882,108 *	1,086,296 *	2,835,858 *	2,348,500 *	950,886 *	2,342,354	2,958,336	463,528
Dade	669,537 *	703,005 *	212,287 *	669,537 *	703,005 *	245,756 *	1,460,431	1,479,210	279,224
Dallas	1,268,157 *	1,329,075 *	130,346 *	1,780,195 *	1,672,731 *	191,264 *	1,933,282	1,914,485	83,800
Daviess	1,079,560 *	1,346,650 *	373,618 *	896,021 *	1,006,056 *	640,707 *	1,163,126	1,139,528	750,742
DeKalb	1,062,726 *	833,979 *	450,307 *	1,070,367	1,060,751	221,560	817,249	1,292,331	211,944
Dent	1,092,021 *	1,053,497 *	121,501 *	931,654 *	1,003,303 *	82,978 *	1,138,387 *	1,145,144 *	154,627 *
Douglas	1,024,512 *	997,925 *	158,409 *	1,264,873	1,253,486	131,821	1,031,321	958,401	120,434
Dunklin	946,703 *	981,828 *	867,510 *	934,087 *	959,975 *	902,636 *	927,584	909,096	928,524
Gasconade	1,725,647 *	2,038,605 *	600,512 *	1,769,193 *	1,622,069 *	913,470 *	1,555,701 *	1,643,061 *	766,346 *
Gentry	687,768 *	692,688 *	114,766 *	870,286	796,464	119,685	1,052,809	996,510	45,864
Grundy	887,201 *	743,529 *	496,306 *	832,186 *	752,666 *	352,634 *	947,392	937,230	273,114
Harrison	2,249,501 *	2,401,947 *	1,158,120 *	1,430,983 *	1,905,271 *	1,310,567 *	1,544,549	1,844,215	1,784,855
Henry	1,357,809 *	1,395,204 *	786,519 *	980,863 *	918,724 *	823,914 *	1,308,407	1,165,522	761,775
Hickory	709,305 *	698,065 *	160,453 *	677,011 *	684,525 *	149,213 *	665,642 *	619,510 *	156,727 *
Holt	2,142,096 *	2,144,521 *	290,170 *	1,505,254 *	1,505,885 *	292,595 *	1,648,996	1,501,916	293,226
Howard	1,122,237 *	1,166,023 *	387,886 *	1,057,098 *	1,171,412 *	431,672 *	1,221,860	986,512	545,986
Howell	1,682,877 *	1,665,341 *	72,134 *	1,629,339 *	1,918,222 *	54,598 *	2,166,469	1,895,660	343,480
Iron	1,026,116 *	984,757 *	490,486 *	1,080,655	1,124,047	449,127	1,101,299	912,576	492,518
Knox	1,600,952 *	1,688,843 *	522,261 *	1,506,266	1,415,692	610,152	1,272,367	1,136,735	519,578
Laclede	1,319,061 *	1,257,530 *	125,156 *	1,238,191 *	1,227,327 *	63,625 *	1,278,700	1,240,179	52,761
Lawrence	2,804,763 *	2,747,462 *	254,152 *	2,266,917 *	2,337,563 *	196,850 *	2,240,674	2,234,050	267,497
Lewis	794,428 *	836,303 *	29,900 *	842,779 *	796,772 *	71,775 *	879,634	867,365	25,768
Lincoln	4,566,500 *	5,409,739 *	521,321 *	4,174,170	4,040,929	1,364,560	4,387,162	3,840,444	1,231,320
Linn	1,439,154 *	1,282,051 *	1,010,401 *	1,642,562	1,712,064	853,298	1,544,872	1,364,390	922,800
Livingston	1,111,519 *	1,034,401 *	637,473 *	1,184,946	1,053,882	560,355	915,239	715,466	429,291
Macon	\$ 1,503,482 *	1,526,732 *	127,307 *	1,397,908	1,574,648	150,556	1,462,915	1,440,290	327,296

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 1-B

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SPECIAL ROAD AND BRIDGE FUND

County	December 31,								
	2004			2003			2002		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Madison	\$ 1,053,375 *	1,068,016 *	11,982 *	1,053,375 *	1,068,016 *	26,623 *	1,383,176	1,397,185	41,265
Maries	515,857 *	562,659 *	62,598 *	797,342 *	778,506 *	109,400 *	1,067,750	1,030,008	90,564
Marion	1,587,089 *	1,614,698 *	78,332 *	1,487,089 *	1,516,985 *	105,941 *	1,492,226	1,409,683	135,837
McDonald	1,585,301 *	1,998,918 *	319,600 *	2,083,403	1,976,834	733,217	2,543,031	2,277,928	626,648
Mercer	789,966 *	739,195 *	214,329 *	969,130 *	973,928 *	163,559 *	913,106	765,356	168,357
Miller	1,737,685 *	1,915,409 *	265,697 *	1,446,113	1,072,918	443,421	1,787,480	1,748,095	70,226
Mississippi	919,008 *	925,553 *	125,848 *	899,890	910,027	132,393	918,469	934,738	142,530
Moniteau	959,037 *	839,310 *	283,990 *	923,708 *	923,915 *	164,263 *	896,727	880,018	164,470
Monroe	1,285,747 *	1,378,612 *	408,414 *	1,118,995	986,503	501,279	1,331,569	1,283,073	368,787
Montgomery	1,336,002 *	1,289,123 *	769,617 *	1,613,483	1,552,053	722,738	1,391,384	1,196,563	661,308
Morgan	1,663,596 *	1,398,494 *	1,032,757 *	1,601,999 *	1,649,743 *	767,655 *	1,713,648	1,666,723	815,399
Nodaway	3,140,193 *	2,765,217 *	1,284,574 *	2,717,810 *	2,397,139 *	909,597 *	2,237,197	2,896,540	588,926
Oregon	750,495 *	697,809 *	645,817 *	715,824	764,601	593,131	773,991	710,904	641,908
Osage	1,220,286 *	1,208,318 *	99,431 *	1,020,077 *	1,011,649 *	87,463 *	869,581 *	951,971 *	79,034 *
Ozark	1,606,177 *	1,660,142 *	196,973 *	1,477,253	1,509,348	250,939	1,211,348	1,019,900	283,034
Pemiscot	1,966,017 *	1,786,426 *	332,615 *	1,627,404 *	1,576,528 *	153,023 *	1,076,593	1,124,617	102,148
Perry	1,365,051 *	1,346,571 *	440,427 *	1,330,565 *	1,387,080 *	421,947 *	1,545,382	1,150,659	478,462
Phelps	2,871,520 *	2,633,671 *	242,710 *	2,503,631 *	2,499,413 *	4,861 *	2,354,003	2,354,197	643
Pike	2,144,504 *	2,274,689 *	253,798 *	2,079,281	1,951,046	383,983	1,816,379	1,856,696	255,749
Polk	2,430,012 *	2,505,875 *	12,199 *	2,424,894	2,441,478	88,063	2,259,488	2,162,941	104,647
Pulaski	1,325,699 *	1,218,342 *	138,538 *	1,159,478 *	1,510,377 *	31,181 *	1,520,114	1,204,048	382,080
Putnam	942,238 *	794,100 *	286,769 *	1,357,441 *	1,359,822 *	138,631 *	566,558	602,366	141,012
Ralls	1,135,534 *	1,217,152 *	195,432 *	1,494,014 *	1,342,545 *	277,050 *	1,671,153	1,708,717	125,582
Randolph	1,730,468 *	1,631,008 *	945,184 *	1,730,468 *	1,631,008 *	845,724 *	1,656,811	1,828,284	746,264
Ray	1,173,731 *	1,253,210 *	227,300 *	1,173,731 *	1,253,210 *	306,779 *	1,384,395	1,113,641	386,259
Reynolds	1,328,280 *	1,630,360 *	(169,571) *	2,059,704	2,545,749	132,509	1,828,428	1,380,126	618,554
Ripley	450,055 *	447,866 *	51,012 *	446,162 *	496,845 *	48,823 *	489,306	520,511	99,506
St. Clair	1,198,155 *	1,171,242 *	268,191 *	940,301 *	946,505 *	241,278 *	946,035	960,354	247,482
Ste. Genevieve	1,344,143 *	1,885,414 *	1,037,197 *	1,380,254 *	1,426,939 *	1,578,468 *	1,270,811	1,197,985	1,625,153
Schuyler	656,006 *	511,175 *	415,757 *	813,455 *	770,471 *	270,926 *	1,122,935	1,054,278	227,942
Scotland	833,665 *	809,998 *	78,082 *	857,665 *	948,380 *	54,414 *	924,018	892,484	145,129
Scott	1,228,727 *	1,378,909 *	276,437 *	1,228,374	1,198,470	426,619	1,264,449	1,169,046	396,716
Shannon	925,216 *	1,628,248 *	604,807 *	1,116,729	1,065,316	1,307,839	1,137,055	892,014	1,256,426
Shelby	1,005,339 *	1,102,852 *	266,099 *	1,050,335	1,056,060	363,613	1,062,659	946,838	369,338
Stoddard	1,504,064 *	1,543,210 *	1,950,521 *	1,691,377 *	1,613,596 *	1,989,667 *	1,496,032	1,508,958	1,145,957
Stone	3,861,147 *	4,280,867 *	364,112 *	4,390,352 *	4,234,721 *	783,831 *	4,297,642	4,026,435	628,200
Sullivan	616,006 *	559,595 *	178,817 *	920,126 *	1,063,658 *	122,406 *	821,911	877,217	265,939
Texas	975,281 *	978,970 *	139,624 *	963,379 *	960,977 *	143,313 *	1,378,080	1,378,599	140,911
Vernon	1,279,286 *	1,496,795 *	435,976 *	1,200,994	1,045,084	653,484	1,875,981	1,661,070	497,574
Warren	1,608,316 *	1,426,267 *	862,170 *	1,433,983 *	1,325,364 *	680,121 *	1,344,326	1,300,754	571,501
Washington	2,251,926 *	2,292,052 *	111,750 *	1,886,249	1,905,774	151,876	2,033,706	1,958,152	171,401
Wayne	1,302,834 *	1,387,657 *	66,142 *	1,467,429	1,472,490	150,965	1,902,340	1,881,061	156,026
Webster	2,763,839 *	3,945,709 *	(940,839) *	2,253,029 *	2,385,933 *	241,031 *	2,753,836	2,605,662	373,935
Worth	494,920 *	505,346 *	78,432 *	624,145 *	647,322 *	88,858 *	694,673 *	627,297 *	112,035 *
Wright	1,662,678 *	1,641,164 *	305,744 *	1,496,673	1,350,533	284,230	1,393,915	1,428,110	138,091
Average	\$ 1,419,702	1,462,451	379,283	1,422,586	1,421,179	422,032	1,451,787	1,399,280	412,018

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 2-A

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 GENERAL REVENUE FUND

County	Year Ended December 31,		
	2004	2003	2002
Adair	.11 *	.20	.23
Andrew	1.27 *	.76	.97
Atchison	.25 *	.29	.37
Audrain	.53 *	.67	.65
Barry	.17 *	.18 *	.18
Barton	.33 *	.40	.33
Bates	.34 *	1.21	.74
Benton	.09 *	.10	.15
Bollinger	.11 *	.03	.01
Butler	.39 *	.21 *	.10
Caldwell	(.13) *	(.10)	(.16)
Carroll	.56 *	.49 *	.32
Carter	.41 *	.34	.27
Cedar	.44 *	.29	.21
Chariton	.03 *	.03	.03
Clark	.00 *	.00 *	.00
Clinton	.03 *	.00 *	.01 *
Cooper	.57 *	.75 *	.81
Crawford	.08 *	.02 *	.01
Dade	1.00 *	.83 *	.55
Dallas	.19 *	.18 *	.21
Daviess	1.60 *	1.53 *	1.32
DeKalb	.08 *	.04	.00
Dent	.71 *	.37 *	.46 *
Douglas	.10 *	.19	.21
Dunklin	.65 *	.45 *	.94
Gasconade	.25 *	.31 *	.28 *
Gentry	.20 *	.02	.05
Grundy	.20 *	.02 *	.20
Harrison	.36 *	.15 *	.09
Henry	.13 *	.08 *	.17
Hickory	.39 *	.43 *	.35 *
Holt	.27 *	.34 *	.30
Howard	.20 *	.16 *	.08
Howell	.10 *	.11 *	.15
Iron	.06 *	.19	.24
Knox	.20 *	.34	.36
Laclede	.26 *	.21 *	.25
Lawrence	.15 *	.16 *	.21
Lewis	.10 *	.15 *	.29
Lincoln	1.04 *	.76	.75
Linn	.37 *	.29	.33
Livingston	.08 *	.11	.15
Macon	.13 *	.08	.10

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 2-A

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 GENERAL REVENUE FUND

County	Year Ended December 31,		
	2004	2003	2002
Madison	.20 *	.11 *	.01
Maries	.10 *	.16 *	.06
Marion	.01 *	.06 *	.13
McDonald	.38 *	.60	.06
Mercer	.10 *	.05 *	.10
Miller	.05 *	.18	.06
Mississippi	.34 *	.41	.41
Moniteau	.05 *	.00 *	.02
Monroe	.12 *	.15	.06
Montgomery	.10 *	.11	.08
Morgan	.42 *	.40 *	.39
Nodaway	1.50 *	1.58 *	1.47
Oregon	.55 *	.64	.63
Osage	.15 *	.22 *	.13 *
Ozark	.21 *	.24	.29
Pemiscot	(.12) *	.00 *	.00
Perry	.30 *	.28 *	.26
Phelps	.17 *	.10 *	.14
Pike	.38 *	.43	.41
Polk	1.14 *	.94	.96
Pulaski	.04 *	.07 *	.09
Putnam	.11 *	.08 *	.05
Ralls	.02 *	.10 *	.09
Randolph	(.20) *	(.17) *	(.12)
Ray	.13 *	.10 *	.06
Reynolds	.31 *	.32	.20
Ripley	.61 *	.91 *	.82
St. Clair	.34 *	.33 *	.26
Ste. Genevieve	.03 *	.05 *	.06
Schuyler	.29 *	.49 *	.52
Scotland	.12 *	.31 *	.48
Scott	.30 *	.36	.37
Shannon	.20 *	.05	.00
Shelby	.21 *	.26	.36
Stoddard	.68 *	.57 *	.36
Stone	.26 *	.20 *	.24
Sullivan	.03 *	.08 *	.06
Texas	.23 *	.19 *	.26
Vernon	.16 *	.11	.17
Warren	1.94 *	.90 *	.73
Washington	.03 *	.04	.01
Wayne	.04 *	.09	.07
Webster	.05 *	.12 *	.19
Worth	.00 *	.00 *	.00 *
Wright	.16 *	.23	.33
Average	.30	.29	.28

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 2-B

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 SPECIAL ROAD AND BRIDGE FUND

County	Year Ended December 31,		
	2004	2003	2002
Adair	.09 *	.27	.58
Andrew	.15 *	.28	.37
Atchison	.02 *	.12	.23
Audrain	.53 *	.40	.50
Barry	.36 *	.13 *	.27
Barton	1.32 *	.90	1.38
Bates	.72 *	.72	.60
Benton	.44 *	.61	.43
Bollinger	.09 *	.22	.15
Butler	.13 *	.11 *	.11
Caldwell	.54 *	.41	.50
Carroll	.29 *	.20 *	.19
Carter	.26 *	.28	.53
Cedar	.03 *	.15	.28
Chariton	.83 *	.40	.35
Clark	.08 *	.16 *	.07
Clinton	.13 *	.00 *	.01 *
Cooper	.61 *	.19 *	.28
Crawford	.58 *	.40 *	.16
Dade	.30 *	.35 *	.19
Dallas	.10 *	.11 *	.04
Daviess	.28 *	.64 *	.66
DeKalb	.54 *	.21	.16
Dent	.11 *	.08 *	.13 *
Douglas	.16 *	.11	.13
Dunklin	.88 *	.94 *	1.02
Gasconade	.29 *	.56 *	.47 *
Gentry	.17 *	.15	.05
Grundy	.67 *	.47 *	.29
Harrison	.48 *	.69 *	.97
Henry	.56 *	.90 *	.65
Hickory	.23 *	.22 *	.25 *
Holt	.14 *	.19 *	.20
Howard	.33 *	.37 *	.55
Howell	.04 *	.03 *	.18
Iron	.50 *	.40	.54
Knox	.31 *	.43	.46
Laclede	.10 *	.05 *	.04
Lawrence	.09 *	.08 *	.12
Lewis	.04 *	.09 *	.03
Lincoln	.10 *	.34	.32
Linn	.79 *	.50	.68
Livingston	.62 *	.53	.60
Macon	.08 *	.10	.23

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 2-B

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 SPECIAL ROAD AND BRIDGE FUND

County	Year Ended December 31,		
	2004	2003	2002
Madison	.01 *	.02 *	.03
Maries	.11 *	.14 *	.09
Marion	.05 *	.07 *	.10
McDonald	.16 *	.37	.28
Mercer	.29 *	.17 *	.22
Miller	.14 *	.41	.04
Mississippi	.14 *	.15	.15
Moniteau	.34 *	.18 *	.19
Monroe	.30 *	.51	.29
Montgomery	.60 *	.47	.55
Morgan	.74 *	.47 *	.49
Nodaway	.46 *	.38 *	.20
Oregon	.93 *	.78	.90
Osage	.08 *	.09 *	.08 *
Ozark	.12 *	.17	.28
Pemiscot	.19 *	.10 *	.09
Perry	.33 *	.30 *	.42
Phelps	.09 *	.00 *	.00
Pike	.11 *	.20	.14
Polk	.00 *	.04	.05
Pulaski	.11 *	.02 *	.32
Putnam	.36 *	.10 *	.23
Ralls	.16 *	.21 *	.07
Randolph	.58 *	.52 *	.41
Ray	.18 *	.24 *	.35
Reynolds	(.10) *	.05	.45
Ripley	.11 *	.10 *	.19
St. Clair	.23 *	.25 *	.26
Ste. Genevieve	.55 *	1.11 *	1.36
Schuyler	.81 *	.35 *	.22
Scotland	.10 *	.06 *	.16
Scott	.20 *	.36	.34
Shannon	.37 *	1.23	1.41
Shelby	.24 *	.34	.39
Stoddard	.77 *	.76 *	.76
Stone	.09 *	.19 *	.16
Sullivan	.32 *	.12 *	.30
Texas	.14 *	.15 *	.10
Vernon	.29 *	.63	.30
Warren	.60 *	.51 *	.44
Washington	.05 *	.08	.09
Wayne	.05 *	.10	.08
Webster	(.24) *	.10 *	.14
Worth	.16 *	.14 *	.18 *
Wright	.19 *	.21	.10
Average	.30	.31	.33

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 3-A

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 GENERAL REVENUE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Charges for Services			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Adair	0 *	0	0	69 *	49	69	4 *	22	10	17 *	16	19	0 *	1	1	10 *	12	1
Andrew	21 *	13	23	29 *	22	32	9 *	33	13	26 *	22	25	1 *	1	2	14 *	9	5
Atchison	37 *	41	32	28 *	24	18	1 *	1	6	21 *	24	18	0 *	0	1	13 *	10	25
Audrain	20 *	19	18	38 *	40	38	18 *	14	17	21 *	24	22	1 *	1	3	2 *	2	2
Barry	0 *	1 *	1	53 *	54 *	57	12 *	14 *	11	21 *	20 *	22	0 *	0 *	2	14 *	11 *	7
Barton	9 *	10	11	50 *	53	59	13 *	10	5	25 *	23	20	0 *	0	1	3 *	4	4
Bates	35 *	50	50	0 *	0	0	40 *	5	6	21 *	29	28	1 *	1	1	3 *	15	15
Benton	14 *	15	14	39 *	37	38	18 *	17	15	21 *	23	24	0 *	0	1	8 *	8	8
Bollinger	8 *	15	15	60 *	45	48	10 *	13	6	11 *	14	11	0 *	0	0	11 *	13	20
Butler	12 *	8 *	9	48 *	33 *	36	15 *	13 *	15	14 *	12 *	11	0 *	0 *	0	11 *	34 *	29
Caldwell	6 *	21	25	17 *	25	28	17 *	16	11	11 *	25	26	0 *	0	0	49 *	13	10
Carroll	25 *	25 *	28	30 *	27 *	27	7 *	7 *	4	32 *	32 *	32	1 *	1 *	2	5 *	8 *	7
Carter	3 *	3	3	48 *	46	55	27 *	28	23	18 *	14	16	1 *	1	1	3 *	8	2
Cedar	16 *	14	14	42 *	40	48	6 *	10	13	22 *	22	23	0 *	0	0	14 *	14	2
Chariton	24 *	26	25	26 *	27	29	20 *	13	17	11 *	13	12	0 *	0	0	19 *	21	17
Clark	28 *	27 *	27	24 *	22 *	22	12 *	14 *	14	16 *	15 *	22	0 *	1 *	1	20 *	21 *	14
Clinton	21 *	20 *	21 *	30 *	31 *	36 *	10 *	11 *	8 *	22 *	26 *	26 *	0 *	0 *	1 *	17 *	12 *	8 *
Cooper	15 *	10 *	10	36 *	35 *	35	20 *	17 *	19	14 *	17 *	15	1 *	2 *	3	14 *	19 *	18
Crawford	7 *	8 *	7	37 *	38 *	36	22 *	27 *	27	18 *	21 *	19	1 *	0 *	0	15 *	6 *	11
Dade	16 *	16 *	23	47 *	47 *	43	8 *	8 *	9	17 *	17 *	16	1 *	1 *	2	11 *	11 *	7
Dallas	2 *	2 *	2	55 *	54 *	52	6 *	10 *	14	31 *	32 *	29	1 *	1 *	1	5 *	1 *	2
Daviess	28 *	24 *	27	31 *	25 *	30	9 *	7 *	3	15 *	14 *	14	2 *	2 *	3	15 *	28 *	23
DeKalb	5 *	5	6	52 *	54	51	12 *	8	9	18 *	16	19	1 *	0	0	12 *	17	15
Dent	5 *	5 *	5 *	53 *	52 *	55 *	9 *	8 *	9 *	22 *	24 *	22 *	1 *	1 *	2 *	10 *	10 *	7 *
Douglas	8 *	8	7	50 *	49	53	28 *	27	21	10 *	12	13	0 *	0	1	4 *	4	5
Dunklin	2 *	11 *	10	44 *	43 *	44	23 *	24 *	12	13 *	13 *	15	1 *	2 *	3	17 *	7 *	16
Gasconade	16 *	15 *	15 *	50 *	54 *	54 *	2 *	0 *	0 *	23 *	24 *	25 *	1 *	2 *	2 *	8 *	5 *	4 *
Gentry	26 *	31	29	22 *	23	21	20 *	18	22	11 *	15	10	0 *	0	0	21 *	13	18
Grundy	10 *	10 *	9	32 *	47 *	50	26 *	11 *	11	12 *	18 *	18	0 *	1 *	2	20 *	13 *	10
Harrison	35 *	39 *	31	25 *	27 *	24	3 *	2 *	12	18 *	20 *	22	1 *	0 *	1	18 *	12 *	10
Henry	3 *	2 *	1	50 *	50 *	49	16 *	17 *	18	22 *	24 *	27	0 *	0 *	0	9 *	7 *	5
Hickory	11 *	10 *	11 *	62 *	62 *	64 *	9 *	9 *	7 *	13 *	14 *	13 *	1 *	1 *	1 *	4 *	4 *	4 *
Holt	24 *	25 *	23	29 *	28 *	41	22 *	23 *	12	16 *	20 *	17	0 *	0 *	1	9 *	4 *	6
Howard	25 *	24 *	25	27 *	26 *	28	1 *	0 *	17	20 *	19 *	18	1 *	0 *	1	26 *	31 *	11
Howell	2 *	2 *	1	56 *	56 *	57	24 *	22 *	23	15 *	18 *	16	0 *	0 *	1	3 *	2 *	2
Iron	34 *	36	35	24 *	23	26	17 *	16	15	17 *	17	17	1 *	1	1	7 *	7	6
Knox	23 *	26	25	42 *	46	46	11 *	3	0	14 *	15	17	0 *	1	1	10 *	9	11
Laclede	8 *	9 *	9	47 *	48 *	48	7 *	8 *	15	19 *	18 *	24	0 *	1 *	0	19 *	16 *	4
Lawrence	9 *	9 *	9	40 *	37 *	37	25 *	28 *	26	22 *	22 *	23	1 *	1 *	2	3 *	3 *	3
Lewis	16 *	20 *	17	46 *	44 *	51	1 *	1 *	4	15 *	15 *	14	1 *	1 *	1	21 *	19 *	13
Lincoln	16 *	15	15	49 *	47	49	5 *	7	5	22 *	23	23	2 *	2	2	6 *	6	6
Linn	8 *	8	10	43 *	56	60	24 *	11	9	15 *	16	15	1 *	1	1	9 *	8	5
Livingston	2 *	2	1	53 *	52	54	24 *	26	24	14 *	17	17	0 *	0	0	7 *	3	4
Macon	21 *	23	20	39 *	39	39	13 *	10	14	19 *	21	18	0 *	0	1	8 *	7	8

* Unaudited (see Objectives, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 GENERAL REVENUE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Charges for Services			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Madison	12 *	12 *	9	36 *	36 *	34	14 *	14 *	26	28 *	28 *	16	0 *	0 *	0	10 *	10 *	15
Maries	25 *	27 *	23	38 *	27 *	30	6 *	18 *	10	14 *	17 *	15	0 *	0 *	0	17 *	11 *	22
Marion	5 *	5 *	2	40 *	39 *	42	22 *	26 *	28	17 *	19 *	19	4 *	0 *	0	12 *	11 *	9
McDonald	2 *	27	27	61 *	51	39	14 *	4	11	21 *	18	20	0 *	0	0	2 *	0	3
Mercer	27 *	27 *	28	45 *	40 *	46	13 *	16 *	12	6 *	8 *	6	2 *	0 *	1	7 *	9 *	7
Miller	4 *	5	4	50 *	49	53	13 *	14	12	23 *	25	23	0 *	0	1	10 *	7	7
Mississippi	22 *	19	17	51 *	48	45	9 *	18	24	10 *	11	10	1 *	1	1	7 *	3	3
Moniteau	18 *	18 *	16	30 *	31 *	39	33 *	30 *	17	15 *	16 *	19	0 *	0 *	0	4 *	5 *	9
Monroe	20 *	21	21	36 *	31	34	19 *	21	19	16 *	18	13	0 *	0	1	9 *	9	12
Montgomery	14 *	15	17	37 *	38	41	33 *	4	5	12 *	40	35	0 *	0	0	4 *	3	2
Morgan	12 *	14 *	15	32 *	40 *	48	0 *	1 *	1	17 *	24 *	26	1 *	1 *	1	38 *	20 *	9
Nodaway	0 *	0 *	1	75 *	76 *	72	7 *	5 *	7	10 *	11 *	16	2 *	2 *	3	6 *	6 *	1
Oregon	6 *	6	6	65 *	65	63	14 *	14	16	11 *	11	11	1 *	2	2	3 *	2	2
Osage	23 *	22 *	26 *	39 *	40 *	44 *	5 *	6 *	2 *	20 *	22 *	22 *	0 *	0 *	1 *	13 *	10 *	5 *
Ozark	13 *	14	14	50 *	51	53	14 *	14	9	18 *	17	17	0 *	0	0	5 *	4	7
Pemiscot	12 *	10 *	10	22 *	18 *	21	43 *	30 *	22	16 *	12 *	12	0 *	0 *	1	7 *	30 *	34
Perry	17 *	19 *	20	40 *	43 *	45	22 *	16 *	13	13 *	15 *	16	1 *	0 *	1	7 *	7 *	5
Phelps	15 *	14 *	13	40 *	31 *	31	16 *	18 *	20	15 *	17 *	14	1 *	3 *	1	13 *	17 *	21
Pike	27 *	36	30	31 *	34	39	3 *	3	4	13 *	15	13	0 *	0	1	26 *	12	13
Polk	52 *	54	47	0 *	0	0	4 *	5	17	29 *	32	26	2 *	2	3	13 *	7	7
Pulaski	1 *	1 *	0	54 *	53 *	51	5 *	11 *	9	20 *	29 *	23	0 *	0 *	0	20 *	6 *	17
Putnam	31 *	37 *	24	46 *	48 *	35	8 *	4 *	31	8 *	10 *	7	0 *	0 *	1	7 *	1 *	2
Ralls	22 *	24 *	22	46 *	47 *	45	5 *	5 *	4	14 *	15 *	15	0 *	0 *	0	13 *	9 *	14
Randolph	15 *	15 *	15	42 *	42 *	42	15 *	15 *	19	22 *	22 *	20	0 *	0 *	0	6 *	6 *	4
Ray	0 *	0 *	0	61 *	61 *	55	9 *	9 *	13	24 *	24 *	22	0 *	0 *	0	6 *	6 *	10
Reynolds	18 *	22	31	17 *	17	19	38 *	16	15	11 *	15	17	1 *	1	1	15 *	29	17
Ripley	37 *	38 *	40	0 *	0 *	0	25 *	26 *	21	22 *	23 *	25	3 *	3 *	5	13 *	10 *	9
St. Clair	9 *	9 *	9	7 *	6 *	8	5 *	72 *	73	69 *	5 *	7	2 *	1 *	1	8 *	7 *	2
Ste. Genevieve	18 *	17 *	12	17 *	17 *	19	47 *	49 *	53	11 *	11 *	10	0 *	0 *	0	7 *	6 *	6
Schuyler	30 *	28 *	29	37 *	39 *	37	2 *	2 *	1	22 *	20 *	20	0 *	0 *	1	9 *	11 *	12
Scotland	35 *	35 *	33	25 *	26 *	25	22 *	19 *	19	12 *	13 *	13	1 *	2 *	1	5 *	5 *	9
Scott	11 *	11	10	48 *	43	44	19 *	22	24	18 *	18	16	1 *	1	1	3 *	5	5
Shannon	11 *	9	5	41 *	47	46	22 *	15	20	14 *	14	11	1 *	1	1	11 *	14	17
Shelby	29 *	31	29	41 *	41	37	13 *	10	20	7 *	7	5	0 *	0	1	10 *	11	8
Stoddard	1 *	6 *	16	69 *	64 *	46	14 *	12 *	18	12 *	12 *	15	1 *	3 *	1	3 *	3 *	4
Stone	8 *	7 *	8	62 *	65 *	66	7 *	4 *	10	15 *	14 *	14	0 *	1 *	1	8 *	9 *	1
Sullivan	18 *	16 *	15	38 *	42 *	45	23 *	21 *	16	12 *	14 *	15	0 *	0 *	0	9 *	7 *	9
Texas	0 *	0 *	0	55 *	58 *	56	14 *	13 *	14	16 *	20 *	17	0 *	1 *	1	15 *	8 *	12
Vernon	15 *	15	16	44 *	42	43	13 *	18	15	13 *	17	18	0 *	0	0	15 *	8	8
Warren	15 *	11 *	14	41 *	43 *	45	7 *	5 *	5	32 *	37 *	32	1 *	1 *	1	4 *	3 *	3
Washington	10 *	14	10	31 *	23	41	30 *	39	14	17 *	13	15	0 *	0	0	12 *	11	20
Wayne	13 *	12	12	29 *	25	28	25 *	39	31	13 *	13	14	0 *	0	0	20 *	11	15
Webster	5 *	6 *	4	44 *	44 *	44	13 *	11 *	7	33 *	34 *	35	0 *	1 *	1	5 *	4 *	9
Worth	42 *	37 *	37 *	14 *	14 *	14 *	15 *	0 *	7 *	23 *	22 *	8 *	0 *	0 *	0 *	6 *	27 *	34 *
Wright	3 *	4	4	54 *	54	50	17 *	16	20	16 *	18	18	1 *	1	2	9 *	7	6
Average	15	17	16	39	39	38	15	15	15	18	19	18	1	1	1	12	9	12

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 3-B

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 SPECIAL ROAD AND BRIDGE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Adair	36 *	31	36	0 *	0	0	53 *	63	57	1 *	2	3	10 *	4	4
Andrew	31 *	36	39	12 *	16	17	55 *	42	41	0 *	0	1	2 *	6	2
Atchison	48 *	48	34	0 *	0	0	0 *	0	0	0 *	0	0	52 *	52	66
Audrain	49 *	51	50	0 *	0	0	42 *	48	46	1 *	1	2	8 *	0	2
Barry	15 *	18 *	19	0 *	0 *	0	20 *	24 *	26	1 *	0 *	1	64 *	58 *	54
Barton	0 *	0	0	0 *	0	0	82 *	98	95	1 *	0	1	17 *	2	4
Bates	4 *	4	4	0 *	0	0	90 *	93	89	1 *	0	1	5 *	3	6
Benton	28 *	25	22	10 *	0	0	60 *	74	76	1 *	1	1	1 *	0	1
Bollinger	20 *	12	21	0 *	0	0	49 *	83	78	0 *	0	0	31 *	5	1
Butler	6 *	6 *	5	29 *	34 *	23	64 *	58 *	72	0 *	0 *	0	1 *	2 *	0
Caldwell	5 *	4	4	12 *	0	0	56 *	94	94	1 *	0	1	26 *	2	1
Carroll	4 *	4 *	3	0 *	0 *	0	94 *	93 *	85	0 *	1 *	1	2 *	2 *	11
Carter	17 *	11	9	0 *	0	0	81 *	87	90	2 *	2	1	0 *	0	0
Cedar	15 *	12	13	0 *	0	0	82 *	60	64	0 *	0	0	3 *	28	23
Chariton	0 *	0	0	0 *	0	0	98 *	99	97	1 *	0	1	1 *	1	2
Clark	36 *	31 *	26	0 *	0 *	0	62 *	65 *	72	0 *	1 *	1	2 *	3 *	1
Clinton	52 *	51 *	50 *	0 *	0 *	0 *	45 *	46 *	46 *	1 *	0 *	1 *	2 *	3 *	3 *
Cooper	39 *	44 *	42	0 *	0 *	0	41 *	49 *	49	1 *	1 *	1	19 *	6 *	8
Crawford	22 *	16 *	18	35 *	25 *	29	37 *	52 *	47	4 *	2 *	3	2 *	5 *	3
Dade	4 *	4 *	2	0 *	0 *	0	89 *	89 *	97	1 *	1 *	1	6 *	6 *	0
Dallas	26 *	17 *	15	0 *	0 *	0	71 *	81 *	84	2 *	1 *	0	1 *	1 *	1
Daviess	0 *	0 *	0	0 *	0 *	0	98 *	98 *	96	1 *	1 *	2	1 *	1 *	2
DeKalb	0 *	0	0	9 *	8	12	87 *	86	82	1 *	1	2	3 *	5	4
Dent	29 *	33 *	25 *	15 *	17 *	14 *	52 *	47 *	53 *	0 *	1 *	1 *	4 *	2 *	7 *
Douglas	21 *	18	19	0 *	0	0	79 *	56	78	0 *	0	0	0 *	26	3
Dunklin	0 *	0 *	0	14 *	16 *	0	73 *	72 *	98	1 *	1 *	2	12 *	11 *	0
Gasconade	26 *	24 *	27 *	31 *	31 *	34 *	34 *	35 *	37 *	1 *	2 *	2 *	8 *	8 *	0 *
Gentry	2 *	2	2	0 *	0	0	87 *	88	88	0 *	0	0	11 *	10	10
Grundy	5 *	5 *	4	0 *	0 *	0	93 *	89 *	93	1 *	1 *	1	1 *	5 *	2
Harrison	0 *	0 *	0	20 *	29 *	28	77 *	69 *	68	1 *	1 *	3	2 *	1 *	1
Henry	7 *	8 *	6	0 *	0 *	0	90 *	85 *	88	1 *	1 *	1	2 *	6 *	5
Hickory	29 *	29 *	28 *	0 *	0 *	0 *	68 *	69 *	69 *	1 *	1 *	1 *	2 *	1 *	2 *
Holt	15 *	22 *	18	8 *	10 *	19	57 *	25 *	63	0 *	0 *	0	20 *	43 *	0
Howard	16 *	17 *	15	22 *	24 *	18	43 *	51 *	53	1 *	1 *	1	18 *	7 *	13
Howell	2 *	2 *	1	17 *	18 *	12	77 *	76 *	85	0 *	0 *	0	4 *	4 *	2
Iron	42 *	40	38	0 *	0	0	54 *	59	49	1 *	1	2	3 *	0	11
Knox	21 *	23	26	8 *	9	10	66 *	62	54	0 *	1	1	5 *	5	9
Laclede	0 *	0 *	0	0 *	0 *	0	71 *	71 *	76	0 *	0 *	0	29 *	29 *	24
Lawrence	2 *	2 *	2	43 *	51 *	50	54 *	45 *	45	0 *	0 *	0	1 *	2 *	3
Lewis	28 *	34 *	29	0 *	0 *	0	63 *	58 *	55	0 *	0 *	0	9 *	8 *	16
Lincoln	26 *	26	24	45 *	44	41	25 *	26	24	1 *	1	1	3 *	3	10
Linn	4 *	3	4	40 *	34	38	50 *	62	57	1 *	1	1	5 *	0	0
Livingston	6 *	6	8	0 *	0	0	92 *	93	90	1 *	1	1	1 *	0	1
Macon	37 *	37	34	0 *	0	0	58 *	60	63	0 *	1	1	5 *	2	2

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 3-B

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 SPECIAL ROAD AND BRIDGE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Madison	24 *	24 *	18	0 *	0 *	0	35 *	35 *	51	0 *	0 *	0	41 *	41 *	31
Maries	21 *	13 *	16	10 *	7 *	8	51 *	36 *	65	0 *	0 *	0	18 *	44 *	11
Marion	59 *	60 *	55	0 *	0 *	0	36 *	37 *	43	2 *	0 *	0	3 *	3 *	2
McDonald	0 *	0	0	45 *	34	25	50 *	63	75	0 *	0	0	5 *	3	0
Mercer	3 *	3 *	3	9 *	6 *	7	79 *	76 *	73	1 *	1 *	0	8 *	14 *	17
Miller	17 *	19	15	0 *	0	0	45 *	73	43	0 *	0	0	38 *	8	42
Mississippi	43 *	40	38	0 *	0	0	57 *	58	60	0 *	0	1	0 *	2	1
Moniteau	40 *	39 *	39	0 *	0 *	0	59 *	61 *	60	0 *	0 *	0	1 *	0 *	1
Monroe	15 *	17	13	7 *	7	6	51 *	59	49	1 *	1	1	26 *	16	31
Montgomery	57 *	45	51	0 *	0	0	41 *	54	45	1 *	1	1	1 *	0	3
Morgan	20 *	20 *	18	11 *	12 *	12	67 *	66 *	57	1 *	1 *	1	1 *	1 *	12
Nodaway	4 *	5 *	5	0 *	0 *	0	78 *	87 *	83	1 *	0 *	1	17 *	8 *	11
Oregon	15 *	17	15	0 *	0	0	81 *	80	82	2 *	2	2	2 *	1	1
Osage	22 *	25 *	29 *	8 *	9 *	11 *	62 *	66 *	59 *	0 *	0 *	0 *	8 *	0 *	1 *
Ozark	12 *	13	15	0 *	0	0	39 *	39	25	0 *	0	0	49 *	48	60
Pemiscot	22 *	26 *	38	0 *	0 *	0	67 *	73 *	59	0 *	0 *	1	11 *	1 *	2
Perry	52 *	52 *	45	0 *	0 *	0	47 *	47 *	54	1 *	1 *	1	0 *	0 *	0
Phelps	12 *	11 *	11	28 *	38 *	40	35 *	39 *	38	0 *	0 *	0	25 *	12 *	11
Pike	17 *	18	19	32 *	33	37	49 *	48	42	0 *	0	0	2 *	1	2
Polk	15 *	14	14	0 *	0	0	40 *	38	50	0 *	0	0	45 *	48	36
Pulaski	30 *	36 *	28	0 *	0 *	0	54 *	56 *	68	0 *	1 *	1	16 *	7 *	3
Putnam	3 *	2 *	5	9 *	6 *	0	46 *	31 *	90	0 *	0 *	2	42 *	61 *	3
Ralls	32 *	25 *	21	12 *	9 *	7	50 *	61 *	68	0 *	0 *	1	6 *	5 *	3
Randolph	37 *	37 *	38	0 *	0 *	0	47 *	47 *	55	1 *	1 *	1	15 *	15 *	6
Ray	22 *	22 *	34	19 *	19 *	0	51 *	51 *	63	0 *	0 *	0	8 *	8 *	3
Reynolds	11 *	7	8	0 *	28	32	86 *	57	56	1 *	1	1	2 *	7	3
Ripley	0 *	0 *	0	0 *	0 *	0	95 *	94 *	95	0 *	1 *	2	5 *	5 *	3
St. Clair	23 *	29 *	27	0 *	0 *	0	55 *	68 *	66	1 *	2 *	2	21 *	1 *	5
Ste. Genevieve	28 *	24 *	25	0 *	0 *	0	58 *	62 *	60	1 *	3 *	5	13 *	11 *	10
Schuyler	36 *	27 *	19	0 *	0 *	0	59 *	73 *	80	0 *	0 *	0	5 *	0 *	1
Scotland	38 *	34 *	32	0 *	0 *	0	58 *	56 *	62	0 *	1 *	1	4 *	9 *	5
Scott	38 *	38	34	0 *	0	0	61 *	60	62	1 *	1	1	0 *	1	3
Shannon	16 *	12	12	0 *	0	0	81 *	62	60	3 *	3	6	0 *	23	22
Shelby	20 *	18	19	4 *	5	7	72 *	73	73	1 *	1	1	3 *	3	0
Stoddard	0 *	0 *	0	0 *	0 *	0	98 *	97 *	99	2 *	3 *	1	0 *	0 *	0
Stone	0 *	0 *	0	47 *	42 *	42	28 *	25 *	36	1 *	1 *	1	24 *	32 *	21
Sullivan	0 *	0 *	0	0 *	0 *	0	99 *	98 *	98	1 *	0 *	1	0 *	2 *	1
Texas	0 *	0 *	0	0 *	0 *	0	100 *	100 *	100	0 *	0 *	0	0 *	0 *	0
Vernon	8 *	9	6	0 *	0	0	92 *	89	93	0 *	0	0	0 *	2	1
Warren	45 *	43 *	45	3 *	0 *	0	49 *	51 *	53	1 *	1 *	1	2 *	5 *	1
Washington	17 *	26	21	30 *	34	30	53 *	40	49	0 *	0	0	0 *	0	0
Wayne	9 *	7	6	33 *	28	21	53 *	62	72	0 *	0	0	5 *	3	1
Webster	16 *	19 *	14	0 *	0 *	0	50 *	80 *	80	0 *	0 *	1	34 *	1 *	5
Worth	38 *	29 *	24 *	0 *	0 *	0 *	54 *	43 *	40 *	0 *	0 *	0 *	8 *	28 *	36 *
Wright	1 *	1	1	44 *	46	29	54 *	53	69	1 *	0	1	0 *	0	0
Average	19	19	18	8	8	7	62	63	65	1	1	1	10	9	9

* Unaudited (see Objectives, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	County Commission			County Clerk			Elections			Buildings and Grounds			Fringe Benefits		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Adair	4 *	4	5	5 *	5	6	3 *	1	3	4 *	7	4	10 *	6	7
Andrew	7 *	5	7	9 *	6	9	4 *	1	4	5 *	2	7	15 *	10	11
Atchison	7 *	8	8	6 *	6	7	3 *	0	2	8 *	9	4	16 *	17	17
Audrain	4 *	4	4	4 *	5	4	2 *	1	2	6 *	5	5	7 *	7	6
Barry	6 *	3 *	3	2 *	2 *	2	3 *	2 *	2	5 *	4 *	2	11 *	13 *	5
Barton	9 *	11	11	7 *	9	8	9 *	5	8	7 *	7	7	8 *	9	9
Bates	6 *	14	12	5 *	11	10	4 *	1	6	27 *	14	24	6 *	12	9
Benton	5 *	5	5	4 *	4	4	4 *	1	3	2 *	2	2	9 *	6	5
Bollinger	5 *	5	5	4 *	4	4	5 *	2	5	7 *	9	6	5 *	5	5
Butler	3 *	2 *	2	4 *	3 *	3	3 *	1 *	1	8 *	9 *	9	11 *	15 *	18
Caldwell	5 *	8	8	5 *	8	8	2 *	0	0	2 *	3	6	13 *	14	13
Carroll	9 *	9 *	9	7 *	7 *	6	8 *	4 *	7	6 *	7 *	6	14 *	14 *	13
Carter	7 *	7	7	4 *	4	4	3 *	0	2	6 *	3	4	6 *	5	5
Cedar	7 *	6	7	10 *	8	8	9 *	3	7	12 *	27	12	6 *	5	5
Chariton	6 *	6	6	6 *	7	7	3 *	1	2	5 *	7	7	13 *	13	12
Clark	7 *	7 *	5	7 *	7 *	6	3 *	1 *	3	5 *	4 *	8	0 *	0 *	0
Clinton	6 *	5 *	5 *	3 *	3 *	4 *	3 *	1 *	3 *	8 *	10 *	9 *	13 *	16 *	14 *
Cooper	4 *	5 *	5	5 *	5 *	5	3 *	2 *	3	8 *	4 *	3	13 *	13 *	13
Crawford	4 *	4 *	4	3 *	3 *	3	5 *	2 *	3	3 *	3 *	3	0 *	0 *	0
Dade	14 *	14 *	11	9 *	9 *	7	2 *	2 *	4	7 *	7 *	20	7 *	7 *	5
Dallas	8 *	8 *	8	7 *	7 *	7	5 *	1 *	3	4 *	4 *	4	10 *	10 *	10
Daviess	11 *	11 *	12	9 *	10 *	11	6 *	2 *	5	8 *	16 *	8	6 *	6 *	7
DeKalb	7 *	7	7	7 *	7	7	4 *	3	2	4 *	3	6	10 *	12	16
Dent	9 *	7 *	7 *	8 *	7 *	7 *	5 *	1 *	3 *	5 *	4 *	4 *	14 *	8 *	9 *
Douglas	4 *	5	5	4 *	5	5	3 *	0	3	3 *	3	4	10 *	11	13
Dunklin	7 *	7 *	10	5 *	4 *	5	3 *	1 *	3	5 *	30 *	7	16 *	12 *	13
Gasconade	7 *	7 *	7 *	4 *	4 *	7 *	6 *	2 *	6 *	5 *	4 *	4 *	0 *	0 *	0 *
Gentry	6 *	6	4	7 *	7	8	3 *	0	2	4 *	5	6	9 *	9	6
Grundy	6 *	7 *	7	7 *	8 *	9	4 *	2 *	3	15 *	6 *	7	7 *	9 *	7
Harrison	10 *	10 *	8	10 *	9 *	7	8 *	5 *	5	11 *	10 *	7	0 *	0 *	4
Henry	5 *	4 *	4	4 *	4 *	4	7 *	2 *	5	4 *	7 *	5	9 *	8 *	8
Hickory	6 *	6 *	7 *	5 *	5 *	5 *	4 *	2 *	4 *	4 *	5 *	6 *	9 *	9 *	8 *
Holt	6 *	7 *	7	7 *	7 *	7	4 *	2 *	2	4 *	4 *	4	18 *	18 *	19
Howard	8 *	8 *	7	6 *	6 *	5	4 *	1 *	3	6 *	14 *	15	6 *	7 *	8
Howell	3 *	3 *	3	3 *	4 *	3	4 *	2 *	3	2 *	3 *	3	9 *	9 *	8
Iron	6 *	6	6	6 *	6	6	1 *	0	2	5 *	5	5	12 *	14	13
Knox	8 *	10	10	7 *	9	8	2 *	0	3	18 *	16	13	9 *	8	10
Laclede	3 *	3 *	3	3 *	3 *	3	3 *	1 *	2	10 *	11 *	13	9 *	10 *	4
Lawrence	5 *	4 *	5	2 *	2 *	3	3 *	1 *	3	2 *	3 *	5	8 *	8 *	8
Lewis	6 *	5 *	6	4 *	4 *	4	3 *	1 *	2	3 *	3 *	4	8 *	7 *	7
Lincoln	5 *	4	5	5 *	4	5	3 *	1	3	6 *	4	5	8 *	8	8
Linn	6 *	6	6	6 *	5	5	7 *	2	6	7 *	6	7	10 *	8	8
Livingston	5 *	6	5	6 *	6	5	7 *	3	6	7 *	6	6	1 *	1	1
Macon	6 *	6	6	5 *	5	5	3 *	1	3	5 *	5	5	14 *	13	13

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	County Commission			County Clerk			Elections			Buildings and Grounds			Fringe Benefits		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Madison	6 *	6 *	5	6 *	6 *	5	3 *	3 *	4	6 *	6 *	9	10 *	10 *	11
Maries	5 *	6 *	5	5 *	5 *	5	4 *	2 *	4	5 *	6 *	7	11 *	13 *	12
Marion	3 *	3 *	4	5 *	5 *	5	6 *	2 *	3	4 *	4 *	4	0 *	0 *	0
McDonald	7 *	8	5	8 *	9	5	13 *	4	4	7 *	11	4	5 *	6	9
Mercer	9 *	9 *	9	8 *	9 *	8	3 *	1 *	2	8 *	8 *	8	10 *	11 *	9
Miller	4 *	5	3	3 *	4	3	7 *	4	4	6 *	4	2	12 *	14	12
Mississippi	5 *	6	6	5 *	5	5	2 *	0	2	7 *	7	6	7 *	7	7
Moniteau	6 *	6 *	7	6 *	5 *	7	3 *	1 *	3	2 *	2 *	5	5 *	6 *	7
Monroe	5 *	6	6	6 *	6	6	3 *	1	3	5 *	5	5	14 *	13	12
Montgomery	3 *	4	4	4 *	4	5	1 *	0	1	4 *	4	4	0 *	0	0
Morgan	5 *	6 *	6	4 *	4 *	5	1 *	0 *	1	3 *	3 *	4	4 *	4 *	4
Nodaway	4 *	5 *	4	4 *	4 *	4	3 *	1 *	3	7 *	8 *	14	10 *	10 *	9
Oregon	6 *	7	7	8 *	7	7	4 *	1	3	3 *	3	3	12 *	12	12
Osage	6 *	7 *	7 *	5 *	6 *	6 *	5 *	1 *	4 *	12 *	5 *	6 *	6 *	7 *	6 *
Ozark	7 *	7	7	5 *	6	6	6 *	3	5	7 *	6	6	14 *	13	13
Pemiscot	3 *	3 *	4	2 *	2 *	2	4 *	3 *	4	8 *	7 *	5	13 *	14 *	13
Perry	4 *	4 *	4	4 *	4 *	4	2 *	0 *	2	7 *	7 *	8	15 *	15 *	14
Phelps	4 *	4 *	3	5 *	4 *	4	5 *	1 *	4	12 *	8 *	7	9 *	10 *	9
Pike	4 *	5	6	4 *	5	6	3 *	2	6	7 *	4	4	8 *	10	10
Polk	9 *	9	8	7 *	7	7	15 *	5	9	10 *	26	16	6 *	6	4
Pulaski	3 *	3 *	6	3 *	3 *	4	3 *	1 *	2	3 *	3 *	4	6 *	6 *	6
Putnam	9 *	11 *	8	9 *	11 *	7	5 *	1 *	3	7 *	8 *	5	4 *	4 *	3
Ralls	5 *	6 *	6	5 *	5 *	5	5 *	2 *	4	4 *	5 *	6	11 *	12 *	12
Randolph	3 *	3 *	3	3 *	3 *	3	0 *	0 *	1	2 *	2 *	3	15 *	15 *	14
Ray	5 *	5 *	5	5 *	5 *	4	1 *	1 *	1	6 *	6 *	17	2 *	2 *	0
Reynolds	6 *	7	8	5 *	5	6	4 *	1	4	5 *	5	4	4 *	5	5
Ripley	10 *	13 *	13	8 *	10 *	10	6 *	0 *	0	7 *	8 *	8	4 *	5 *	4
St. Clair	2 *	3 *	3	3 *	3 *	3	2 *	0 *	2	1 *	1 *	4	0 *	0 *	0
Ste. Genevieve	3 *	3 *	3	3 *	3 *	3	1 *	0 *	1	2 *	2 *	2	0 *	0 *	0
Schuyler	12 *	13 *	13	10 *	11 *	12	3 *	0 *	2	9 *	9 *	9	3 *	4 *	4
Scotland	7 *	8 *	8	6 *	7 *	7	2 *	0 *	2	6 *	6 *	8	7 *	5 *	5
Scott	3 *	3	3	2 *	2	2	2 *	1	2	19 *	5	6	6 *	7	7
Shannon	8 *	9	8	6 *	7	6	6 *	1	2	7 *	5	3	12 *	14	15
Shelby	8 *	8	8	6 *	6	7	2 *	1	2	4 *	6	6	10 *	9	9
Stoddard	3 *	3 *	4	3 *	4 *	4	5 *	4 *	5	6 *	6 *	6	9 *	9 *	10
Stone	2 *	2 *	2	3 *	2 *	2	4 *	2 *	3	3 *	2 *	4	10 *	8 *	8
Sullivan	8 *	9 *	9	6 *	7 *	8	6 *	2 *	4	4 *	5 *	6	5 *	5 *	5
Texas	6 *	6 *	7	7 *	8 *	7	4 *	1 *	4	7 *	7 *	7	14 *	13 *	14
Vernon	4 *	4	5	8 *	8	8	2 *	1	3	6 *	5	6	10 *	10	9
Warren	7 *	5 *	5	9 *	6 *	6	0 *	1 *	3	0 *	9 *	7	0 *	0 *	0
Washington	6 *	4	5	7 *	5	8	5 *	2	3	7 *	8	4	0 *	0	0
Wayne	4 *	4	5	5 *	6	5	4 *	0	3	3 *	3	3	16 *	14	15
Webster	3 *	3 *	4	3 *	3 *	4	5 *	1 *	3	6 *	4 *	5	8 *	8 *	8
Worth	6 *	5 *	6 *	9 *	8 *	8 *	2 *	1 *	2 *	4 *	4 *	4 *	4 *	4 *	5 *
Wright	4 *	5	5	4 *	4	4	4 *	1	4	5 *	5	5	14 *	13	14
Average	6	6	6	5	6	6	4	1	3	6	7	6	8	8	8

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Treasurer			Collector			Recorder			Circuit Clerk			Associate Circuit		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Adair	3 *	3	3	5 *	4	6	5 *	4	5	2 *	1	1	1 *	1	1
Andrew	3 *	2	3	6 *	4	6	2 *	0	0	1 *	1	1	0 *	2	3
Atchison	3 *	3	3	5 *	6	6	2 *	2	2	0 *	0	0	1 *	1	1
Audrain	2 *	2	2	3 *	4	4	3 *	4	3	0 *	1	0	1 *	1	0
Barry	2 *	1 *	1	3 *	3 *	3	1 *	1 *	1	1 *	0 *	0	0 *	0 *	1
Barton	7 *	8	8	0 *	0	0	6 *	7	5	2 *	1	2	0 *	0	0
Bates	4 *	11	9	0 *	0	0	5 *	12	11	0 *	1	1	0 *	1	1
Benton	2 *	2	2	6 *	6	6	1 *	2	2	1 *	1	1	0 *	0	0
Bollinger	2 *	2	2	5 *	5	5	4 *	4	2	1 *	1	1	1 *	0	0
Butler	2 *	2 *	1	4 *	3 *	3	5 *	4 *	3	1 *	0 *	0	1 *	1 *	1
Caldwell	3 *	5	5	0 *	0	0	3 *	5	0	1 *	1	3	0 *	1	1
Carroll	6 *	6 *	6	0 *	0 *	0	2 *	2 *	2	0 *	0 *	0	1 *	1 *	1
Carter	2 *	2	2	4 *	5	5	4 *	4	1	1 *	1	1	1 *	1	2
Cedar	4 *	4	3	7 *	6	6	6 *	6	4	5 *	4	4	0 *	0	0
Chariton	4 *	5	5	0 *	0	0	2 *	2	2	0 *	0	0	0 *	0	0
Clark	4 *	3 *	2	8 *	8 *	7	0 *	0 *	0	3 *	3 *	3	0 *	1 *	0
Clinton	2 *	3 *	2 *	3 *	4 *	4 *	2 *	2 *	3 *	0 *	0 *	0 *	0 *	0 *	0 *
Cooper	2 *	2 *	2	4 *	5 *	4	2 *	2 *	2	0 *	0 *	0	1 *	1 *	1
Crawford	1 *	1 *	1	5 *	5 *	4	2 *	2 *	2	0 *	0 *	0	1 *	0 *	0
Dade	10 *	10 *	11	0 *	0 *	0	7 *	7 *	3	4 *	4 *	2	0 *	0 *	0
Dallas	4 *	4 *	3	9 *	10 *	10	2 *	0 *	0	1 *	3 *	3	1 *	5 *	4
Daviess	6 *	7 *	7	0 *	0 *	0	7 *	8 *	3	0 *	0 *	0	2 *	2 *	3
DeKalb	4 *	4	4	1 *	1	1	0 *	0	0	4 *	5	4	1 *	1	2
Dent	3 *	3 *	3 *	7 *	5 *	5 *	3 *	2 *	2 *	1 *	1 *	1 *	2 *	1 *	1 *
Douglas	2 *	2	3	4 *	4	5	0 *	0	0	1 *	1	2	0 *	0	1
Dunklin	3 *	2 *	3	0 *	0 *	0	3 *	2 *	3	0 *	0 *	1	2 *	1 *	1
Gasconade	2 *	2 *	2 *	7 *	8 *	8 *	0 *	0 *	0 *	3 *	3 *	3 *	1 *	1 *	1 *
Gentry	5 *	5	5	0 *	0	0	0 *	0	0	1 *	1	1	1 *	1	1
Grundy	5 *	6 *	5	0 *	0 *	0	0 *	0 *	0	2 *	2 *	3	1 *	1 *	1
Harrison	9 *	8 *	6	0 *	0 *	0	4 *	5 *	2	0 *	0 *	0	0 *	0 *	0
Henry	4 *	4 *	4	0 *	0 *	0	4 *	5 *	4	1 *	1 *	1	0 *	0 *	1
Hickory	2 *	2 *	2 *	5 *	6 *	6 *	2 *	2 *	2 *	0 *	0 *	0 *	0 *	0 *	0 *
Holt	3 *	3 *	2	5 *	6 *	6	0 *	0 *	0	0 *	0 *	0	0 *	1 *	0
Howard	3 *	3 *	3	7 *	7 *	6	2 *	1 *	1	0 *	0 *	0	2 *	2 *	1
Howell	2 *	2 *	2	5 *	5 *	5	2 *	2 *	3	1 *	1 *	1	1 *	1 *	0
Iron	2 *	2	2	5 *	5	6	0 *	0	0	2 *	2	2	0 *	0	0
Knox	3 *	4	4	7 *	9	9	2 *	2	2	0 *	0	0	0 *	0	1
Laclede	2 *	2 *	1	2 *	3 *	3	3 *	3 *	2	1 *	1 *	1	0 *	0 *	0
Lawrence	1 *	1 *	1	2 *	2 *	3	2 *	2 *	3	0 *	0 *	1	1 *	1 *	1
Lewis	2 *	2 *	2	5 *	4 *	5	2 *	2 *	2	2 *	1 *	1	0 *	1 *	1
Lincoln	2 *	2	2	7 *	5	6	5 *	4	4	2 *	2	1	0 *	0	1
Linn	5 *	5	5	0 *	0	0	3 *	3	3	2 *	2	2	0 *	0	0
Livingston	5 *	5	5	0 *	0	0	3 *	2	3	0 *	1	1	1 *	1	1
Macon	3 *	3	2	4 *	4	4	2 *	2	2	1 *	0	1	0 *	0	0

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Treasurer			Collector			Recorder			Circuit Clerk			Associate Circuit		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Madison	3 *	3 *	2	6 *	6 *	5	4 *	4 *	0	1 *	1 *	2	1 *	1 *	1
Maries	2 *	3 *	2	5 *	6 *	6	0 *	0 *	0	2 *	2 *	2	1 *	1 *	1
Marion	1 *	1 *	1	5 *	5 *	5	2 *	2 *	2	0 *	0 *	0	2 *	2 *	2
McDonald	3 *	3	2	8 *	10	5	3 *	4	2	0 *	0	1	0 *	0	0
Mercer	6 *	6 *	5	0 *	0 *	0	0 *	0 *	0	1 *	1 *	1	1 *	1 *	1
Miller	2 *	2	1	4 *	4	3	2 *	2	2	0 *	0	0	0 *	1	1
Mississippi	2 *	2	2	5 *	5	5	3 *	3	1	1 *	1	1	1 *	1	1
Moniteau	2 *	2 *	2	5 *	5 *	6	1 *	1 *	2	0 *	0 *	0	10 *	7 *	1
Monroe	2 *	2	2	4 *	5	5	3 *	3	0	2 *	1	3	1 *	0	1
Montgomery	1 *	1	2	2 *	3	3	2 *	2	1	0 *	0	1	1 *	1	1
Morgan	1 *	2 *	2	4 *	5 *	6	2 *	3 *	3	0 *	0 *	0	1 *	1 *	1
Nodaway	3 *	4 *	3	0 *	0 *	0	3 *	3 *	4	2 *	1 *	2	0 *	1 *	1
Oregon	2 *	3	2	7 *	7	6	3 *	3	3	1 *	1	1	1 *	1	1
Osage	2 *	3 *	3 *	6 *	7 *	7 *	2 *	4 *	3 *	0 *	0 *	0 *	1 *	1 *	1 *
Ozark	3 *	3	3	6 *	6	5	3 *	3	3	0 *	0	0	1 *	1	1
Pemiscot	1 *	1 *	1	3 *	3 *	3	2 *	2 *	3	1 *	0 *	0	0 *	0 *	0
Perry	2 *	2 *	2	3 *	4 *	4	3 *	4 *	0	1 *	0 *	3	0 *	0 *	0
Phelps	1 *	1 *	1	4 *	3 *	3	3 *	2 *	0	2 *	2 *	3	1 *	0 *	1
Pike	2 *	3	3	4 *	5	5	2 *	3	3	0 *	0	0	0 *	1	1
Polk	5 *	6	5	9 *	8	8	8 *	7	5	4 *	4	2	0 *	0	1
Pulaski	1 *	2 *	1	3 *	3 *	3	2 *	2 *	2	0 *	0 *	1	0 *	0 *	0
Putnam	6 *	7 *	5	0 *	0 *	0	2 *	2 *	0	0 *	0 *	1	1 *	1 *	1
Ralls	2 *	2 *	2	4 *	5 *	5	0 *	0 *	0	3 *	4 *	3	1 *	1 *	1
Randolph	1 *	1 *	1	4 *	4 *	3	3 *	3 *	3	1 *	1 *	1	0 *	0 *	0
Ray	2 *	2 *	2	5 *	5 *	5	4 *	4 *	5	1 *	1 *	0	2 *	2 *	1
Reynolds	2 *	2	3	5 *	6	6	0 *	0	0	2 *	2	2	0 *	0	1
Ripley	4 *	5 *	5	10 *	12 *	16	9 *	10 *	5	1 *	1 *	0	1 *	1 *	3
St. Clair	1 *	1 *	1	3 *	3 *	3	2 *	2 *	1	0 *	0 *	1	0 *	0 *	0
Ste. Genevieve	2 *	2 *	1	3 *	3 *	3	3 *	3 *	3	0 *	0 *	0	0 *	0 *	0
Schuyler	6 *	7 *	5	10 *	11 *	11	0 *	0 *	0	1 *	1 *	1	1 *	1 *	1
Scotland	4 *	4 *	3	7 *	8 *	8	2 *	2 *	3	0 *	0 *	0	1 *	1 *	1
Scott	2 *	2	2	3 *	3	4	3 *	3	3	0 *	1	0	1 *	1	1
Shannon	4 *	4	3	7 *	7	7	1 *	1	2	0 *	1	1	1 *	1	1
Shelby	4 *	4	3	6 *	5	5	3 *	3	4	0 *	0	0	1 *	1	1
Stoddard	4 *	4 *	5	0 *	0 *	0	4 *	4 *	5	1 *	1 *	1	1 *	1 *	2
Stone	1 *	1 *	1	4 *	3 *	3	2 *	2 *	1	0 *	0 *	0	1 *	1 *	1
Sullivan	6 *	6 *	6	0 *	0 *	0	6 *	6 *	0	1 *	2 *	3	0 *	0 *	0
Texas	4 *	4 *	5	0 *	0 *	0	2 *	3 *	3	0 *	1 *	1	0 *	1 *	1
Vernon	3 *	3	3	0 *	0	0	4 *	4	4	1 *	4	4	0 *	0	0
Warren	3 *	2 *	2	11 *	8 *	7	5 *	3 *	3	1 *	1 *	1	2 *	1 *	1
Washington	3 *	2	2	6 *	5	7	5 *	4	3	2 *	1	2	2 *	1	2
Wayne	2 *	2	2	5 *	4	5	1 *	1	1	0 *	0	1	1 *	1	1
Webster	1 *	1 *	2	3 *	4 *	4	3 *	3 *	2	0 *	1 *	0	2 *	2 *	1
Worth	3 *	3 *	3 *	5 *	5 *	5 *	4 *	4 *	0 *	1 *	0 *	0 *	0 *	0 *	0 *
Wright	2 *	2	2	5 *	5	6	2 *	2	2	1 *	1	1	1 *	1	1
Average	3	3	3	4	4	4	3	3	2	1	1	1	1	1	1

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Court Administration			Public Administrator			Other			Sheriff			Jail		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Adair	2 *	1	0	3 *	2	3	9 *	35	12	0 *	0	0	0 *	0	0
Andrew	2 *	1	2	2 *	1	2	30 *	55	31	0 *	0	0	0 *	0	0
Atchison	0 *	0	0	2 *	2	2	7 *	6	4	29 *	27	18	0 *	0	10
Audrain	0 *	0	0	2 *	2	2	7 *	7	8	0 *	0	0	0 *	0	0
Barry	0 *	0 *	0	1 *	0 *	0	17 *	25 *	48	21 *	19 *	14	12 *	13 *	8
Barton	2 *	2	2	5 *	7	5	13 *	14	16	0 *	0	0	0 *	0	0
Bates	1 *	1	2	1 *	3	3	40 *	17	12	0 *	0	0	0 *	0	0
Benton	1 *	1	1	1 *	1	1	9 *	9	8	34 *	38	38	8 *	7	7
Bollinger	1 *	0	1	1 *	2	2	11 *	17	9	26 *	24	31	12 *	11	12
Butler	0 *	0 *	0	3 *	2 *	2	22 *	16 *	12	0 *	21 *	23	0 *	11 *	11
Caldwell	0 *	0	0	1 *	3	2	18 *	9	10	36 *	29	29	0 *	0	0
Carroll	4 *	5 *	0	2 *	2 *	1	0 *	0 *	6	22 *	25 *	26	10 *	10 *	8
Carter	0 *	0	0	2 *	3	3	9 *	10	10	27 *	28	29	7 *	10	5
Cedar	1 *	1	1	3 *	3	4	7 *	7	10	0 *	0	5	0 *	0	0
Chariton	2 *	1	1	1 *	1	1	8 *	7	8	36 *	38	36	6 *	4	5
Clark	1 *	0 *	1	2 *	2 *	2	14 *	15 *	16	36 *	34 *	33	0 *	0 *	0
Clinton	0 *	0 *	0 *	1 *	1 *	1 *	12 *	13 *	15 *	26 *	26 *	24 *	8 *	7 *	6 *
Cooper	2 *	2 *	2	2 *	2 *	2	21 *	17 *	19	12 *	15 *	14	1 *	1 *	2
Crawford	1 *	0 *	0	2 *	2 *	2	17 *	16 *	13	18 *	19 *	25	13 *	19 *	18
Dade	0 *	0 *	0	3 *	3 *	3	16 *	16 *	16	0 *	0 *	0	0 *	0 *	0
Dallas	1 *	1 *	0	3 *	3 *	3	13 *	17 *	14	0 *	0 *	0	0 *	0 *	0
Daviess	1 *	1 *	1	3 *	3 *	3	10 *	13 *	17	0 *	0 *	0	12 *	3 *	0
DeKalb	0 *	0	0	1 *	1	1	10 *	6	10	35 *	39	30	0 *	0	0
Dent	2 *	0 *	1 *	3 *	3 *	2 *	17 *	12 *	7 *	0 *	21 *	19 *	0 *	12 *	10 *
Douglas	1 *	1	1	2 *	2	3	27 *	20	11	20 *	24	25	5 *	5	4
Dunklin	0 *	1 *	0	4 *	2 *	2	6 *	4 *	6	17 *	13 *	19	15 *	11 *	15
Gasconade	0 *	0 *	0 *	2 *	2 *	2 *	16 *	11 *	14 *	23 *	25 *	24 *	12 *	12 *	12 *
Gentry	2 *	3	1	2 *	3	2	18 *	19	11	26 *	20	20	5 *	7	13
Grundy	1 *	1 *	1	2 *	2 *	2	7 *	5 *	6	15 *	19 *	19	10 *	12 *	11
Harrison	1 *	1 *	1	4 *	4 *	3	21 *	20 *	14	0 *	0 *	21	0 *	0 *	12
Henry	2 *	2 *	2	0 *	0 *	0	8 *	8 *	8	15 *	16 *	15	10 *	11 *	12
Hickory	1 *	0 *	0 *	1 *	2 *	2 *	18 *	13 *	12 *	31 *	34 *	33 *	3 *	3 *	2 *
Holt	0 *	0 *	0	1 *	1 *	1	22 *	19 *	21	15 *	15 *	14	7 *	8 *	8
Howard	1 *	1 *	4	4 *	4 *	4	19 *	10 *	5	0 *	0 *	0	0 *	0 *	0
Howell	0 *	0 *	0	2 *	2 *	2	20 *	18 *	20	0 *	0 *	0	0 *	0 *	0
Iron	1 *	1	1	3 *	4	3	12 *	7	10	29 *	32	29	5 *	5	7
Knox	0 *	0	0	3 *	4	6	10 *	10	9	0 *	0	0	0 *	0	0
Laclede	0 *	0 *	1	2 *	2 *	2	15 *	14 *	14	12 *	12 *	12	17 *	17 *	17
Lawrence	1 *	1 *	1	2 *	2 *	2	9 *	8 *	5	22 *	22 *	26	10 *	10 *	10
Lewis	1 *	0 *	0	3 *	3 *	3	18 *	17 *	22	0 *	0 *	0	0 *	0 *	0
Lincoln	2 *	3	2	1 *	1	2	25 *	34	9	0 *	0	0	0 *	0	0
Linn	3 *	2	2	2 *	2	2	7 *	11	10	20 *	20	19	11 *	14	14
Livingston	0 *	0	0	4 *	4	4	4 *	6	5	18 *	23	22	24 *	26	26
Macon	2 *	1	0	3 *	3	3	6 *	10	9	24 *	23	23	9 *	10	11

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Court Administration			Public Administrator			Other			Sheriff			Jail		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Madison	0 *	0 *	0	1 *	1 *	1	44 *	44 *	29	0 *	0 *	0	0 *	0 *	0
Maries	1 *	0 *	0	1 *	2 *	1	33 *	20 *	14	7 *	11 *	17	10 *	12 *	13
Marion	0 *	0 *	1	4 *	3 *	3	8 *	13 *	10	12 *	16 *	13	35 *	32 *	35
McDonald	0 *	0	1	4 *	5	3	15 *	24	13	0 *	0	18	0 *	0	14
Mercer	1 *	0 *	1	3 *	3 *	3	9 *	10 *	9	29 *	28 *	31	1 *	3 *	3
Miller	0 *	0	0	1 *	1	1	11 *	12	6	23 *	28	24	0 *	0	0
Mississippi	1 *	1	1	1 *	1	1	10 *	14	28	3 *	11	0	0 *	0	0
Moniteau	1 *	1 *	2	2 *	2 *	2	21 *	26 *	14	15 *	13 *	16	11 *	13 *	14
Monroe	0 *	0	0	1 *	2	2	8 *	11	7	22 *	24	25	3 *	5	8
Montgomery	1 *	1	1	1 *	1	1	19 *	20	23	19 *	18	18	23 *	24	26
Morgan	0 *	0 *	0	2 *	3 *	3	19 *	19 *	13	0 *	0 *	0	0 *	0 *	0
Nodaway	1 *	1 *	1	1 *	1 *	1	13 *	10 *	7	15 *	17 *	16	15 *	16 *	13
Oregon	0 *	0	0	2 *	3	3	12 *	10	10	21 *	22	23	2 *	2	2
Osage	0 *	0 *	0 *	1 *	1 *	1 *	9 *	6 *	11 *	25 *	29 *	25 *	4 *	4 *	5 *
Ozark	1 *	1	1	4 *	4	3	14 *	14	12	0 *	0	0	0 *	0	0
Pemiscot	0 *	0 *	0	1 *	1 *	1	13 *	8 *	9	25 *	30 *	28	14 *	15 *	15
Perry	1 *	1 *	1	1 *	1 *	1	16 *	17 *	22	16 *	15 *	16	12 *	13 *	12
Phelps	1 *	1 *	1	2 *	1 *	1	7 *	7 *	4	0 *	22 *	19	0 *	11 *	13
Pike	1 *	2	2	2 *	3	3	32 *	25	25	0 *	0	0	0 *	0	0
Polk	0 *	0	0	4 *	4	4	18 *	13	29	0 *	0	0	0 *	0	0
Pulaski	2 *	4 *	3	2 *	2 *	3	9 *	11 *	12	34 *	31 *	29	12 *	13 *	10
Putnam	1 *	1 *	0	2 *	3 *	2	41 *	36 *	54	0 *	0 *	0	0 *	0 *	0
Ralls	0 *	0 *	1	2 *	2 *	2	11 *	8 *	9	35 *	33 *	31	0 *	0 *	0
Randolph	0 *	0 *	0	2 *	2 *	2	7 *	7 *	5	22 *	22 *	21	16 *	16 *	20
Ray	0 *	0 *	0	3 *	3 *	3	8 *	8 *	3	17 *	17 *	15	25 *	25 *	23
Reynolds	0 *	1	0	1 *	2	2	25 *	13	5	32 *	40	41	1 *	2	2
Ripley	1 *	0 *	1	3 *	4 *	4	17 *	17 *	15	0 *	0 *	0	0 *	0 *	0
St. Clair	0 *	0 *	0	1 *	1 *	1	14 *	13 *	6	8 *	8 *	9	59 *	60 *	61
Ste. Genevieve	0 *	0 *	0	1 *	1 *	1	16 *	15 *	11	21 *	22 *	21	39 *	40 *	44
Schuyler	1 *	1 *	1	3 *	4 *	4	12 *	12 *	11	0 *	0 *	0	0 *	0 *	0
Scotland	0 *	0 *	1	2 *	2 *	2	8 *	11 *	5	29 *	24 *	27	0 *	0 *	0
Scott	0 *	0	0	1 *	1	2	10 *	10	11	0 *	0	0	0 *	0	0
Shannon	0 *	0	0	2 *	2	2	11 *	7	3	19 *	20	25	3 *	6	8
Shelby	1 *	0	0	2 *	2	2	5 *	6	7	19 *	20	21	9 *	9	8
Stoddard	0 *	0 *	0	1 *	1 *	1	7 *	7 *	5	27 *	26 *	27	0 *	0 *	0
Stone	2 *	1 *	1	1 *	1 *	1	19 *	16 *	13	21 *	20 *	21	10 *	9 *	9
Sullivan	1 *	1 *	1	3 *	3 *	3	5 *	7 *	7	33 *	34 *	35	5 *	3 *	3
Texas	2 *	5 *	3	3 *	3 *	3	6 *	6 *	4	14 *	15 *	14	11 *	12 *	12
Vernon	1 *	1	1	2 *	2	2	9 *	9	8	22 *	21	19	12 *	12	11
Warren	0 *	0 *	1	1 *	1 *	1	40 *	29 *	24	0 *	0 *	0	0 *	0 *	0
Washington	1 *	1	1	3 *	2	2	20 *	41	30	0 *	0	0	0 *	0	0
Wayne	0 *	0	0	2 *	1	1	9 *	11	10	24 *	33	28	10 *	8	8
Webster	2 *	2 *	0	2 *	2 *	3	23 *	22 *	14	19 *	21 *	34	10 *	11 *	5
Worth	0 *	0 *	0 *	2 *	2 *	2 *	34 *	39 *	38 *	7 *	7 *	7 *	4 *	4 *	8 *
Wright	1 *	1	1	1 *	1	1	6 *	8	6	18 *	18	18	14 *	14	8
Average	1	1	1	2	2	2	14	15	14	16	16	16	7	7	8

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Prosecuting Attorney			Juvenile Officer			Coroner			Health and Welfare			Operating Transfers		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Adair	10 *	8	9	0 *	0	13	1 *	1	1	5 *	1	0	28 *	16	21
Andrew	7 *	4	7	2 *	2	3	1 *	1	1	0 *	0	0	4 *	3	3
Atchison	6 *	7	11	1 *	1	1	1 *	1	1	0 *	0	0	3 *	4	3
Audrain	12 *	12	11	8 *	9	9	1 *	1	1	3 *	3	2	35 *	32	37
Barry	10 *	9 *	6	4 *	4 *	3	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Barton	9 *	11	11	3 *	3	3	0 *	0	0	10 *	2	2	3 *	4	3
Bates	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	1 *	2	0
Benton	10 *	11	8	1 *	1	1	1 *	1	1	0 *	0	0	1 *	2	5
Bollinger	6 *	6	7	2 *	1	0	1 *	1	2	0 *	0	0	1 *	1	1
Butler	7 *	5 *	5	5 *	4 *	4	1 *	1 *	1	0 *	0 *	0	20 *	0 *	1
Caldwell	4 *	9	11	0 *	1	1	3 *	1	1	0 *	0	0	4 *	3	2
Carroll	7 *	7 *	7	0 *	0 *	0	1 *	1 *	1	0 *	0 *	0	1 *	1 *	1
Carter	7 *	7	7	4 *	4	4	1 *	1	1	0 *	0	0	5 *	5	8
Cedar	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	23 *	20	24
Chariton	5 *	5	5	1 *	1	1	1 *	1	1	0 *	0	0	1 *	1	1
Clark	8 *	8 *	6	1 *	1 *	3	1 *	1 *	1	0 *	0 *	0	0 *	5 *	4
Clinton	6 *	6 *	7	1 *	1 *	1 *	1 *	1 *	1 *	0 *	0 *	0 *	5 *	1 *	1 *
Cooper	8 *	9 *	7	1 *	3 *	1	1 *	1 *	1	9 *	10 *	11	1 *	1 *	3
Crawford	8 *	8 *	7	2 *	2 *	2	2 *	1 *	1	13 *	13 *	12	0 *	0 *	0
Dade	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	21 *	21 *	18
Dallas	12 *	12 *	11	6 *	5 *	10	2 *	2 *	2	0 *	0 *	0	12 *	8 *	8
Daviess	11 *	11 *	12	1 *	1 *	1	3 *	2 *	2	0 *	0 *	0	4 *	4 *	8
DeKalb	7 *	8	8	1 *	1	1	1 *	1	1	0 *	0	0	3 *	1	0
Dent	12 *	9 *	9	3 *	2 *	3 *	2 *	2 *	2 *	0 *	0 *	0 *	4 *	0 *	5 *
Douglas	8 *	9	9	2 *	2	2	1 *	1	1	0 *	0	0	3 *	5	3
Dunklin	7 *	5 *	7	3 *	2 *	3	1 *	1 *	1	2 *	0 *	0	1 *	2 *	1
Gasconade	9 *	8 *	7	2 *	2 *	2 *	1 *	1 *	1 *	0 *	0 *	0 *	0 *	8 *	0 *
Gentry	6 *	6	6	1 *	1	1	1 *	1	1	1 *	1	2	2 *	5	10
Grundy	6 *	7 *	7	8 *	6 *	6	1 *	1 *	1	0 *	0 *	0	3 *	6 *	5
Harrison	12 *	11 *	7	1 *	2 *	1	2 *	2 *	1	0 *	0 *	0	7 *	13 *	1
Henry	7 *	7 *	7	14 *	14 *	15	1 *	1 *	1	0 *	0 *	0	5 *	6 *	4
Hickory	5 *	6 *	6	0 *	1 *	1 *	1 *	1 *	1 *	0 *	0 *	0 *	3 *	3 *	3 *
Holt	5 *	6 *	6	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	1 *	1 *	1
Howard	7 *	8 *	7	5 *	7 *	6	1 *	1 *	1	19 *	20 *	17	0 *	0 *	7
Howell	7 *	7 *	6	6 *	6 *	6	1 *	1 *	1	0 *	0 *	0	32 *	34 *	34
Iron	6 *	7	6	2 *	2	1	1 *	1	1	0 *	0	0	2 *	1	0
Knox	8 *	10	9	4 *	6	5	1 *	2	1	0 *	0	0	18 *	10	10
Laclede	6 *	6 *	6	2 *	2 *	1	1 *	1 *	1	0 *	0 *	0	9 *	9 *	14
Lawrence	7 *	7 *	7	3 *	2 *	2	1 *	1 *	1	12 *	12 *	13	7 *	11 *	0
Lewis	5 *	4 *	7	6 *	5 *	6	1 *	1 *	1	7 *	19 *	2	24 *	21 *	25
Lincoln	13 *	12	12	4 *	4	5	1 *	1	1	0 *	0	0	11 *	11	29
Linn	8 *	9	6	2 *	4	4	1 *	1	1	0 *	0	0	0 *	0	0
Livingston	6 *	6	6	2 *	2	2	2 *	2	2	0 *	0	0	5 *	0	0
Macon	6 *	7	7	4 *	5	4	1 *	1	1	1 *	1	1	1 *	0	0

* Unaudited (see Objectives, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Prosecuting Attorney			Juvenile Officer			Coroner			Health and Welfare			Operating Transfers		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Madison	7 *	7 *	5	0 *	0 *	0	2 *	2 *	1	0 *	0 *	0	0 *	0 *	20
Maries	5 *	7 *	5	1 *	2 *	2	1 *	1 *	1	1 *	1 *	1	0 *	0 *	2
Marion	7 *	7 *	8	3 *	3 *	3	2 *	1 *	1	0 *	0 *	0	1 *	1 *	0
McDonald	0 *	0	10	0 *	0	1	0 *	0	1	0 *	0	0	27 *	16	2
Mercer	9 *	8 *	8	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Miller	6 *	8	6	2 *	3	2	1 *	1	1	0 *	0	0	16 *	7	29
Mississippi	6 *	6	7	1 *	1	1	1 *	1	1	1 *	2	2	38 *	26	23
Moniteau	7 *	7 *	8	1 *	2 *	3	1 *	1 *	1	0 *	0 *	0	1 *	0 *	0
Monroe	5 *	6	6	1 *	2	2	1 *	1	1	0 *	0	0	14 *	7	6
Montgomery	6 *	5	5	2 *	2	2	1 *	1	1	0 *	0	0	10 *	9	1
Morgan	6 *	7 *	7	1 *	2 *	2	1 *	1 *	1	0 *	0 *	0	46 *	40 *	42
Nodaway	6 *	7 *	6	2 *	3 *	6	1 *	1 *	1	0 *	0 *	0	10 *	7 *	5
Oregon	7 *	8	7	4 *	4	4	1 *	1	1	0 *	0	0	4 *	5	5
Osage	8 *	10 *	8	3 *	3 *	3 *	1 *	2 *	1 *	2 *	3 *	3 *	2 *	1 *	0 *
Ozark	7 *	8	7	2 *	2	2	1 *	2	2	0 *	0	0	19 *	21	24
Pemiscot	8 *	7 *	8	1 *	2 *	2	1 *	1 *	1	0 *	0 *	0	0 *	1 *	1
Perry	5 *	5 *	5	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	6 *	6 *	0
Phelps	11 *	9 *	8	8 *	7 *	12	1 *	1 *	1	2 *	2 *	2	22 *	4 *	4
Pike	9 *	11	10	3 *	3	3	1 *	2	2	0 *	0	0	18 *	16	11
Polk	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	5 *	5	2
Pulaski	8 *	8 *	8	3 *	3 *	3	1 *	2 *	1	0 *	0 *	0	5 *	3 *	2
Putnam	11 *	12 *	8	1 *	1 *	1	1 *	2 *	1	0 *	0 *	0	0 *	0 *	1
Ralls	5 *	7 *	6	2 *	2 *	1	1 *	1 *	1	0 *	0 *	0	4 *	5 *	5
Randolph	11 *	11 *	10	9 *	9 *	9	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Ray	12 *	12 *	9	1 *	1 *	1	1 *	1 *	1	0 *	0 *	5	0 *	0 *	0
Reynolds	6 *	7	8	1 *	1	2	1 *	1	1	0 *	0	0	0 *	0	0
Ripley	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	1 *	0 *	0	18 *	14 *	16
St. Clair	3 *	3 *	3	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0	0 *	1 *	1
Ste. Genevieve	3 *	3 *	3	2 *	2 *	3	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Schuyler	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	4 *	2 *	3	25 *	24 *	23
Scotland	7 *	8 *	7	4 *	5 *	6	1 *	1 *	1	3 *	2 *	4	4 *	6 *	2
Scott	7 *	7	6	3 *	4	4	1 *	1	1	0 *	0	0	37 *	49	46
Shannon	6 *	7	7	4 *	5	4	1 *	2	1	0 *	0	0	2 *	1	2
Shelby	7 *	8	8	7 *	8	5	1 *	1	1	0 *	0	0	5 *	3	3
Stoddard	5 *	5 *	6	14 *	14 *	10	1 *	1 *	1	0 *	0 *	0	9 *	10 *	8
Stone	6 *	6 *	6	1 *	1 *	1	0 *	0 *	1	0 *	0 *	0	10 *	23 *	22
Sullivan	7 *	6 *	6	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	2 *	2 *	2
Texas	8 *	7 *	7	4 *	4 *	4	1 *	1 *	1	0 *	0 *	0	7 *	3 *	3
Vernon	7 *	7	6	6 *	7	9	1 *	1	1	0 *	0	0	2 *	1	1
Warren	20 *	13 *	10	0 *	4 *	4	1 *	1 *	2	0 *	0 *	0	0 *	16 *	23
Washington	16 *	11	11	4 *	3	4	1 *	1	1	0 *	0	0	12 *	9	15
Wayne	6 *	6	7	2 *	2	2	1 *	2	1	0 *	1	0	5 *	1	2
Webster	8 *	9 *	7	1 *	1 *	1	1 *	1 *	1	0 *	0 *	1	0 *	1 *	1
Worth	9 *	8 *	9	0 *	0 *	0 *	1 *	1 *	1 *	1 *	1 *	1 *	4 *	4 *	1 *
Wright	7 *	7	7	7 *	6	10	1 *	1	1	1 *	2	1	2 *	3	3
Average	7	7	7	3	3	3	1	1	1	1	1	1	7	7	7

* Unaudited (see Objectives, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SALES TAX FUNDS

		Year Ended December 31,								
County	Fund Type	2004			2003			2002		
		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	LEST	\$ 1,837,990 *	1,764,228 *	356,990 *	1,754,722	1,707,874	283,228	1,720,090	1,633,868	236,380
Andrew	CIST	117,528 *	81,322 *	103,440 *	115,258	110,035	67,234	123,380	211,497	62,011
	LEST	562,940 *	639,081 *	305,851 *	527,184	582,761	381,992	523,021	501,183	437,569
Atchison	RBST	231,986 *	238,836 *	165,848 *	212,630	226,936	172,698	217,195	232,054	187,004
Audrain	LEST	2,183,164 *	2,159,237 *	31,545 *	1,957,801	1,961,671	7,618	1,672,315	1,667,776	11,488
	RBST	1,200,634 *	637,083 *	1,128,631 *	2,290,523	1,840,181	565,080	1,533,697	1,662,809	114,738
Barry		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Barton	LEST	658,022 *	686,224 *	177,106 *	608,958	658,880	205,308	679,500	618,172	255,230
Bates	LEST	1,624,476 *	1,570,178 *	79,681 *	900,840	991,440	25,383	710,572	732,092	115,983
	CIST	544,348 *	544,348 *	0 *	420,000	420,000	0	313,841	313,841	0
Benton	CIST	851,879 *	1,136,740 *	359,525 *	774,260	564,355	644,386	722,702	814,207	434,481
Bollinger		0 *	0 *	0 *	0	0	0	0	0	0
Butler	LEST	2,605,906 *	2,543,864 *	234,690 *	1,218,070 *	1,360,404 *	172,648 *	1,222,155	1,370,249	314,982
	RBST	1,624,259 *	1,621,501 *	486,818 *	1,453,580 *	1,746,040 *	484,060 *	1,556,364	1,102,338	776,520
Caldwell	LEST	241,914 *	963,914 *	(738,393) *	1,507,862	1,516,855	(16,393)	245,504	253,596	(7,400)
	RBST	231,683 *	217,595 *	173,573 *	227,548	211,044	159,485	230,308	241,063	142,981
Carroll	CIST	142,106 *	71,120 *	407,170 *	310,310 *	99,433 *	336,184 *	448,195	517,526	125,307
Carter		0 *	0 *	0 *	0	0	0	0	0	0
Cedar	LEST	1,084,447 *	1,121,584 *	223,776 *	1,148,907	1,004,935	260,913	1,015,477	930,845	116,941
Chariton	LEST	289,921 *	1,154,840 *	41,063 *	276,840	453,239	905,982	268,534	227,705	1,082,381
Clark	CIST	267,062 *	303,806 *	(22,930) *	365,345 *	523,032 *	13,814 *	551,595	668,830	171,501
	RBST	223,060 *	208,055 *	15,200 *	208,143 *	233,824 *	195 *	219,628	199,840	25,876
Clinton	CIST	663,849 *	495,244 *	708,285 *	544,584 *	466,903 *	539,680 *	538,447 *	461,525 *	461,999 *
Cooper	LEST	890,944 *	981,072 *	540,216 *	847,936 *	914,512 *	630,344 *	764,112	822,716	696,920
	RBST	1,392,069 *	1,390,758 *	388,074 *	678,615 *	682,014 *	386,763 *	684,376	738,063	390,162
Crawford	CIST	181,535 *	248,714 *	298,763 *	141,744 *	72,409 *	365,942 *	132,861	72,020	296,607
Dade	LEST	451,734 *	480,929 *	38,919 *	517,681 *	461,415 *	68,114 *	559,724	548,319	11,848
Dallas	CIST	656,630 *	603,948 *	309,932 *	560,312 *	572,658 *	257,250 *	535,340	301,348	269,596
	LEST	720,090 *	740,142 *	7,556 *	726,814 *	723,447 *	27,608 *	721,088	723,318	24,241
Daviess	LEST	400,503 *	365,570 *	36,521 *	349,735 *	391,898 *	1,588 *	383,369	395,980	43,751
Dekalb	CIST	633,148 *	524,965 *	332,521 *	597,192	439,064	224,338	582,347	531,100	66,210
Dent	LEST	702,174 *	697,575 *	4,599 *	0 *	0 *	0 *	0 *	0 *	0 *
Douglas		0 *	0 *	0 *	0	0	0	0	0	0
Dunklin	LEST	1,090,190 *	540,805 *	549,385 *	0 *	0 *	0 *	0	0	0
Gasconade		0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
Gentry		0 *	0 *	0 *	0	0	0	0	0	0
Grundy		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0

Tickmark Legend

CIST - Capital Improvement Sales Tax Fund

LEST - Law Enforcement Sales Tax Fund

RBST - Road and Bridge Sales Tax Fund

* Unaudited (see Objectives, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SALES TAX FUNDS

		Year Ended December 31,								
County	Fund Type	2004			2003			2002		
		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Harrison	CIST	12,205 *	15,183 *	311,615 *	11,387 *	5,458 *	314,593 *	11,152	14,175	308,664
	LEST	693,587 *	671,727 *	34,505 *	552,488 *	574,799 *	12,645 *	34,956	0	34,956
Henry		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Hickory		0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
Holt		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Howard	LEST	392,961 *	394,690 *	2,797 *	370,501 *	371,608 *	4,526 *	388,327	384,108	5,633
Howell	LEST	2,262,567 *	2,409,401 *	310,813 *	2,242,960 *	2,412,246 *	457,647 *	2,024,301	1,942,667	626,933
Iron		0 *	0 *	0 *	0	0	0	0	0	0
Knox	LEST	259,474 *	256,375 *	5,099 *	179,994	191,048	2,000	200,169	187,239	13,054
Laclede	LEST	1,839,920 *	1,540,233 *	1,486,688 *	1,715,322 *	1,586,178 *	1,187,001 *	1,659,909	1,513,523	1,057,857
Lawrence		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Lewis	CIST	302,297 *	257,901 *	70,513 *	367,593 *	344,853 *	26,117 *	680,813	678,557	3,377
	LEST	564,349 *	517,939 *	52,696 *	537,112 *	535,221 *	6,286 *	563,005	558,805	4,395
Lincoln	CIST	1,215,142 *	507,621 *	2,563,688 *	1,009,870	472,309	1,856,167	982,222	0	1,318,606
	LEST	4,427,245 *	4,373,105 *	396,173 *	3,679,791	3,814,616	342,033	3,535,036	3,136,823	476,858
Linn		0 *	0 *	0 *	0	0	0	0	0	0
Livingston	LEST	435,051 *	384,431 *	82,373 *	31,753	0	31,753	0	0	0
Macon	RBST	950,272 *	781,013 *	454,889 *	1,498,581	1,453,073	285,630	971,676	1,029,468	240,122
Madison	LEST	751,882 *	637,795 *	162,565 *	563,281 *	531,996 *	48,478 *	491,751	491,754	17,193
Maries		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Marion	CIST	819,968 *	1,178,557 *	912,746 *	2,037,905 *	1,656,520 *	1,271,335 *	1,625,052	935,411	889,950
	RBST	56,741 *	54,412 *	517,661 *	85,641 *	1,229,296 *	515,332 *	697,068	658,118	1,658,987
McDonald	LEST	1,271,364 *	1,420,852 *	(220,751) *	1,116,733	1,187,996	(71,263)	0	0	0
Mercer	LEST	43,673 *	0 *	43,673 *	0 *	0 *	0 *	0	0	0
Miller	CIST	1,302,059 *	1,455,376 *	215,952 *	1,279,150	1,469,254	369,269	1,284,434	1,151,542	559,373
Mississippi	LEST	2,533,506 *	2,533,054 *	617 *	2,251,141	2,279,118	165	2,247,527	2,243,907	28,142
Moniteau	CIST	488,870 *	151,151 *	695,434 *	431,795 *	74,080 *	357,715 *	0	0	0
Monroe		0 *	0 *	0 *	0	0	0	0	0	0
Montgomery	CIST	424,596 *	444,756 *	272,083 *	385,674	437,995	292,243	453,139	433,943	344,564
Morgan	LEST	2,244,449 *	2,244,449 *	0 *	1,875,596 *	1,875,596 *	0 *	1,771,543	1,771,543	0
Nodaway		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Oregon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Osage		0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
Ozark	CIST	1,476 *	104,895 *	23,109 *	88,732	189,421	126,528	240,336	225,820	227,217
	LEST	671,817 *	671,825 *	26 *	672,156	697,211	34	617,480	608,502	25,089

Tickmark Legend

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* Unaudited (see Objectives, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SALES TAX FUNDS

		Year Ended December 31,								
County	Fund Type	2004			2003			2002		
		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Pemiscot	CIST	602,657 *	607,998 *	238,610 *	607,130 *	598,745 *	243,951 *	626,666	980,682	235,566
	LEST	301,142 *	301,428 *	0 *	291,522 *	334,235 *	286 *	325,828	746,821	42,999
Perry		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Phelps	LEST	2,910,627 *	5,250,774 *	717,311 *	1,948,155 *	4,191,565 *	3,057,458 *	2,376,999	825,046	5,300,868
Pike	LEST	1,205,749 *	1,133,870 *	7,875 *	1,078,535	1,122,864	(64,004)	1,049,377	1,078,484	(19,675)
Polk	LEST	1,632,348 *	1,683,734 *	93,814 *	1,465,420	1,689,770	145,200	1,395,024	1,604,731	369,550
	RBST	1,287,315 *	1,286,972 *	161,603 *	1,200,180	1,337,183	161,260	1,156,091	972,538	298,263
Pulaski		0	0	0	0	0	0	0	0	0
Putnam	LEST	215,256 *	209,686 *	8,287 *	212,705 *	257,874 *	2,717 *	242,306	231,301	47,886
Ralls		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Randolph		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Ray	RBST	943,972 *	1,092,770 *	272,102 *	1,020,240 *	1,244,049 *	420,900 *	1,070,273	640,254	644,709
Reynolds		0 *	0 *	0 *	0	0	0	0	0	0
Ripley	LEST	604,845 *	604,973 *	203 *	585,736 *	586,564 *	331 *	595,780	594,897	1,159
St. Clair		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Ste. Genevieve	CIST	3,171 *	438,233 *	137,775 *	18,597 *	695,507 *	572,837 *	56,136	441,149	1,249,747
Schuyler	LEST	241,088 *	240,854 *	1,046 *	236,221 *	237,518 *	812 *	235,030	242,499	2,109
	RBST	128,766 *	130,009 *	134,044 *	131,377 *	127,173 *	135,287 *	128,911	128,007	131,083
Scotland	CIST	398,052 *	315,268 *	106,408 *	227,792 *	233,700 *	23,624 *	307,531	296,521	29,532
	LEST	108,953 *	63,517 *	45,978 *	119,955 *	120,541 *	542 *	86,229	85,101	1,128
Scott	LEST	2,852,464 *	2,852,191 *	271 *	3,150,942	3,151,040	(2)	2,898,364	2,898,608	96
Shannon		0 *	0 *	0 *	0	0	0	0	0	0
Shelby		0 *	0 *	0 *	0	0	0	0	0	0
Stoddard		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Stone		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Sullivan		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Texas		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Vernon		0 *	0 *	0 *	0	0	0	0	0	0
Warren	CIST	1,193,765 *	749,081 *	3,273,272 *	1,117,053 *	697,635 *	2,828,588 *	1,145,400	699,385	2,409,170
	LEST	2,363,568 *	2,379,798 *	44,405 *	2,355,822 *	2,335,208 *	60,635 *	2,080,442	2,159,813	40,021
Washington	CIST	683,369 *	236,287 *	1,319,855 *	643,936	491,204	872,773	613,534	1,217,821	720,041
	LEST	1,185,507 *	1,180,559 *	6,278 *	1,120,915	1,129,016	1,330	1,169,054	1,159,723	9,431
Wayne		0 *	0 *	0 *	0	0	0	0	0	0
Webster	CIST	1,117,012 *	1,122,770 *	18,185 *	1,425,924 *	1,494,032 *	23,943 *	1,238,341	1,230,452	92,051
Worth	CIST	37,092 *	27,332 *	51,903 *	49,904 *	45,832 *	42,143 *	42,758 *	52,253 *	38,071 *
	LEST	51,403 *	73,430 *	9,005 *	55,898 *	44,255 *	31,032 *	73,825 *	61,390 *	19,389 *
Wright		0 *	0 *	0 *	0	0	0	0	0	0
	Total	<u>68,339,783</u>	<u>69,721,553</u>	<u>21,787,549</u>	<u>63,292,509</u>	<u>66,492,661</u>	<u>23,169,319</u>	<u>58,269,532</u>	<u>54,807,261</u>	<u>26,369,471</u>

Tickmark Legend

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* Unaudited (see Objectives, Scope and Methodology section)



Claire McCaskill

Missouri State Auditor

October 2005

SOCIAL SERVICES

State Adoption Program



Office Of The
State Auditor Of Missouri
Claire McCaskill

October 2005

The following problems were discovered as a result of an audit conducted by our office of the State Adoption Program.

The goal of the Adoption Program is to provide permanency to children in foster care in the form of a stable and continuous relationship with nurturing and loving parents. During fiscal year 2004, there were 1,356 children adopted, and 1,398 were adopted during fiscal year 2003. While the number of adoptions has increased since the inception of the 1997 federal Adoption and Safe Families Act (ASFA), the number has been decreasing in the last three fiscal years, and the department is still not petitioning to terminate parental rights (TPR) and/or achieving child permanency in a timely fashion.

For all children adopted in fiscal years 2003 and 2004, the average length of custody was 33 and 31.7 months, respectively, which is significantly longer than the national standard of 24 months.

We reviewed 60 of the 288 cases of children who had been in state custody for over 15 of the last 22 consecutive months in fiscal years 2003 and 2004. Our tests focused on children whose goal was adoption and who had no action or incomplete action on TPR according to department management reports. Issues leading to delays in TPR included: untimely court hearings; child mental and behavior issues; unsuccessful attempts at placement with other relatives; continued involvement of biological parents in their children's lives; and some courts' unwillingness to TPR until an adoptive placement is found. These delays cause adoptions to not be made because potential adoptive parents are discouraged by the continuous delays.

Our office reviewed the *Children's Division Management Report* dated June 30, 2004, "Table 23, Children in Care on the Last Day of June 2004 With a Goal of Adoption or in Adoptive Custody" and found that 15.4 percent of children shown to have a goal of adoption had actually already been adopted, but were not entered into the system in a timely manner. Also, the system incorrectly showed 26.1 percent of children as having incomplete TPR when their parent's rights had actually been terminated and 2.5 percent of children's cases reviewed as having TPR complete when it was not.

The *Children's Division Management Report* dated June 30, 2004, "Table 26, Children in Children's Division Custody on the Last Day of June 2004 by Case manager County and Goal" showed 250 children had no case goal. Of these children, the 104 who had been in care more than 15 of the past 22 months, were reviewed in detail. Our review found that 96 percent did have a goal, but it was not entered on the system.

(over)

YELLOW SHEET

We reviewed 60 case files, both physical and electronic, of children the system showed as having been in care over 15 of the last 22 months, but whose TPR action was not complete or not initiated. In over 18 percent of the files reviewed, the physical file showed TPR was actually complete in these cases, but was not correctly shown on the system. Additionally, the system is also used by workers to match children with available foster and adoptive homes. With unreliable data in the system, there is no assurance staff have all resources available to them when choosing placements for children.

Currently, the department does not survey adoptive parents to determine their satisfaction with the program or any unmet needs they may have. A survey could help identify unmet needs of adoptive parents and children and provide a way to let adoptive parents know services are available. People who had been interested in adopting, but were dissatisfied with the department sent comments directly to our office. The most common complaints included:

- biological parents maintained too many parental rights,
- the department was disorganized and very difficult to deal with,
- most believed a person had to become a foster parent before they would be eligible to become an adoptive parent, and
- the time period to complete an adoption was too long.

All reports are available on our website: www.auditor.mo.gov

STATE ADOPTION PROGRAM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gary Sherman, Director
Department of Social Services
Jefferson City, MO 65102

We have audited the Department of Social Services, Adoption Program. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the program, as well as certain external parties; site visits and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the procedures applied in the audit of the program.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Social Services, Adoption Program.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 25, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Christina Davis
Audit Staff:	Terri Crader

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Delayed Permanency

Under the act, states are required to initiate or join proceedings to terminate parental rights (TPR) for children who have been in foster care under the responsibility of the state for 15 of the most recent 22 months, unless certain exceptions apply. In such cases, ASFA requires adoption of the child to be the goal unless it is demonstrated not to be in the best interest of the child. Examples of which would include an older teen who requests emancipation, when there is a significant bond, but the parent cannot care for the child due to disability, or when an Indian tribe has identified an APPLA for the child. While the number of adoptions has increased since inception of the act, the number has been decreasing in the last three fiscal years, and the department is still not petitioning to TPR and/or achieving child permanency in a timely fashion.

- According to department management reports, for all of the children adopted in fiscal years 2003 and 2004 the average length of custody was 33 and 31.7 months, respectively, which is significantly longer than the 24-month standard. While the percentage of adoptions complete within 24 months exceeded the national standard for fiscal years 2003 and 2004, the average length in custody for all adoptions significantly exceeded the 24-month standard.

B. We reviewed 60 of the 288 cases of children who had been in state custody for over 15 of the last 22 consecutive months in fiscal years 2003 and 2004. Our tests focused on children whose goal was adoption and who had no action or incomplete action on TPR according to department management reports. We chose to test items in Greene, Jasper, and Jackson counties, and St. Louis City because they had almost half of the cases meeting these specifications. We noted issues leading to delays in TPR and child permanency including, but not limited to:

- Untimely court hearings
- Child mental and behavior issues
- Unsuccessful attempts at placement with other relatives
- Continued involvement of biological parents in their children's lives
- Some courts' unwillingness to TPR until an adoptive placement is found, when a legally free child would be easier to recruit for.

Delays in TPR means permanence is not being achieved for children in care in a timely manner. While some of the delays in child permanency are out of the department's control, the department should work with the courts and other stakeholders to ensure more timely permanence for children in care. These delays cause adoptions to not be made because potential adoptive parents are discouraged by the continuous delays.

WE RECOMMEND the department determine reasons for delays in TPR and adoption in cases where it was determined to be in the best interest of the child and take corrective action. In addition, the department should take proactive efforts to coordinate with courts and other stakeholders to improve compliance with the federal guideline of petitioning for TPR for children who have been in care for 15 of the last 22 consecutive months and the federal standard outcome goal for 32 percent of children to be adopted within 24 months of entering foster care.

AUDITEE'S RESPONSE

The division agrees that we should determine reasons for delays in TPR and we have already taken steps to implement corrective action.

The division passed the federal benchmark for timely adoptions in federal fiscal year (FFY) 2003 and 2004. That is, of the children who were adopted in FFY 2003, 33.1 percent were adopted within 24 months of entering foster care, and of the children adopted in FFY 2004, 33.7 percent were adopted within 24 months of entering foster care. The federal benchmark for this measure is 32 percent.

Despite this, the division believes it can further improve its performance with regard to this federal measure. Filing procedures for termination of parental rights (TPR) vary across the state. Filing issues and docket management will be best resolved when completed on a circuit-by-circuit basis. However, the first step is for court and division staff to have a common understanding on the criteria a case must meet in order to pursue TPR. In many cases, the

juvenile office files a petition for TPR; however, it is also the prerogative of the division to do so when in the child's best interest. The division will develop policy outlining supervisor and staff responsibilities in filing for TPR, including documentation of compelling reasons for not filing TPR. Each circuit office will meet with their local judiciary to establish a process for expeditious filing of TPR cases. The division will also provide staff with guidelines on how to better access legal representation through the Division of Legal Services to help staff have termination hearings filed in a timely manner.

We are also targeting this federal performance measure, and other state and federal outcomes, in the eight largest judicial circuits, in which 56 percent of the children in alternative care reside. Local teams are being established to strategize on what collaboration needs to occur between the division and court to obtain better results.

We also point out that Missouri law changed in August 2004, which requires timely court hearings to be conducted by juvenile and family courts. The Office of State Courts Administrator (OSCA) promulgated administrative rules, effective February 2005, which provided sanctions for not meeting the established timelines. We believe these requirements will further emphasize the need for TPRs to be filed in a timely manner pursuant to timely permanency hearings.

2. Computer System

The Customer Information Control System Production computer system (system) is used to track information about children in the department's custody and their progress. Adoption program data in the system includes detailed information for children in state custody with a goal of adoption, children receiving adoption subsidies, payments made on behalf of adopted children, and information concerning people licensed to adopt children. Department staff are required to enter data into the system, while documents such as court orders, permanency plans, and medical records are kept in paper files. Department workers use the system to manage case files and match children in care with available foster and adoptive homes. Also, department management uses data from the system to create internal and external reports.

We found information in the system was not updated in a timely manner and was not correct according to physical files, causing management and staff to rely on reports providing inaccurate data on children in care and their status.

- A. We reviewed the ***Children's Division Management Report*** dated June 30, 2004, "Table 23, Children in Care on the Last Day of June 2004 With a Goal of Adoption or in Adoptive Custody". This table showed the number of children in state custody with a goal of adoption that had TPR complete compared to those for whom TPR was not complete. Our review noted the system was not updated in a timely manner by case workers and some information regarding the child's TPR status was incorrect.

- 1) We found that 35 of 227, or 15.4 percent, of children shown to have a goal of adoption had actually already been adopted. The adoptions had taken place from 10 years to 2 months before the time of our review, but were not entered into the system in a timely manner.
- 2) The system incorrectly showed 298 of 1,140, or 26.1 percent, of children as having incomplete TPR when their parent's rights had actually been terminated.
- 3) The system incorrectly showed 10 of the 406, or 2.5 percent, of children's cases reviewed as having TPR complete when it was not.

With significant inaccurate or out-of-date information, it is difficult for potential adoptions to be processed in a timely manner, but it also increases the workload department staff attempting to finalize adoptions and increases the frustrations of individuals seeking to adopt these children.

- B. The *Children's Division Management Report* dated June 30, 2004, Table 26, "Children in Children's Division Custody on the Last Day of June 2004 by Case Manager County and Goal" showed 250 children had no case goal. Of these children, the 104 children who had been in care more than 15 of the past 22 months, as outlined by ASFA, were reviewed in detail. Our review found that 100 of 104 children, or 96 percent, did have a goal, but it was not entered on the system.

After our review, department management indicated the correct case goal was being updated in the system.

- C. We reviewed 60 case files of children the system shown as having been in care over 15 of the last 22 months, but whose TPR action was not complete or not initiated. Case files were reviewed from local offices in Greene, Jasper, and Jackson counties, and St. Louis City. We reviewed both the physical case file and the electronic case file maintained on the system. In 11 of the 60 files reviewed, or 18.3 percent, the physical file showed TPR was actually complete in these cases, but was not correctly shown on the system.
- D. The system is also used by workers to match children with available foster and adoptive homes. With unreliable data in the system, there is no assurance staff have all resources available to them when choosing placements for children.

Due to untimely system updates and inaccurate data, the department cannot adequately track the progress of children in the system and adherence to policies to ensure effective management of the adoption program. This inaccurate data could delay the adoption of eligible children.

WE RECOMMEND the department reduce the inconsistencies between the system and paper files by ensuring that information in the system is recorded in an accurate and timely manner. System information should be monitored by implementing a supervisory review of case worker input. In addition, information included in the ***Children's Division Management Report*** and other management reports prepared for internal and external use should be reviewed for accuracy, at least on a test basis.

AUDITEE'S RESPONSE

The division agrees with this recommendation and recognizes the need for timely and accurate data entry into its information systems.

The division is in process of revamping its information system by developing a comprehensive Statewide Automated Child Welfare Information System (SACWIS). The development of a comprehensive federally certified SACWIS system is a multi-year endeavor which, using both federal and state funding, will encompass basically all facets of child welfare. Many of the examples cited in the report will be addressed as business requirements are established which will require certain data fields to be properly completed before any subsequent data entry would be accepted. SACWIS will result in a more automated case record that can put data entry into the case-carrying worker's hands, rather than relying on clerical support. The SACWIS system is expected to be fully implemented in February 2007.

3. Adoption Disruptions and Adoptive License Closings
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The division licenses foster family homes and then approves the foster family to adopt a child upon completion of additional training and assessment. For those families who choose not to serve as a foster home, the family can receive the adoptive training and assessment only and be approved only to adopt. Unfortunately, not all adoptions are permanent and some licenses are withdrawn or closed.

Management and staff do not have precise information available on the causes of adoption disruptions and license closings. The lack of this information impedes their efforts to prevent or curtail these occurrences. Better defined codes and surveys of adoptive parents are needed to help maintain permanency for adopted children and to reduce adoption disruptions and adoptive/foster license closings. We considered an adoption disrupted when a child was removed from the adoptive home and returned to foster care (including those in temporary foster care custody). When a license is closed the parent is no longer available to adopt children. This could be the decision of the parent or the department.

Currently, the department does not track the reasons for adoption disruptions to enable them to compile and analyze the data to help develop possible ways to prevent disruptions. Although the department does currently record reasons that adoptive parent licenses are closed, the reasons are too vague to provide useful information. In addition, the department does not survey adoptive parents to help determine their satisfaction with

the program or unmet needs that could help to determine services that could be provided to maintain permanency for children.

- A. The department does not track reasons that adoptions disrupt. We reviewed 32 disruptions that occurred in Greene, Jasper, and Jackson counties, and St. Louis City during fiscal years 2003 and 2004. The two primary reasons for disruptions cited in the cases reviewed were abuse and/or neglect by the adoptive parents and the child's behavior problems. The department should track, compile, and analyze the reasons for disruptions to identify possible changes needed in screening prospective adoptive parents and in services provided to prevent disruptions.

According to the system, 518 of 9,189 active adoptive/foster adoptive parent licenses were closed in fiscal year 2003, and 460 of 8,876 licenses were closed in fiscal year 2004, or approximately six and five percent, respectively. The department currently classifies these closings using the following five codes:

1. Adoption finalized/subsidy terminated,
2. Denial for re-licensure,
3. Revocation,
4. Vendor resource discontinued, and
5. Voluntary withdrawal.

The two codes used for 64 percent of fiscal year 2003 closings and 58 percent of fiscal year 2004 closings were "Vendor Resource Discontinued" and "Voluntary Withdrawal". According to case files reviewed and local and department management, these two codes are used interchangeably by staff.

We reviewed 20 of these closed licenses from the counties and city mentioned above. A variety of reasons for closing licenses was noted in the physical files that were not adequately explained by the codes available. For example, two families decided to close their licenses after reports they allegedly abused their foster/adoptive children. In one of these cases the division employees had voted to revoke the license but this action was suspended because the foster/adoptive parents left the state. These were coded voluntary withdrawal instead of being coded to indicate a problem was suspected with the licensee. Another adoptive parent license was coded voluntary withdrawal after the parent died. The current codes used by the department do not adequately give the department a picture of reasons for adoptive/foster adoptive license closings. Better defined codes could help the department determine reasons adoptive parents leave the program and determine if improvements are needed to help retain them.

- B. Currently, the department does not survey adoptive parents to determine their satisfaction with the program or any unmet needs they may have. Such a survey was performed in Nevada, as referenced in the September 2004 issue of the Foster and Adoptive Coalition Newsletter. In addition, three of the five states

responding to a questionnaire sent to the eight surrounding states indicated they do perform a survey of adoptive parents. The Nevada survey showed there was a significant association between satisfaction with the program and support provided in areas such as financial, social work coordination, support groups, and legal. A survey of adoptive parents could help identify unmet needs of adoptive parents and children and provide a way to let adoptive parents know services are available and improve satisfaction with the program.

C. People who had been interested in adopting, but were dissatisfied with the department, sent comments directly to us. The most common complaints related to this audit included:

- Biological parents maintained too many parental rights,
- The department was disorganized and very difficult to deal with,
- Most believed a person had to become a foster parent before they would be eligible to become an adoptive parent, and they were not willing to do so, and
- The time period to complete an adoption was too long.

A survey of adoptive parents could help identify unmet needs of adoptive parents and problems encountered with the program before adoption that could lead to changes that would help retain potential adoptive parents.

WE RECOMMEND the department record, compile, and analyze the reasons for adoption disruptions, and better define or categorize the reasons for adoptive license closings to identify ways to prevent future disruptions and closings. In addition, the department should survey adoptive parents to determine their satisfaction with the program and what services need improvement to retain these parents and other prospective parents in the program and help prevent disruptions and license closings.

AUDITEE'S RESPONSE

The division agrees with this recommendation.

We recognize that our current information system does not provide enough specificity relating to why an adoptive family is no longer approved or chooses to no longer adopt, and this will be addressed with the development of SACWIS (see above).

The division is pursuing accreditation by the Council on Accreditation (COA). The division will develop curriculum and ensure that applicable personnel receive at least ten hours of training on topics relevant to adoption services in accordance with best practice standards established by COA. Adoption services aim to provide a coordinated set of services to the child, the child's birth parents, adoptive applicants, and adoptive parents. Training topics to be included are:

- ✓ *approaches for orienting adoptive parents to the adoptive process;*
- ✓ *strategies for providing support services to child, child's birth parents, adoptive applicants, and adoptive parents;*
- ✓ *consumer access to identifying information in case records;*
- ✓ *techniques for placing children who do not have available adoption resources; and*
- ✓ *methods for providing pre- and post-legal adoption services to child, child's birth parents, and adoptive parents.*

Receiving feedback from the children and families served by the division is critical to improving the quality of services. Input from consumers is obtained through five types of surveys which are system-generated and mailed from the department's Research and Evaluation Unit. A self-addressed stamped envelope accompanies the survey to facilitate a higher response rate and assure confidentiality. Information from returned surveys is entered into a database, aggregated and posted annually on the division's intranet for use by all staff during their Continuous Quality Improvement meetings. In order to meet the COA standard for Continuous Quality Improvement, there will be several enhancements made to the current consumer survey process in FY 2006. This includes development and automation of a specific survey for adoptive consumers. The adoption survey will address broad issues such as participation in the service delivery process and professionalism and availability of staff. In addition, the adoption survey will contain items that address specifics related to adoption such as subsidy, supervision, and post-placement activities. Development and automation of the new adoption survey is expected to be completed by December 2005.

Additionally, the process by which all the surveys are processed in Central Office has been revamped so the information from the surveys is entered into database and returned immediately to regional administrators for examination. This enables regional administrators to respond more quickly to areas or trends which may need attention or acknowledge good work done by staff while still protecting the confidentiality of the respondent.

Please note that the division does not "license" adoptive homes as indicated in the audit report. Rather the division licenses foster family homes and then approves the foster family to adopt a child upon completion of additional training and assessment. For those families who choose not to foster, the family can receive the adoptive training and assessment only and be approved only to adopt.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

STATE ADOPTION PROGRAM HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Department of Social Services was created by Article IV, Section 12 of the Missouri Constitution and Chapter 660, RSMo. The Department is administered by a director who is appointed by the Governor and approved by the Senate. The director is responsible for appointing division directors. Gary Sherman was appointed director by Governor Matt Blunt in March 2005.

Executive order 03-02 and 03-03 established the Family Support Division and the Children's Division to take the place of the Division of Family Services. The Children's Division has authority over the foster care and adoption programs. The Children's Division has the authority to negotiate, monitor, and make payments on behalf of adopted children, including adoption subsidies and child care. The Division of Medical Services makes Medicaid payments for adopted children. The goal of the Adoption Program is to provide permanency to children in foster care in the form of a stable and continuous relationship with nurturing and loving parents. This audit reviewed the administrative and financial portion of the adoption program under the Family Support Division and the program operations under the Children's Division.

During fiscal year 2004, there were 1,356 children adopted, and 1,398 were adopted during fiscal year 2003. During each of these years, over \$50,000,000 was paid in adoption subsidies. The standard subsidy for a child without special needs ranged from \$225 to \$304 per month depending on the age of the child.



Claire McCaskill

Missouri State Auditor

October 2005

Twenty-Second Judicial Circuit
City of St. Louis, Missouri

Circuit Clerk's Special
Interest Fund



Office Of
Missouri State Auditor
Claire McCaskill

October 2005

During our audit of the Twenty-Second Judicial Circuit, city of St. Louis, Missouri, Circuit Clerk's Special Interest Fund, we identified the following problems.

We were requested to audit the Circuit Clerk's Special Interest Fund by the Honorable John J. Riley, Presiding Judge, and by the Honorable Mariano V. Favazza, Circuit Clerk.

During the period July 1, 2002 through February 28, 2005, the Circuit Clerk's Special Interest Fund received \$708,543 in revenues and expended \$970,675, and at February 28, 2005, the fund had a cash balance of \$142,518. The Circuit Clerk has not prepared budgets for the Special Interest Fund and has not turned over the balance of the Special Interest Fund to the city as required by state law since June 2001. The Circuit Clerk determined the Special Interest Fund would be used to support computer and accounting services for the office, reimburse the city's payroll costs for city workers hired to supplement the clerk's staff, and the balances would be retained for unexpected expenses or budget shortfalls. However, various state laws require the office to prepare comprehensive budgets and to transfer unused monies to the city's treasury.

The Circuit Clerk did not adequately monitor the acquisition and use of computer services. The Circuit Clerk paid over \$557,000 from the Special Interest Fund and over \$600,000 from city general revenue funds for computer services during the period July 1, 2002 through February 28, 2005. The computer services were provided by two firms, a private computer company and Regional Justice Information Service (REJIS), a quasi-governmental entity. Both firms had provided computer services to the Circuit Clerk's office since at least 1990. The private computer company's contract expired June 30, 1999, and the REJIS contract expired June 30, 2002. After the contracts expired, the Circuit Clerk's office continued to utilize the services of both firms. Bids were not solicited for these computer services, and no written agreements were established upon expiration of the contracts. However, the fees paid to the two firms were increased while other options for retaining or replacing the existing system were explored.

The Circuit Clerk's Information Technology (IT) Manager was to review all of the computer services bills to determine the services had been requested and the hours were billed in accordance with the agreed-upon rates. The IT manager indicated that he scanned most of the invoices but did not always document his review. As a part of our audit, we requested the IT manager again review the vouchers and invoices. After numerous discussions with clerk and vendor personnel, it was determined 12 hours of programming services, at a cost of \$1,020, had been overbilled. While the amount of questioned billings was relatively small, compliance with established control procedures could have prevented any overbillings.

(over)

YELLOW SHEET

At February 28, 2005, the Circuit Clerk was holding over \$8.8 million in monies related to civil and criminal cases filed with the court prior to 1999, and over \$644,000 in child support monies collected prior to 2001. Approximately 84 percent of the Special Interest revenues collected during the audit period were generated as a result of the Circuit Clerk continuing to hold these undistributed monies. The Circuit Clerk's efforts to distribute the civil monies reduced the balance of those funds from about \$8.6 million at June 30, 2002, to about \$7.6 million at February 28, 2005. There has been no attempt to address the criminal monies of over \$1.2 million collected prior to 1999 or the child support monies held during the audit period. It appears the Circuit Clerk has not dedicated adequate resources to distributing these old monies. The failure to distribute monies in a timely manner has been noted in audit reports for the Office of Circuit Clerk dating back to 1986.

In 2001, the Circuit Clerk hired a former accounting employee under a "personal services" agreement to perform "temporary" accounting services to identify and assist in distributing the old, held monies. The Circuit Clerk did not solicit bids for these accounting services nor document the reasons bids were not solicited. During the audit period, the accountant was paid about \$121,400 from the Special Interest fund.

During the audit period, the office's records indicated the accountant's work resulted in the identification and distribution of over \$1.6 million from both the pre and post 1999 civil cases. In 2003 and 2004, the accountant, in conjunction with the private computer company and the Circuit Clerk's staff, developed two computer system enhancements that would speed up distribution; however, these enhancements have not been fully implemented. These enhancements were used to assist with distributing 49 percent of the \$1.6 million. Fully automating these functions and using selective criteria to determine large groups of cases to which they could be applied would likely address the majority of old civil cases and result in correct distributions of most of the \$7.6 million in old civil monies.

The Circuit Clerk has not solicited bids for banking services since 1999 and did not monitor the interest paid on the bank accounts. Our audit found an underpayment of interest of \$88,564. After we brought this error to the Circuit Clerk's attention, the bank was contacted and a check was issued to correct the underpayment of interest.

In addition to computer, accounting, and banking services, we noted the Circuit Clerk failed to solicit bids or document why bids were not solicited for 7 items purchased with Special Interest Fund monies, costing more than \$2,000 each, and totaling nearly \$61,000.

All reports are available on our website: www.auditor.mo.gov

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS, MISSOURI
CIRCUIT CLERK'S SPECIAL INTEREST FUND

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Twenty-Second Judicial Circuit
City of St. Louis, Missouri

The State Auditor was requested to audit the Circuit Clerk's Special Interest Fund of the Twenty-Second Judicial Circuit, city of St. Louis, Missouri by the Honorable John J. Riley, Presiding Judge, and the Honorable Mariano V. Favazza, Circuit Clerk of the Twenty-Second Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the 2 years ended June 30, 2004, and the period July 1, 2004, through February 28, 2005. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of

noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office of the Circuit Clerk's management and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Circuit Clerk's Special Interest Fund of the Twenty-Second Judicial Circuit, city of St. Louis, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 16, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattell, CPA, CFE
In-Charge Auditor:	Dennis Lockwood, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS, MISSOURI
CIRCUIT CLERK'S SPECIAL INTEREST FUND
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Budgetary Controls
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The Circuit Clerk did not prepare budgets for the Special Interest Fund, and did not transfer funds to the city in a timely manner. During the audit period, the Circuit Clerk received \$708,543 in revenues and expended \$970,675 from the Special Interest Fund, and at February 28, 2005, the cash balance was \$142,518.

- A. There are various state laws addressing budgets as they relate to the Circuit Clerk. Section 50.540, RSMo, requires all offices to submit to the budget officer, in this instance the budget officer of the city of St Louis, estimates of its expenditures and revenues for the next budget year compared with corresponding figures for the last completed fiscal year and estimated figures for the current year. Section 50.550, RSMo, requires the annual budget to present a complete financial plan for the ensuing year. Section 50.640, RSMo, states the estimates of the circuit clerk shall bear the approval of the circuit court. Under Section 483.310, RSMo, the Circuit Clerk may use the income generated from investments of court monies for expenses of his office.

The Circuit Clerk has not prepared budgets for the Special Interest Fund. The failure to prepare a budget restricts the information available to the city, the court, and the citizens of St. Louis about the fund, and prevents consideration of all available resources by the budgetary officials of the city and court. It is apparent the Circuit Clerk intends to disclose this information as he stated in his "Message to the Taxpayers", posted to his website in January 2005. A sentence from this message states "How I spend your money should never be a secret." The budget should accurately reflect resources on hand, reasonable estimates of revenues and expenditures, and the anticipated ending cash balances.

- B. The Circuit Clerk did not turnover the balance of the Special Interest Fund to the city during the audit period. Section 483.310, RSMo, indicates, "the balance, if any, shall be paid into the general revenue fund of the county." The statute does not specify when the balance should be remitted to the city. During the Circuit Clerk's term in office, which began in January 1999, the Circuit Clerk has turned over \$1.2 million in interest earnings to the city. However, the last turnover was in June 2001. The Circuit Clerk determined the Special Interest Fund would be used to support the computer and accounting services discussed later in this report, reimburse the city for payroll costs for city workers hired to supplement his staff, and the balances would be retained for unexpected expenses or budget shortfalls. For fiscal year 2003, the court budget committee directed the Circuit

Clerk to fund \$400,000 of his office's expenses from the Special Interest Fund rather than from city general revenue funds.

The cash balances of the Special Interest Fund at February 28, 2005, and at June 30, 2004 and 2003, were \$142,518, \$102,594, and \$168,312, respectively. It appears these funds should have been transferred to the city's general revenue fund.

WE RECOMMEND the Circuit Clerk prepare a budget for the Special Interest Fund and make that information publicly available to the budgetary officials of the city, the court, and the taxpayers. In addition, if the Circuit Clerk has no formal plans for the balances remaining in the Special Interest Fund, these funds should be transferred to the city's general revenue fund.

AUDITEE'S RESPONSE

We agree the office's plan to spend interest earnings should be placed in writing. We have always had an annual plan for the use of interest earnings and communicated it in general to the statutorily appropriate official, the St. Louis City Budget Director.

Additionally, when requested, we have, numerous times, provided the Twenty Second Judicial Circuit Court's Budget Committee or Presiding Judge with information regarding the balance of the interest income account, and documentation of expenditures from it. The committee has used that information, at least in Fiscal Year (FY) 2002, when taking action on the office's budget. Moreover, since January 2005, we have posted, by fiscal year, a general description of the office's expenditures incurred during the current Circuit Clerk's term.

In July 2005, in accordance with the audit's recommendation and the Circuit Clerk's beliefs, we sent our written plan for the use of interest earnings for FY 2006 to the Budget Director. We will continue to comply with the law by meeting with him annually. Additionally, each July we will send him a written plan for the use of the interest income for that fiscal year, and will at that time disburse any excess interest earnings to the city.

In July 2005, due in part to an unplanned recovery (See 4.B below) and our prudent management of expenses, we disbursed \$150,000 of interest earnings to the city.

We have complied with all applicable laws related to these funds.

- A. *In its findings regarding budget controls, the audit cites four statutes as pertaining to this area. The first two, RSMo. §§ 50.540 and 50.550, pertain to county budgets in general. Based on § 1.080, we do not think these statutes apply. The third, § 50.640, pertains to the appropriation of city general revenue funds for the operation of the Circuit Clerk's Office. The funds at issue are not general revenue funds. The fourth, § 483.310, is the only statute cited that is on point with respect to the funds at issue. Additionally, we think that § 478.428 has some application to this issue.*

Section 478.428 requires the Circuit Clerk and the city of St. Louis Budget Director to meet “not later than the first day of February” to “discuss” the “circuit clerk’s requirements for expenditures and its estimates of revenue for the next budget year.”

The office has always complied with § 478.428, and during that meeting advises the Budget Director, in general, of our plans for use of the interest income, and what money, if any, he might expect to receive from that source of potential revenue.

Section 483.310 governs the interest earned by the office on the deposits derived from payments received from citizens for court fees and other deposits paid in conjunction with cases filed in the court. It requires the Circuit Clerk to deposit those funds into interest bearing accounts. It gives the Circuit Clerk the power and responsibility to spend all, part or none of the earnings on office expenses. It requires that any funds held in excess of planned needs be given to the city of St. Louis, although it does not set a specific time for when this must occur.

Prior to FY 2002, the office spent very little of the interest earnings. Between FY 1999 and FY 2001 we disbursed nearly \$1.6 million dollars of interest earnings to the city.

- B. In 2001 the office experienced two events that drastically changed our use of interest earnings. First, we lost 25 employees due to state budget problems. Nine of those employees were taken for the benefit of the Probate Court Clerk’s Office.*

To overcome the loss and keep service at acceptable standards, the Circuit Clerk first authorized the use of appropriated city general revenue funds, and later interest earnings to hire staff necessary to operate the office. It should be noted that other Circuit Clerk offices use local funds to hire additional staff.

The office also lost the position of an additional accountant who was responsible for disbursing the millions of dollars in private citizens’ deposits held by past administrations. To fulfill his commitment to the State Auditor, the Circuit Clerk then had to pay for that accountant from the interest earnings.

By law the city of St. Louis is obligated to pay for the office’s expenses from its general revenue funds. Prior to FY 2002 almost all our expenses were paid for by these funds.

Second, in February 2001 the Twenty-Second Judicial Circuit Court en banc, hereafter referred to as “the court,” drastically reduced our FY 2002 budget, eliminating expenses it knew were essential to operate the office by eliminating our entire budget to operate our computer systems. In addition, the court prevented the city from transferring funds between line item appropriations in our budget to meet unexpected expenses without their approval.

Usually, near the end of a fiscal year it is necessary to move funds from one line item to another to meet expenses. This process does not increase the overall budget, but merely permits more money to be spent in one area and less in another. Previously, only the

Circuit Clerk's approval was necessary to submit a transfer request to St. Louis' Board of Estimate and Apportionment.

The court's actions were taken in part because it did not want the Circuit Clerk to hire local paid staff to meet the office's responsibilities, despite the fact that we absorbed 9 losses meant to effect its office, the Probate Court Clerk's Office. As a result of the court's actions, the Circuit Clerk can no longer rely on having sufficient funds appropriated or available to meet the office's needs. The Circuit Clerk had to use, and will use the funds he is authorized by statute to spend for the office's needs. The Circuit Clerk has and will continue to prudently exercise his authority; ever mindful that it is public money he spends.

Despite the Circuit Clerk's decision to incur new additional expenses by hiring staff, the office has spent less money in every fiscal year since FY 1999, than it did in FY 1999. By comparison, during the same time period, the court's Court Administrator's budget has seen significant increases.

2.

Computer Services

The Circuit Clerk did not adequately monitor the acquisition and use of computer services. The Circuit Clerk paid over \$557,000 from the Special Interest Fund and over \$600,000 from city general revenue funds for computer services during the period July 1, 2002 through February 28, 2005. The computer services were provided by two firms, a private computer company and Regional Justice Information Service (REJIS), a quasi-governmental entity. Both firms had provided computer services to the Circuit Clerk's office since at least 1990.

- A. The Circuit Clerk did not solicit bids for computer services and the written agreements were not renewed upon expiration. The private computer company contract expired June 30, 1999. After the contract expired, the private computer company continued to provide technical support and software maintenance services for a monthly retainer of \$7,500 and additional programming services were billed at a rate of \$75 per hour. In June 2003, the private computer company negotiated an increase in the monthly retainer to \$8,000 and the hourly rate to \$85.

The REJIS contract expired June 30, 2002. They provided a centralized computer system, software, and programming for the Circuit Clerk's criminal case management system. Under the terms of the old contract, the basic monthly fee for services was \$12,500, plus \$60 per hour for programming services and some additional communication equipment charges. By February 2005, the monthly maintenance and equipment charges had risen to about \$16,180 and programming services costs had increased to \$68 per hour.

The Circuit Clerk has indicated that due to the nature of the systems and the long standing relationships with the vendors it was highly unlikely any outside vendor would submit reasonable bids for computer system services, maintenance, or enhancement. However, as discussed later in this report, in 1999, the Circuit Clerk received a proposal from a private computer company to replace the REJIS system at a substantially reduced annual service cost.

Competitive bidding helps ensure the Circuit Clerk's office receives fair value and ensure all parties are given an equal opportunity to participate in the Circuit Clerk's business. When it is determined that goods or services are available only from a single source, the decision to forego competitive bidding should be documented and approved by the Circuit Clerk. Without written contracts, the payment terms, and responsibilities and expectations of the parties are unclear.

- B. In February 2004, the Circuit Clerk and the private computer company entered into a "memorandum of intent to enter into a contract" and the Circuit Clerk committed to a \$10,000 nonrefundable "option" payment. If the full contract was entered into, the private computer company would adapt an existing computer program and take over the criminal case management function that was being performed by REJIS. The memorandum indicated the private computer company's system would cost \$50,000 for development and conversion of existing data and \$60,000 for yearly maintenance. This was a substantially lower annual maintenance cost than the REJIS system. The Circuit Clerk indicated the vendor had initially set the development and conversion cost at \$150,000 and was willing to reduce that cost to \$50,000 only if the Circuit Clerk would act swiftly. The Circuit Clerk indicated the "option" payment was a means to lock-in the vendor's reduced offer.

The documentation provided by the Circuit Clerk to support the indicated cost reduction was a 1999 offer by the private computer company to develop a criminal case management system for \$150,000 with an annual maintenance fee of \$25,000. In that document the private computer company estimated total savings of \$1.2 million from 2000 to 2005 if the Circuit Clerk switched from REJIS to the private computer company's system. However, the Circuit Clerk failed to take action to replace the REJIS system until he signed the "option" agreement in February 2004.

In early March 2004, the court solicited a study of alternative case management systems to be performed by the University of Missouri, St. Louis Center for Business and Industrial Studies. That study, issued in June 2004, concluded the state's Justice Information System (JIS) was the best long-term alternative, although switching to the private computer company's system would have been beneficial if implementation of JIS was delayed more than 18 months. In August 2004, the court determined the JIS system would be adopted. In January 2005, the court ordered the Circuit Clerk to sign a memorandum of understanding under

which the JIS criminal case management system would be implemented. The planned JIS start-up date is January 2006.

The Circuit Clerk did not obtain cost estimates for computer hardware and maintenance services that would be necessary to allow the private computer company's system to function. The Circuit Clerk did not obtain required approvals for the private computer company's system from the Missouri Court Automation Committee and the State Judicial Records Committee, as required by Court Operating Rule 1.08, prior to entering the option agreement, or consult with the court en banc. These actions, at a minimum, should have been taken prior to making any commitment, including the \$10,000 payment, to replace the existing criminal case management system.

- C. The Circuit Clerk had not developed procedures to monitor the number of hours worked by the private computer company to provide software maintenance. The private computer company reported the actual number of hours worked under the maintenance agreement on the monthly billing statements. We determined the private computer company had averaged nearly 114 hours per month during the audit period, and the average cost of each maintenance hour worked on the Circuit Clerk's system was nearly \$96.

From August 2004 to February 2005, the vendor averaged 46.3 hours per month, with only 13.5 hours being worked in November 2004. The average cost per delivered hour of service during this six month period was over \$235. The average cost per delivered hour of service in November 2004 was approximately \$592. There is no documentation that the vendor failed to perform any required maintenance service. However, if the vendor can consistently complete the maintenance services in less than 50 hours each month, the \$8,000 monthly cost for the maintenance agreement appears excessive.

The Circuit Clerk should develop procedures to evaluate the costs of computer service maintenance agreements. Periodic reviews of maintenance service agreements are necessary to ensure all required tasks are being performed and to determine if the related costs are reasonable.

- D. The expired REJIS contract indicated the Circuit Clerk would receive up to 50 hours each year of programming services at no additional charge. We could not determine from the documentation available at the Circuit Clerk's office whether any "free" programming had been provided during the audit period. We contacted REJIS and according to their internal documentation the Circuit Clerk was provided 50 hours of no charge programming in 2003, even though, according to the vendor, they were under no obligation to provide those services at no charge since the contract had expired.

When the Circuit Clerk chose not to renew the contracts for 2004 and 2005, the vendor ceased providing the 50 hours of free programming. REJIS indicated that

providing some programming at no additional charge is included in almost all service agreements with other clients and it was very likely that it would have been included in the Circuit Clerk's contract if it had been renewed. It appears the decision not to renew the REJIS contract resulted in the loss of 100 hours of no charge programming, which instead were billed at a total cost of \$6,800. The Circuit Clerk had not established procedures to monitor the provision of the no charge programming or ensure staff responsible for reviewing computer services billings were aware of all contract requirements.

- E. The Circuit Clerk did not ensure established policies and procedures for review of computer services billings were followed. The Circuit Clerk's Information Technology (IT) Manager was to review all of the computer services bills to determine the services had been requested and the hours were billed in accordance with the agreed-upon rates. The IT manager indicated that he scanned most of the invoices but did not always document his review.

We scanned copies of the payment vouchers and, where available, the detailed statements and invoices for computer services from the private computer company. We requested the IT manager again review the vouchers and invoices. He subsequently reported that it appeared the private computer company had billed for 48 hours of programming services that likely should have been covered under the software maintenance agreement. The manager indicated he had not been informed that the Circuit Clerk's staff had requested an additional 170 hours and, therefore, could not determine if the billed amounts were reasonable. The total cost of the hours in question was over \$18,500. The IT manager's report was forwarded to the clerk's Chief of Staff for review. After numerous discussions with clerk staff and vendor personnel, and further review of documentation, it was determined a total of 12 hours appeared to have been billed at a cost of \$1,020 that should have been covered under the maintenance agreement. While the amount of the ultimate questioned billings was relatively small, compliance with established control procedures could have prevented any overbillings.

The Circuit Clerk has discussed the breakdown in control procedures with the IT manager and is now requiring all staff who request computer services to notify the IT manager prior to requesting services. The Circuit Clerk indicated he would contact the vendor regarding a refund.

WE RECOMMEND the Circuit Clerk:

- A. Solicit bids for computer services and ensure all agreements are current and in writing. If solicitation of bids is not conducted because there is only one firm or individual that can provide the desired services, the decision to forego solicitation of bids should be documented.

- B. Obtain approval of the Missouri Court Automation Committee and the State Judicial Records Committee and consult with the court en banc prior to making any commitments for alternative computer systems. Furthermore, a thorough cost-benefit analysis should be performed before committing to any future upgrades to systems or components.
- C. Perform periodic reviews of maintenance service agreements to ensure all required tasks are being performed and to determine if changes in the services required and related costs should be considered.
- D&E. Ensure established internal control procedures over computer services billings are followed, ensure staff responsible for reviewing computer services billings are made aware of all contract terms, and seek an appropriate refund from the vendor for any overbillings.

AUDITEE'S RESPONSE

We agree bidding for acquisition of goods and services is ordinarily the prudent practice to follow. There are circumstances, as is recognized in the audit, where goods and services can only be practically acquired from a single source. We agree our records do not include documentation that the vendors of our computer services are single source providers. We will place such documentation into our records.

Furthermore, this will no longer be an issue as the office will convert to the state software, the Justice Information System (JIS) in June 2006. There is no local flexibility to JIS that permits enhancements not approved by the Change Sub-Committee of the Missouri Court Automation Committee (MCAC). The vendor fees for JIS maintenance are paid via the MCAC from state funds.

We agree that the REJIS contract and several other contracts expired without renewals. The office will prevent this from re-occurring by developing a list of contracts and their expiration dates. The Purchasing Department will create and maintain the list and advise management three (3) months in advance of the date of a contract's expiration. Expected date of completion is three (3) months.

Approval of non-JIS data processing systems is obtained from the State Judicial Records Committee, which meets on a periodic basis, not daily. Their pre-approval was not possible under these circumstances, but the contract included a provision that would have terminated our commitment to proceed if the system was not approved, and the software was designed to meet all of the committee's requirements.

We will continue to perform cost benefit analysis for automation expenses.

We agree that between August 2004 and February 2005 our need for maintenance work on systems built and maintained by "the vendor" has been less than in years past.

A. *The office currently uses custom designed software systems that predate the present Circuit Clerk's term in office. On taking office, the Circuit Clerk was advised by Office of the State Courts Administrator's staff that the time spent by a software programmer to learn the existing systems would be extensive, and thus cost prohibitive. As such, he concluded, as had previous Circuit Clerks, that the maintenance of and enhancements to the office's existing systems are "single source" acquisitions. Despite that fact, the Circuit Clerk negotiated a reduction in the cost of maintenance/use for both systems, saving St. Louis taxpayers over \$100,000.*

B. *For sometime the office was discussing with a vendor the possibility of implementing a new criminal case processing system that would incorporate it with existing systems used in criminal cases built and maintained by that vendor. In February 2004, we received an offer from the vendor that would save taxpayers' money and spread out the cost of implementing new software for criminal case processing over a four-year period. The vendor required a near immediate commitment of \$10,000 to secure the offer and pay for the expense for initial work to develop and implement a new software system.*

At that time, the office's current system had demonstrated that it could not meet the office's needs and was costing taxpayers nearly \$200,000 a year to operate.

By comparison, over a four year period the new system would cost taxpayers \$290,000 to acquire and operate, while the existing system would cost taxpayers \$800,000.

Another option was considered, implementing the software system developed by state funds, JIS. In February 2004, however, at that time, it could not perform an essential function unique to St. Louis, the activation of arrest warrants in law enforcement data systems by automation. Additionally, there would be a significant local cost to implement the software.

Based on the facts available at the time, the Circuit Clerk made his decision to secure the best deal he thought available. Even the study, referenced in the audit, concluded the vendor's system was a better "fit" for the office, and it should be implemented if JIS could not automate the activation of arrest warrants, and be implemented in 18 months from the date of the study's findings.

The vendor delivered the software system and converted then existing data into it. We received a product and services for the payment made in February 2004.

It should be further noted that the current estimated cost to St. Louis taxpayers to implement JIS criminal is in excess of \$300,000, which exceeds the cost to have acquired and operated the vendor's software for four years.

C. *Using the audit's analysis, it is understandable the audit questions whether the maintenance payment to "the vendor" is "excessive." Yet, two other valid methods of analysis yield different results.*

First, nearly 70 percent of the office's automation functions are performed in software built and maintained by "the vendor," yet it accounts for less than 50 percent of the office's automation budget. By this analysis, REJIS expenses seem "excessive."

Second, we spend an average of \$420,000 a year for automation expenses. A similar size circuit clerk's office spends approximately \$800,000 a year for automation expenses. Under this analysis, neither vendor's charges seem "excessive."

D&E. The office had established a procedure to review automation bills for their accuracy. The manager of the Data Processing Department was to review vendors' bills, and then contact the appropriate department manager to verify that the enhancement work was satisfactorily completed. The office failed to follow our procedure, and in turn a small overpayment occurred. It should be noted that all enhancements were satisfactorily completed. The office has re-instituted the past procedure.

REJIS is a quasi government entity. REJIS does not indicate on its bill "free" hours of programming provided, or give any notice whether it has provided "free" programming. As such, we did not know if REJIS was providing the 50 hours of "free" programming.

We have received a credit from the other vendor for the overpayment of \$1,020.

3. Efforts to Distribute Monies
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The Circuit Clerk did not dedicate adequate resources to identifying and distributing monies held in the court registry. At February 28, 2005, the Circuit Clerk was holding over \$8.8 million in monies related to civil and criminal cases filed with the court prior to 1999. Approximately \$595,000 (84 percent) of the \$708,500 of Special Interest revenues collected during the audit period were generated as a result of the Circuit Clerk continuing to hold the undistributed monies. The clerk is also holding over \$644,000 in child support monies collected prior to 2001. These monies are due to the city, the city sheriff, the state, individuals or their attorneys, parents owed child support, and other entities for which the court collects fees.

A. The undistributed monies had not been disbursed timely by former Circuit Clerks due in part to problems in the case management computer systems and failure to take timely action to disburse monies upon disposition of cases. Also contributing to this problem was the policy of holding deposits for court costs submitted by the plaintiffs until court costs were collected from the defendant. The clerk's failure to pro-rate distribution of costs and fees when the costs and fees exceeded the amounts deposited with the court, and failure to follow up on long-term outstanding distribution checks also contributed to this deficiency. In addition, in many instances when the monies were properly distributed, the computer system was not updated to reflect the issuances. The Circuit Clerk indicated action has been taken to address these issues for cases filed under the clerk's term of office.

Under the Section 447.532, RSMo 2004, all intangible personal property held as of June 19, 2002, for the owner by any court that has remained unclaimed for more than three years is deemed abandoned and shall be turned over immediately to the state treasurer. Prior to turning monies over to the treasurer, the Circuit Clerk is required to perform due diligence efforts to identify, locate, and disburse the monies to the rightful owners. Due to the unreliable computer data, the clerk has determined identifying the specific parties and amounts to which the court monies are due is necessary.

The Circuit Clerk's efforts to distribute the civil monies reduced the balance of undistributed funds from about \$8.6 million at June 30, 2002, to about \$7.6 million at February 28, 2005. There has been no attempt to address the criminal monies of over \$1.2 million collected prior to 1999 or the child support monies of about \$644,000 held during the audit period. We estimated the Circuit Clerk spent from the Special Interest Fund, about \$6,600 for computer enhancements and about \$121,400 for accounting services that resulted in distributions of held monies. Expenditures directly related to the distribution of old monies was about 13 percent of the total expenditures from the Special Interest Fund during the audit period. As noted above, the old monies generated about 84 percent of the Special Interest Fund revenues during that same period. It appears the Circuit Clerk has not dedicated adequate resources to distributing these old monies. The failure to distribute monies in a timely manner has been noted in audit reports for the office of Circuit Clerk dating back to 1986.

- B. In 2001, the Circuit Clerk hired a former accounting employee under a "personal services" agreement to perform "temporary" accounting services to identify and assist in distributing the old, held monies. This accountant's primary duty would be to address the old "civil" monies. The accountant used the Circuit Clerk's computer system and the paper case files to research cases and determine the correct distribution. This accountant also performed other tasks, such as reviewing newer civil cases, assisting in the development and actual testing of computer system enhancements that could speed up the distribution of old monies and helping ensure correct distribution of monies for newer cases.

The Circuit Clerk did not solicit bids for these accounting services. During the audit period, the accountant was paid about \$121,400 from the Special Interest Fund. The Circuit Clerk had determined that these services required an in-depth knowledge of the computer system, case documentation, and court procedures to identify and distribute the various type of court costs and fees collected. The clerk indicated none of the existing staff of over 157 employees had the time or expertise to perform the work. The Circuit Clerk failed to document the reasons bids were not solicited. Even if there is only one firm or individual that can supply the desired services, the decision to forego solicitation of bids should be documented.

- C. During the audit period, the office's records indicated the accountant's work resulted in the identification and distribution of over \$1.6 million from both the pre- and post-1999 civil cases. In addition, some of the computer system enhancement costs noted above and the efforts of the Circuit Clerk's regular staff were also required to develop semi-automated processes, pull and re-file the paper case files, generate and account for the payments, and monitor the accountant's activities. The following table shows the share of the distributions by recipient:

Recipient	Share	\$ Distributed
City of St. Louis	24.6%	\$ 413,867
Sheriff of City of St. Louis	27.6%	463,816
State of Missouri	24.6%	413,889
Individuals or Attorneys	21.8%	365,775
Other	1.4%	24,206
Total	100%	\$1,681,553

In 2003, the accountant in conjunction with the private computer company and the Circuit Clerk's staff developed a computer system enhancement, Autotax1, that would speed up the distribution of monies in which the total amounts deposited by the parties in the lawsuit exceeded the final costs and fees imposed by the courts. In 2004, another system enhancement, Autotax2, was developed that would speed up the distribution of monies in cases where the deposit did not cover all costs imposed using a distribution hierarchy. However, these enhancements have not been fully implemented and each case to which either are applied must be called up on the system and in many cases the paper file must be reviewed. These enhancements were used to assist with distributing 49% of the \$1.6 million. Fully automating the Autotax functions and using selective criteria to determine large groups of cases to which they could be applied would likely address the majority of old civil cases and result in correct distributions of most of the \$7.6 million in old civil monies. It is likely that case by case review would be required to address some of the remaining funds. Working at the current rate using the same procedures it could take over 12 years for the accountant to complete the process just on the old civil monies.

The Circuit Clerk and the accountant determined work would focus on the more recent cases, 1998 first and then 1997, 1996, etc. It was felt the accuracy of the computer records and the availability of the paper case files would be much better on the more recent cases. The accountant determined computerized records for pre-1990 activity are very unreliable and the non-computerized financial records for the older cases generally cannot be located.

The Circuit Clerk did not consider alternative methodologies to address the distributions related to old civil cases. The Circuit Clerk should consider directing the accountant to review cases with large dollar amounts listed. Based on detailed reports of amounts held, as of February 28, 2005, there were 669 cases that had more than \$250 identified to them. The amount associated with these

cases was over \$492,000 with one case having over \$19,000. The possibility that large amounts due to individuals may exist should be thoroughly investigated.

We also noted over 28,000 personal property tax cases totaling over \$2.25 million. The accountant reviewed several of these cases and it appears the monies related to these cases had actually been distributed within a short time of case disposition. The checks were prepared manually and the computer system was not updated. The Circuit Clerk should have the accountant conduct a formal sample of the personal property tax cases and if the test results indicate all monies had already been distributed then an automated process should be developed to correct the financial records. While this process may not result in a direct and immediate distribution of funds, it would allow the Circuit Clerk to determine if the bank account contains monies that cannot be associated with any case. This procedure would allow some monies to be declared abandoned and could then be distributed under the abandoned property laws.

With the pending implementation of the JIS criminal and civil systems, correction of the case records that will be transferred to the new systems is critical. It appears a majority of the old cases can be cleaned up and the associated monies distributed by fully automating the Autotax functions, working the cases with larger dollars and addressing the personal property tax cases.

WE RECOMMEND the Circuit Clerk:

- A. Dedicate additional resources to the distribution of monies related to old, inactive cases. If the distribution of the monies cannot be completed in a reasonable time, the monies should be declared abandoned and turned over to the State Treasurer, as required by law.
- B. Solicit bids for accounting services. If solicitation of bids is not conducted because there is only one firm or individual that can provide the desired services, the decision to forego solicitation of bids should be documented.
- C. Consider alternative methodologies for resolving and distributing the old civil monies including fully automating the Autotax functions and applying them to selected groups of cases, working cases with large dollar amounts and using a sample approach to resolving the personal property tax cases.

AUDITEE'S RESPONSE

We agree to consider retaining additional outside accounting services, or develop new automated methods to speed up our work, if their cost do not exceed their benefit.

We disagree with other conclusions and recommendations.

First, we disagree with the conclusion that the office has not dedicated sufficient resources to solve a problem created by past administrations. This Circuit Clerk has dedicated interest earnings to disburse these long held funds, which were accumulated during prior administrations. This Circuit Clerk is the first to have made substantial progress correcting this problem. No one wants a faster return of money to the private citizens entitled to a refund than this Circuit Clerk. Yet, that desire cannot overrule common sense. We cannot disburse money simply on the strength of past administration financial records because those records are not reliable.

Second, we do not agree with the audit's characterization of the money in question as "abandoned." In each case, the private citizen, the rightful owner, is not aware they are entitled to a potential refund. The premature transfer of the funds to the state would cut off the private citizens' right to a potential refund, and is contrary to the Circuit Clerk's fiduciary duty to those citizens. We will continue our successful work to disburse these funds to the rightful owners. When we determine that we have fulfilled our fiduciary duty, we will disburse the balance of funds, if any, to the proper government agencies.

We agree bidding for acquisition of goods and services is ordinarily the prudent practice to follow. There are circumstances, as is recognized in the audit, where goods and services can only be practically acquired from a single source. We agree our records do not include documentation that this accountant is a single source provider, and we will place such documentation into our records.

We agree to consider other methods to distribute these funds, such as some suggested by the audit. We disagree that our focus should shift from disbursing money to taking action that reduces the imbalance between our "open item" records and our deposits. Even if successful, it would not disburse a dime, or move us closer to a point where we could simply disburse according to past financial records.

- A. *As past audits have documented, the current Circuit Clerk inherited an office whose financial books were out of balance with the deposits in the bank. Prior records indicate the office was holding hundreds of thousands of dollars more than what was on deposit. To avoid disbursing money to those not entitled to a payment (refund), we must verify that money is actually being held on a particular case.*

We have used interest earnings to pay for software enhancements and a contract accountant to verify or identify cases where we are reasonably certain disbursement to a government agency or a refund to a private citizen is due. Despite a substantial loss of staff, including 9 in the Finance Department, we have disbursed nearly \$1.7 million dollars, or about 17 percent of the total amount of the funds in question.

Our efforts have caused the refund of \$365,775 to private citizens who have waited years for their refund. We have disbursed \$877,683 due to the city of St. Louis, and have likewise disbursed \$413,889 to the State of Missouri.

The Circuit Clerk has succeeded in using outside resources to resolve this issue. In collaboration with the State Treasurer's Office, we have disbursed over \$400,000 in additional money to the state, mostly from unclaimed bond money. As such, we have to this date disbursed to the State of Missouri over \$800,000 from these funds.

Child Support

We have discovered a resource that can help us identify the last known address for child support recipients. A sample of cases were put through a private software search engine and identified the most recent address of many of the recipients. It was our plan, in cooperation with the Division of Child Support Enforcement Agency, to download unique personal data from their data system, Missouri Automated Child Support System (MACSS), and then download it into the private company's search engine to do individual searches in bulk entries.

At this time, the Division is unable to provide us with the automated assistance we need. We are exploring the feasibility, given our limited number of employees, for us to retrieve the necessary information manually, case by case. If we determine we cannot apply sufficient manpower to this project we will begin the process of turning over the undeliverable child support money to the state as unclaimed funds.

Given issues with MACSS, even this process must be accomplished by our entering data into MACSS manually, on a case by case basis. We do not know how long it will take to complete this process, as we have only 3 employees who enter current case data into MACSS. This work leaves little time for additional assignments.

Criminal Cases

As noted above, we have worked with the State Treasurer's Office and have disbursed nearly \$400,000 in unclaimed funds mostly from criminal cases. The audit is correct that we have not worked the criminal open items prior to 1999. We have been following our plan, whereby we work with our most reliable records first. The financial records for criminal cases prior to 1999 are our most unreliable records. These records were manually created; ledger book entries do not match; and hand created documents reflect unverified changes.

We will first work the most reliable records, and then the criminal records prior to 1999.

- B. Prior to 2002, the Circuit Court Budget Committee approved a special full time position for an accountant to work on the problem of our open items. We discovered, when twice filling this position, that there was a substantial learning curve before the employee became productive.*

When the position was eliminated for budget reasons, the Circuit Clerk decided to engage the same "special accountant" to continue the work to avoid the loss of

productive time training a new person to do the work. The office used the former state salary for this position as a measure to determine the cost of the accounting services.

- C. *As noted in our responses to 3.A., we have disbursed nearly 17 percent of the total funds. This audit estimates that it will take us 12 years to disburse the balance of the civil open items. The State Auditor's previous estimate for us to complete this work was 16.5 years. See March 2003 Audit Report, (1.A.1), page 5. As such, based upon the State Auditor's estimates, we have accomplished 4.5 years of work in 2 years.*

Although we are uncertain how long it will take for us to finish our work, we are certain that our work is the only real chance citizens have to receive a refund of their money.

4. Banking Services

The Circuit Clerk did not adequately monitor interest earnings and banking charges. The Circuit Clerk maintained twenty-one bank accounts during the period July 1, 2002 through February 28, 2005. Eleven of these accounts were restricted activity accounts as ordered by the courts. Four accounts were established in 1999 when the Circuit Clerk took office so activity for cases filed prior to January 1999 could be kept separate. The remaining six accounts were established to separate various types of current activity, civil, criminal, garnishment, savings, child support, and special interest. We noted the following concerns:

- A. The Circuit Clerk has not solicited bids for banking services since 1999. Furthermore, the banking services agreements for the various accounts were not in writing. The Circuit Clerk had made an oral agreement with the bank regarding the interest rate that was to be paid on the accounts and was provided a list of commercial demand deposit charges that would be applied to the accounts. The Circuit Clerk indicated that he had intended to solicit bids for banking services in 2004; however, other matters arose which required the staff's attention. The Circuit Clerk should periodically solicit bids for banking services.
- B. The Circuit Clerk did not monitor the interest paid on the bank accounts. The cash basis interest receipts between July 1, 2002 and February 28, 2005, totaled over \$132,000. The oral agreement was that the bank would pay 98 percent of the current federal funds rate each month. Almost immediately after the accounts were opened, the bank began paying less than the agreed upon rate and within a few months the rate had been reduced to 92 percent of the federal funds rate. The Circuit Clerk did not require the bank to report total interest earned on the accounts or the current federal funds rate.

The interest earnings were calculated using various factors, such as average monthly balance, a 10 percent reserve on each account, banking charges, and the methods used to apply those charges to the accounts. Using information available at the Circuit Clerk's office, we could not determine whether the bank had paid

the correct amount of interest. The bank was contacted and provided an explanation on how the interest should have been credited to the accounts and indicated there may have been a problem with how the bank calculated the interest rate. We brought our concerns to the attention of the Circuit Clerk. After he contacted the bank, the bank issued a check for \$88,564 to correct for the past underpayment of interest since the accounts were opened. The bank reported, since 1999, it had paid a total of \$658,725 in interest on the eight accounts for which the interest flowed to the Special Interest Fund and should have paid a total of \$747,309. The bank indicated they had corrected the percent of the federal funds rate so future interest would be correct.

- C. The Circuit Clerk did not monitor the bank charges imposed on the various accounts or determine if all banking services on each account were necessary. During the audit period, we estimated total bank charges exceeded \$75,000.

We noted ten of the eleven restricted accounts were each assessed a monthly service charge of \$20 plus a small fee for FDIC coverage. These accounts had virtually no activity except the crediting of small amounts of interest. There was an unrestricted account that had no activity and a very low balance, and 2 accounts with higher balances but no activity. These three unrestricted accounts also incurred bank charges of \$20 per month. During the audit period, the bank charges on the thirteen no or very low activity accounts totaled over \$5,000. Due to the relatively low balances held in these accounts and low interest rates in effect, the banking charges exceeded the interest earned on most of these accounts during the audit period.

At our suggestion, the Circuit Clerk had his staff review some of the bank charges. It was determined that all of the low or no activity accounts could have been opened as public funds accounts. The bank paid a slightly lower interest rate of 80 percent of the federal funds rate but imposed no bank charges on this type of account. Because there were no procedures in place to examine bank account activity and related charges, unnecessary bank charges applied to accounts went unnoticed. The Circuit Clerk should establish criteria for selecting bank account types that will maximize interest earnings while minimizing bank service charges.

- D. The Circuit Clerk also did not monitor the bank charges imposed on the child support account. The Circuit Clerk has maintained a child support bank account for such cases since 1998. This account handled the receipts and distributions of child support monies, except those cases in which the state family support center was designated as the trustee. Between 1999 and late 2000 almost all of the child support collection activity transitioned to the state family support payment center. In 1999 when the Circuit Clerk took office, the account had very high activity, large daily balances, a nightly repurchase agreement was in place to maximize interest earning, and other banking services were used to provide adequate safeguards. By late 2000, the Circuit Clerk had about \$430,000 remaining in the

account and the activity was reduced to debiting and crediting of the repurchase agreement activity and posting of interest and bank charges.

The Circuit Clerk's office did not review the banking services and the related costs on this account. The banking charges on this account exceeded \$200 per month and we estimated the total bank charges exceeded \$7,700 for the audit period. As noted above, the Circuit Clerk could have switched account types and dropped unnecessary services and eliminated or significantly reduced the bank charges on this account with only a slight reduction in interest earnings.

WE RECOMMEND the Circuit Clerk solicit bids for banking services and obtain written banking services agreements, ensure interest earnings are in compliance with agreements, establish criteria for selecting the proper type of bank accounts, and establish monitoring procedures to maximize interest earnings while minimizing bank charges.

AUDITEE'S RESPONSE

We agree. We will review our banking service needs, and place them out for bid prior to June 30, 2006. We put our current agreement with the bank in writing.

We agree. In the future our Bookkeeping Department will monitor interest payments and bank charges to ensure the terms of our agreement are kept.

We agree. We should have done a better job monitoring how we open the restricted accounts. We have established new procedures that will ensure we will open new restricted accounts under the "public funds" option to reduce expenses. We have transferred all (approximately 20) restricted accounts to "public funds" accounts.

We agree. Our focus on other issues obscured what was in plain sight; our banking needs for child support accounts have changed. We will conduct a review of our current needs and adjust our current banking services appropriately.

- A. *The office had planned to bid out our needs for banking services last year but did not accomplish our goal. The office will be converting to JIS in June 2006 and we will bid out our banking service needs to coincide with that event.*

It should be noted that the office does have a policy and procedure in place for obtaining bids for the deposit of long and short term investment (one year and six months respectively). During the current Circuit Clerk's term, the office has earned an interest rate comparable to the State Treasurer's Office, while complying with all laws respective to the investment of deposits.

- B. *The Circuit Clerk has used past audits he has requested as a blueprint to correct the office's financial records. Our focus has been on the many areas of concern raised about past administration practices. Once the office had secured a very favorable agreement*

with the bank on charges and interest, we assumed we were being charged and paid as had been agreed.

As noted in the audit, the bank has recognized its error, and paid the office the difference in interest, with interest paid on the interest, totaling nearly \$95,000. Due to the discovery of the error by the audit, and agreement between the office and the bank, the public was not injured by the error.

5. Bidding Procedures

The Circuit Clerk did not have written bidding policies and procedures. In addition to computer, accounting, and banking services, we noted the Circuit Clerk failed to solicit bids or document why bids were not solicited for 7 items purchased with Special Interest Fund monies, costing more than \$2,000 each, and had a total cost of \$60,950. The following is a list of the items by vendor type, amount, and item description:

Vendor Type	Amount	Description
Computer Systems Company	\$ 25,750	AS 400 Upgrade
Computer Systems Company	9,100	AS400 Equipment and Installation
Business Systems Company	16,312	Used Office Shelving
Private Individual	2,248	Carpeting and Installation
Private Individual	2,860	Carpeting and Installation
Furniture Company	2,320	Used Office Furniture
Contracting Company	2,360	Shelving Installation
Total	\$60,950	

The Circuit Clerk indicated the AS400 purchases were necessary to acquire used hardware, emergency replacement, and data recovery when the office's existing system suddenly became inoperable. The clerk indicated the used shelving and furniture were located by visiting the some local vendors and comparing the items available. The Circuit Clerk did not document the reasons that bids were not solicited.

In April 2005 after we brought the preceding items to the Circuit Clerk's attention, the clerk directed the Director of Finance to develop a written bidding policy and procedure. Under the new policy, items costing less than \$500 may be purchased from a list of approved vendors with the additional approval by a senior staff member. For items costing more than \$500 and less than \$25,000, three possible vendors should be contacted, by telephone if desired, the quotations recorded and provided to the Circuit Clerk for final approval. For items with an expected cost of \$25,000 or more, formal written bids will be solicited by advertisement and other possible vendors contacted by phone or mail. The final bid award decision will be made by the Circuit Clerk. In the event there is only one firm, company, or individual capable of providing a particular service or good, the bidding requirements will not apply and the Circuit Clerk must approve the purchase. The new bidding policy had not been formally approved by the Circuit Clerk as of May 16, 2005.

WE RECOMMEND the Circuit Clerk adopt a formal bidding policy and solicit bids in accordance with that policy. If solicitation of bids is not conducted because there is only one firm or individual that can supply the desired services, the decision to forego solicitation of bids should be documented.

AUDITEE'S RESPONSE

We agree we need to improve our documentation of bidding. Absent the purchases for carpeting, where the job was too small for others to bid, all of the transactions listed were bid, but the documentation of that bid process was not done. We have established a written policy to ensure that documentation is completed. We will continue our efforts to reduce the financial burden on St. Louis taxpayers' by keeping our spending below FY 1999 expenses.

The audit quotes the Circuit Clerk's Message to Taxpayers that is posted on the office's website, www.stlcitycircuitcourt.com. Included with his message are the office's annual expenses. It should be noted that during the Circuit Clerk's term in office, using FY 1999 expenses as a benchmark, we have reduced the office's actual expenses by more than \$1.5 million dollars. These savings are documentation of our efforts to spend taxpayers' money wisely.

Circuit Clerk's General Response

I requested this audit to answer any doubt or suspicions that may have been created regarding my decisions relating to the handling and use of the office's interest earnings.

An audit is not meant to point out good work, because that is what is expected. Rather, an audit should identify issues that those too close to the situation cannot see.

This audit has helped us see areas where we can improve, and as with the two previous audits, we will work to correct those practices. I trust the audit lays to rest any concerns that may have been created by the administrative order issued January 2005.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS, MISSOURI
CIRCUIT CLERK'S SPECIAL INTEREST FUND
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

History

Under Section 483.310, RSMo 2004, Circuit Clerks are allowed to invest court registry funds and to use the interest income to purchase goods and services for the Circuit Clerk's office. The Circuit Clerk primarily invested in certificate of deposits and interest bearing checking accounts.

The Circuit Clerk, at February 28, 2005, held over \$13.5 million in investments and interest bearing checking accounts for which the interest earnings could be transferred to the Special Interest Fund. The Circuit Clerk used the interest income to purchase computer equipment and services, accounting services, reimburse the city for temporary employee payroll expenses and miscellaneous office furniture and supplies. From fiscal years 1999 through 2001, the Circuit Clerk had turned over to the city's general fund \$1.2 million of interest earnings. During the audit period, the Circuit Clerk did not turnover any interest proceeds to the city's general fund. At February 28, 2005, the balance of the Special Interest Fund was \$142,518. See the accompanying Appendix for a Schedule of Receipts, Disbursements and Cash Balances of the Special Interest Fund for the audit period.

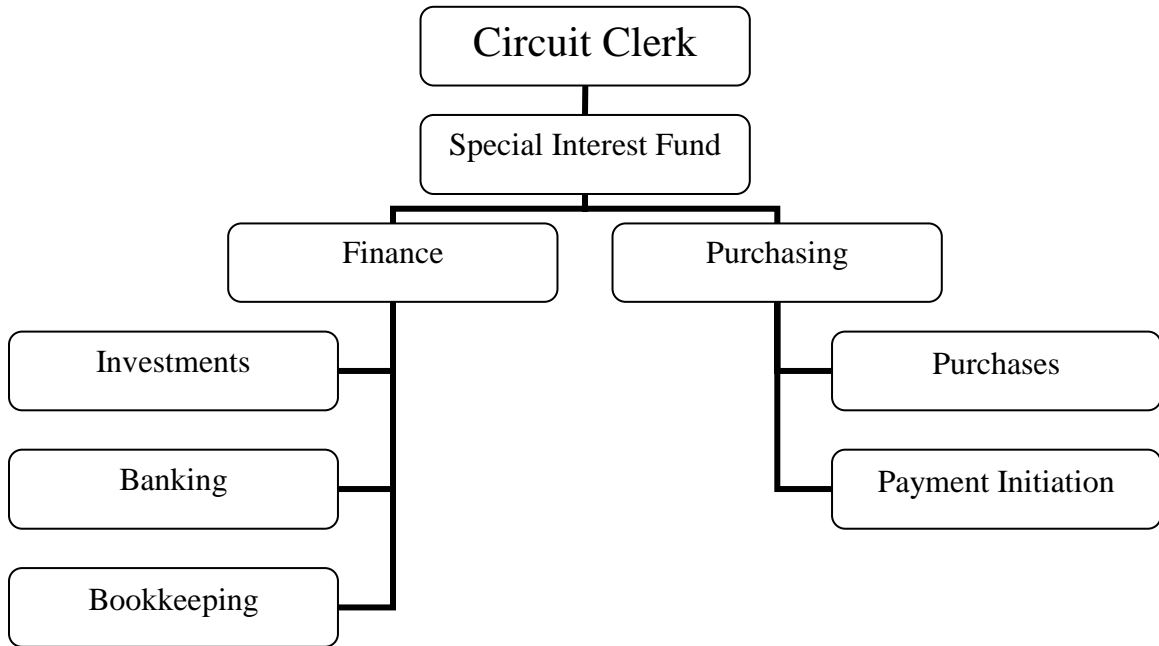
Personnel

At February 28, 2005, the key officials of the Twenty-Second Judicial Circuit, City of St. Louis, Missouri, were as follows:

Honorable John J. Riley, Presiding Judge
Mariano V. Favazza, Circuit Clerk

An organization chart follows:

Circuit Clerk's
Special Interest Fund
Organization Chart



Appendix

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS, MISSOURI
CIRCUIT CLERK'S SPECIAL INTEREST FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES

	Period July 1, 2004 through February 28, 2005	Years Ended June 30,	
		2004	2003
<u>SPECIAL INTEREST FUND</u>			
Revenues			
Investment Earnings	\$ 114,061	112,304	346,166
Bank Account Interest (1)	18,614	48,489	65,447
Error Reimbursements	108	446	2,908
Total Revenues	<u>132,783</u>	<u>161,239</u>	<u>414,521</u>
Expenditures			
Accountant Services	29,455	46,968	45,011
AOL Membership	231	347	636
Computer Services	31,035	80,083	446,551
Error Corrections	6,440	4,596	1,817
Office Furniture/Supplies	0	7,540	19,933
Personnel Reimbursement to City	25,459	86,964	130,934
Postage/Box Rental	0	446	3,245
Other	239	12	2,733
Total Expenditures	<u>92,859</u>	<u>226,956</u>	<u>650,860</u>
Beginning Cash Balance	102,594	168,311	404,650
Ending Cash Balance	\$ <u>142,518</u>	<u>102,594</u>	<u>168,311</u>

(1) Interest Earned Net of Bank Charges



Claire McCaskill

Missouri State Auditor

October 2005

Marshfield R-I School District

Year Ended June 30, 2004



Office Of
Missouri State Auditor
Claire McCaskill

October 2005

The following problems were discovered as a result of an audit conducted by our office of the Marshfield R-I School District.

The Marshfield R-I school district does not have formal written bidding policies and procedures for non-capital expenditures. Some items were not bid or adequate bid documentation was not retained for purchases made during the year ended June 30, 2004, including: \$66,811 for cleaning supplies; \$39,297 for computer supplies and \$39,057 for office supplies. District employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, but documentation was not always retained. Other instances of documentation on bidding or price comparisons not being retained include: \$303,000 for food for school lunches; and \$186,400 for materials, excavation work and land for a building trades' class project.

During the year ended June 30, 2004, the district spent almost \$1 million on contracted transportation costs. The school district did not solicit bids for these transportation services and the district does not have an adequate system to control and monitor fuel purchased for the buses. Fuel is ordered by the contractor and stored in fuel tanks located on the contractor's property. The district is responsible for paying for the fuel but does not require the contractor to provide fuel usage logs to document the amount of fuel used.

The district has used the services of the same architectural firm for several years without any documentation of the consideration of other firms. Additionally, the district does not have a written policy for the selection and procurement of companies or individuals for some professional services, including physical and occupational therapy services, and education training services.

The district paid contractors approximately \$214,000 to roof a portion of two elementary buildings and did not require the contractors to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws. In addition, the district did not always prepare IRS 1099-MISC forms as required and vendor invoices or other supporting documentation were not obtained or retained for some expenditures.

The school district refinanced \$9.7 million in general obligation bonds in March 2004. The district sold these bonds through a negotiated instead of a competitive sale. Historically, negotiated bond sales result in increased interest costs.

(over)

YELLOW SHEET

Controls over petty cash, change funds, and student activity fees need improvement. Our review noted that district offices hold numerous cash funds without adequate records to account for the funds on hand. During February 2005 we counted funds on hand at all district locations which included 36 separate cash funds totaling approximately \$15,200. Improvements such as limiting access to funds, depositing receipts timely, and discontinuing the practice of cashing personal checks from district receipts are recommended.

District accounting procedures need improvement. District offices processed approximately \$430,000 in student lunch collections between July 2004 and May 2005, however collections are not always reconciled to amounts posted to the districts computer system. Also, vending machine commissions are not monitored and the district does not have adequate procedures to follow up on old outstanding checks or non-sufficient funds checks.

It is questionable if some board members complied with the district's conflict of interest and financial disclosure policy. The district paid approximately \$2,000 in 2004 and \$1,600 in 2003 for bus driver physicals from a local physician who is a School Board member. Additionally, the district paid approximately \$147,500 to a business owned by a board member's son for computers during the year ended June 30, 2002. Price quotes were obtained for the computer equipment by the Director of Technology; however, documentation for the selection of this vendor was not documented in the board minutes.

The audit report also includes some other matters related to expenditures and contracts, administrator contracts, board meeting minutes, district procedures and non-resident tuition, foundation monitoring, and asset records and procedures upon which the school district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

MARSHFIELD R-I SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
Marshfield R-I School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Marshfield R-I School District. The school district engaged Davis, Lynn, & Moots, PC., Certified Public Accountants (CPAs), to audit the school district's financial statements for the year ended June 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the school district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Marshfield R-I School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 7, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Roberta Bledsoe

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MARSHFIELD R-I SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Bidding
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The district does not have formal written bidding policies and procedures for non-capital expenditures. As a result, the decision of whether to solicit bids for a particular purchase is made on an item by item basis. Although the school district did solicit bids for many purchases, some items were not bid or adequate bid documentation was not retained for the following purchases made during the year ended June 30, 2004:

Cleaning supplies	\$ 66,811
Computer supplies	39,297
Office supplies	39,057
School supplies	18,990
Art supplies	8,827
Activity Insurance	5,280

The amounts listed above represent payments made to a single vendor. While district employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained.

In addition, the district has spent more than \$303,000 for food for school lunches without bidding. The Director of Food Service indicated that prices were routinely compared and one vendor was primarily used based on a prime vending contract; however, the documentation of price comparisons was not retained and the contract could not be located.

Also, the district has spent approximately \$186,400 to build a home as part of the building trades' class, including \$168,650 for building materials and excavation work, and \$17,750 for land. The Building Trades Instructor indicated that prices are compared among vendors; however documentation of bidding was not retained.

Further, the district spent approximately \$1.4 million on health insurance during the year ended June 30, 2005. A written proposal was obtained from one broker; however, proposals were not solicited from other brokers. The district has used the same broker since 2001. District employees indicated insurance rates were discussed with the broker before obtaining insurance.

Formal bidding procedures for major purchases would provide a framework for economical management of the district resources and help assure the district that it receives fair value by contracting with the lowest and best bidder. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's

business. Not only can bids be obtained by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based upon the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and the reasons for selecting the winning bid. Further, Section 67.150, RSMo, requires competitive bidding at least every three years for medical insurance.

WE RECOMMEND the School Board establish formal bidding policies with provisions for documentation of the justification for selecting and rejecting bids.

AIUDITEE'S RESPONSE

The School Board provided the following response:

Our staff does get comparative pricing when purchasing items and they choose the best value. Although formal documentation was not always kept, we will consider a better form of documenting when purchasing. Formal bidding is not required for most purchases and is not always a cost saver.

The Director of Food Service is diligent in getting the most for district funds. She will document pricing in the future.

State statute requires districts to bid group health insurance policies every three years. The district uses the services of a broker who represents the district, not the insurance carriers, in bidding out the policy every year with multiple companies bidding. We are comfortable, as is our attorney, that we are more than meeting the statute's requirements and have historically been provided with health insurance benefits and premiums that have been better than those received in most school districts in southwest Missouri.

2. Transportation Costs

The school district has contracted with the same transportation company since 1998 to provide bus transportation for its students. During the year ended June 30, 2004, the district spent almost \$1 million on contracted transportation costs. Payments totaling approximately \$843,500 were made to the transportation company, approximately \$101,000 was paid for fuel and approximately \$5,000 was paid for tires on the transportation company's behalf. The contractor served 32 routes traveling approximately 1,963 miles per day, and provided additional transportation for other district activities such as sporting events and field trips. The school district did not solicit bids for these transportation services.

The district does not have an adequate system to control and monitor fuel purchased for the buses. Fuel is ordered by the contractor and stored in fuel tanks located on the contractor's property. The district is responsible for paying for the fuel but does not

require the contractor to provide fuel usage logs to document the amount of fuel used. Additionally, the district does not seek bids for fuel costs.

The district pays the tire supplier directly for tires purchased and used by the transportation company. While the amount paid for tires is deducted monthly from the amount owed to the transportation company, this arrangement is not specified in the contract.

Competitive bidding provides a framework for economical management of the school district's resources and helps assure the district that it receives fair value by contracting with the lowest and best bidder. While district employees indicated they routinely check fuel prices, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained. Without detailed fuel logs, the district has no means to ensure fuel costs are proper and reasonable. Written contracts which clearly define all contractual terms are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings.

WE RECOMMEND the School Board regularly solicit competitive bids for the transportation contract and fuel, and require detailed fuel logs from the contractor and reconcile the amount of fuel used to the amount of fuel purchased. Fuel costs should also be periodically reviewed for reasonableness. Further, clarify the contract with the transportation company to ensure all contractual terms are properly administered.

AIUDITEE'S RESPONSE

The School Board provided the following response:

In 1998, the last time the District bid this out, the next lowest bidder was over \$80,000 higher. However, our contractor has not taken advantage of that fact and has just in the last two years received payment in the amount equaling the 1998 bid for next lowest bidder. In fact, the other bidder's quote required specified yearly increases that, if we had contracted with them, would now make their bid for 05-06 around \$187,000 more than our current contractor's bid. We will consider bidding out transportation again for 2006-07.

Although the pumps are locked and only accessed by the owners of the bus company, the District will explore options for tracking of fuel usage and for more formal bidding of fuel.

The District will specify the purchase of tires in future transportation contracts.

3. Professional Services

The district has not solicited proposals for various professional services and does not have a written policy for the selection and procurement of companies or individuals for some professional services.

- A. The district has used the services of the same architectural firm for several years without any documentation of the consideration of other firms. Payments to this firm totaled approximately \$57,000 during the year ended June 30, 2005. This firm also worked on several capital improvement projects for the district in previous years, including construction of the High School and Shook Elementary. District personnel indicated that they use this firm because of past performance and a good working relationship.

District policy states that when hiring an architect the school can rely on past performance to promote continuity, efficiency and quality but does not require the consideration of more than one architect. The district should consider revisions to their policy to require the consideration of more than one architectural firm when selecting a firm. The firms should be evaluated based on specific criteria, including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

- B. The district hires individuals and companies to perform various professional services; however, it does not have formal written policies and procedures for the procurement and selection of companies or individuals for professional services. Our review noted requests for proposals were not solicited for various professional services including \$27,940 paid for physical therapy services, \$24,420 paid for occupational therapy services, and \$12,913 paid for education training services.

Procurement and selection processes are necessary to ensure the district is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district.

WE RECOMMEND the School Board:

- A. Consider revising district policy to require the solicitation of proposals for architectural services from more than one firm.
- B. Adopt a policy addressing the procurement and selection of all professional services, and periodically solicit proposals for the selection of these service providers. All documentation regarding proposals solicited should be retained.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *District Policy 7120 and Regulation 7120 outline those procedures and we are in compliance with state statute and policy. We will continue to monitor the costs and performance of our current architect and compare to other architects and their projects*

as we have in the past. Utilizing the services of an architect familiar with the district and the facilities has many advantages and we are confident has saved time and money.

- B. *The Special Services Director researches these providers and obtains pricing. There are a very limited number of providers for the area and in some instances they are the sole provider. Historically, all districts in the area have paid the same hourly rate to these providers. Our goal is to provide the most effective services for our students.*

4. Expenditures and Contracts

Controls and procedures over district expenditures are in need of improvement. The district did not require contractors to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws, did not prepare IRS 1099-MISC forms for some vendors and processed some payments without vendor invoices or other supporting documentation. In addition, the district did not solicit bids for vending services.

- A. The district hired contractors to roof a portion of two elementary buildings and did not require contractors to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws. Contractors were paid approximately \$129,000 for roofing at Hubble Elementary and \$85,000 for roofing of Webster Elementary. While one contractor signed a certificate indicating that prevailing wages were paid, no payroll records were reviewed for either contractor.

Section 290.250, RSMo, requires the prevailing wage to be paid to all workers employed by or on behalf of any public body, who performs construction work projects other than routine maintenance. Without detailed supporting documentation, the district cannot ensure compliance with state law.

- B. The district did not always prepare IRS 1099-MISC forms as required. Some companies performed services for the district and were paid in excess of \$600 during the year; but 1099-MISC forms were not filed for these companies. Examples include brick work (\$9,500), heating and air installation (\$7,250) and program evaluation (\$2,000).

Additionally, one instance was noted where a local company gave the district \$1,000 to be paid to an employee named Teacher of the Year; however, the additional compensation paid to the employee was not reported on Forms W-2 or Forms 1099-MISC, and payroll deductions were not withheld from the payments.

The Internal Revenue Code (IRC) requires payments totaling \$600 or more in a year to non-employees and businesses which are not corporations be reported on Forms 1099-MISC. The IRC generally indicates individuals treated as employees should have all compensation reported on Forms W-2.

- C. Vendor invoices or other supporting documentation were not obtained or retained for some expenditures. Examples include payments for a motivational speaker (\$2,800), a behavioral therapist (\$608), and a Christmas luncheon (\$605). While the behavioral therapist generally would provide a detailed invoice including date of service, hours worked, and students served, this information was not available for this expenditure. Also, without adequate documentation for the Christmas luncheon it is unclear the number of meals served and the cost of meals provided to ensure it was a prudent use of district funds. In addition, employee mileage expense reports did not always contain sufficient information such as the destination and purpose of the trip.

All disbursements should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds. Further, without a detailed employee mileage expense report, the district cannot adequately review and ensure the propriety of payments made for travel expenses.

- D. Receipt of goods or services is not always indicated on invoices prior to payment. For example, receipt of goods and services was not documented on invoices for computer equipment, cleaning supplies, and food for student lunches. Normal district procedures require employees to initial vendor invoices to indicate that goods were received. To ensure that goods and services have been properly received by the district, all invoices and other supporting documentation should be properly initialed or signed by a district employee indicating receipt of goods or services.
- E. The district did not solicit bids before entering into a five-year contract with a local vendor to provide and service soda vending machines in 2001. The terms of the contract were renegotiated from an existing contract, and required the vendor to pay the district \$100,000 in advance commissions at the beginning of the contract, \$80,000 in sponsorship fees of which \$20,000 was to be used toward the cost of scoreboards, and pay monthly commissions based on the volume of sales. The district is paid approximately \$14,000 annually in commissions and as of June 30, 2004 has sold over 330,000 cans and bottles of soda product since the contract inception. The contract provides the vending company with the exclusive rights to distribute their products on the district campus which would require the district and all school booster clubs to distribute this vendor's product.

Soliciting proposals and entering into a truly competitive bidding process provides the district with a range of possible choices, and a means to select the vendor best suited to provide the service required. Because the vending contract was not bid, district officials have no assurance that the current agreement offers the most benefits to the district. Furthermore, district officials should reconsider long-term agreements that obligate the district to a single vendor.

WE RECOMMEND the School Board:

- A. Ensure adequate supporting documentation is submitted to substantiate prevailing wage is paid on all construction projects as required by law.
- B. Ensure IRS 1099-MISC forms are prepared and submitted as required and ensure all employee compensation is properly reported to the IRS.
- C. Retain supporting documentation, including invoices, for all disbursements and require detailed travel expense reports be submitted and retained.
- D. Ensure the receipt of goods or services is indicated on invoices prior to being approved for payment.
- E. Solicit bids for district vending services, and reevaluate the practice of entering into long-term contracts.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *The District has maintained these records for building projects. However, the architect overseeing the smaller projects maintained this documentation. In the future, the district will require contractors to provide this documentation for our records.*
- B. *There were three businesses that were not incorporated. Any businesses that could be in question in the future will be required to provide documentation including a breakdown of labor and supplies and receive the Form 1099 if appropriate. The employee referred to did not receive compensation from the District. They provided documentation for reimbursement for a computer to be used at home for school use, as a result of a monetary award from the business choosing them as Teacher of the Year. Permission was granted by the Principal because of his knowledge of the school use of the computer.*
- C. *The accounting staff does a fantastic job of maintaining accurate records. Out of several hundred invoices examined, one invoice from 2003 was missing. In two instances, checks for the vendor were provided to an administrator from the signed and approved purchase order request in which a specific amount for the service had been confirmed (one for an assembly speaker; one for a staff Christmas dinner). No formal invoice was ever received from the vendor but it was very evident the services had been provided.*
- D. *The bookkeeper does call and check when there are no initials approving an invoice. She will document those calls in the future.*
- E. *In this instance, it was definitely to the District's advantage to renegotiate an existing contract for two more years. The extra two years provided the District with \$80,000 just for signing the contract extension and also provided the district with \$100,000 in*

advanced commissions. Without a multi-year commitment, this would not have been possible.

5.

Administrator Contracts

Timesheets are not prepared by the Assistant Superintendent to support additional compensation received for grant administrative duties, and his contract did not clearly define all fringe benefits paid by the district. In addition, the district has entered into a multi-year employment contract with the Superintendent.

- A. The Assistant Superintendent receives a stipend to serve as project director for the Twenty-First Century Community Learning Center grant received by the district. He was paid \$6,000 in addition to his normal salary between February and June 2004, and will receive \$12,000 in fiscal year 2005 for work related to the grant. While additional compensation in the form of stipends was also provided to teachers and other administrators for grant related work outside of their regular contract, all employees except the Assistant Superintendent submit timesheets documenting the amount of additional time worked. The school board approved the additional pay for additional time worked related to the grant; however, without timesheets it is unclear how the duties of project director are outside the Assistant Superintendent's regular district duties.
- B. The Assistant Superintendent is paid an additional \$125 monthly in lieu of district provided health insurance. A clause providing for this fringe benefit has been omitted from the Assistant Superintendent's contracts since the year ending June 30, 2001. While the amount paid is less than the cost of employee provided health insurance paid for other employees, written contracts which clearly define all contractual terms are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings.
- C. In 2005, the district entered into a two-year employment contract with the Superintendent that contains provisions for annual raises, if any, to be determined by the Board. Since 2000 the board has utilized a one year contract. Problems can arise from the use of multi-year contracts. Should the board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board needs to reevaluate its practices regarding multi-year contracts.

WE RECOMMEND the School Board:

- A. Require timesheets from all employees to document the work performed for the grant.
- B. Clarify the Assistant Superintendent's contract to ensure all benefits are properly administered.

- C. Reevaluate the practice of entering into multi-year contracts.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *The Assistant Superintendent wrote the 21st Century Grant for the District that provides over \$777,000 to support an after-school program for students needing extra help over five years. As for maintaining timesheets, the Board of Education and the following State personnel who direct the program have determined that timesheets are not necessary for administrative duties of the project coordinator: Jay Acock, Director of Community Education, Department of Elementary and Secondary Education (DESE); Cindy Waibel, Supervisor of the 21st Century Learning Community Grants, DESE; Kaye Bertels, Supervisor of Federal Programs, DESE; and Tom Quinn, Supervisor of School Governance, DESE. This is a salaried position and an on-call position and does not require a daily logging of hours.*
- B. *By accepting as part of his contract a fixed amount, tax-sheltered annuity in lieu of the health insurance benefit, the Assistant Superintendent has saved the District over \$4,900 in premiums over the past six years. This benefit was inadvertently left off of the contract by the typist after the first year, but has been maintained and is currently part of the contract.*
- C. *The Superintendent is doing an exceptional job and the Board felt confident in offering a contract to him for two years. Three-year contracts are more the norm for superintendents in the state. Very few Boards of Education opt to offer their superintendent only a 1-year contract.*

6. Bond Refinancing

The school district refinanced \$9.7 million in general obligation bonds in March 2004. The district sold these bonds through a negotiated instead of a competitive sale. In addition, the School Board did not select the bond underwriter competitively, but used an underwriter they were familiar with. The School Board relied upon the advice of the bond underwriter instead of seeking open bids assuring the most competitive rate of return for the taxpayers.

Historically, negotiated bond sales result in increased interest costs. The additional interest cost could have been used to fund additional school purposes. As a result of the negotiated sale, taxpayers may have more debt to pay for less services.

While Missouri law does not require competitive bond sales or competition in selecting bond advisors, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the school district.

WE RECOMMEND the School Board pursue fair and open competition in any future bond sales.

AIUDITEE'S RESPONSE

The School Board provided the following response:

Upon the advice and excellent timing of our Bond Underwriter, the District saved over \$1,000,000 by approving a refunding. Because of their complexity, it is rare for refundings to be publicly bid. When looking at other issues in the market at the time the District refunding took place, we achieved lower interest rates than those researched that were publicly bid. Because competitive bidding takes weeks, it is also more difficult to sell the bonds quickly when the market timing is best. The district has also been able to reap benefits from other financial advice provided by the underwriter at no cost to the district. The underwriter was chosen competitively for the earlier, initial issuance of the bonds.

7. Petty Cash, Change Funds and Student Activity Fees
--

Controls over petty cash, change funds, and student activity fees need improvement. In addition to the central office, the district maintains offices at the high school, junior high school, and three elementary schools (Shook, Webster, and Hubble). These district offices act as a collection point for various student fees and maintain petty cash funds.

- A. Our review noted that district offices hold numerous cash funds without adequate records to account for the funds on hand. During February 2005 we counted all funds on hand at all district locations which included 36 separate cash funds totaling approximately \$15,200. During these cash counts and our review of controls over these funds we noted the following concerns:
- Adequate controls have not been established over receipts collected by district offices. For example, the High School secretary does not issue receipt slips for all money received, and does not reconcile receipt slips issued to amounts deposited. We noted two checks totaling \$7,128 were received at the high school district office for the sale of used textbooks. Receipt slips were not issued for these checks, and one check totaling \$7,000 was omitted from the deposit slip in error. The district did not identify the error until notification was received by the bank indicating that the deposit amount had been increased by \$7,000.
 - During our cash counts, the district office at Webster Elementary had yearbook fees totaling \$6,403 on hand including \$877 in cash and \$5,526 in checks. The checks were made payable to the yearbook vendor; however, many of the checks appear to have been held over one month. Because a log of yearbook fees collected was not maintained at the district office, it was

unclear how long these monies had been on hand, or if all monies were properly accounted for.

- A number of people have access to the student council activity fees collected at the Junior High jeopardizing the integrity of the fund. Additionally, the fund is used to cash personal checks for faculty members. Personal checks should not be cashed with official district receipts. A total of \$102 was counted in this fund on February 17, 2005.
- Hubble elementary and Shook Elementary held cash donations totaling \$165 and \$58, respectively, from local churches. According to district employees, these monies are used to offset delinquent lunch account balances; however, records were not maintained to adequately account for the use of these funds and the district's central office does not monitor these funds. Similar types of cash funds were held by other schools in the district.
- Some district offices issue rediform receipt slips for monies received. The receipt slips are not specifically printed for the district and some receipt books do not contain pre-numbered receipt slips. In addition, copies of voided receipt slips were not always properly voided or maintained.
- Webster Elementary indicated their petty cash fund was not maintained at a constant amount since telephone reimbursements from teachers were commingled. The building had \$208 in their petty cash fund during our cash count on February 23, 2005; however, the building was only authorized to have \$100 in petty cash.
- The district does not have procedures to dispose of unclaimed monies. For example, students are often given a cash refund of their lunch monies upon withdrawal from the district. During our cash counts on February 16, 2005, two refunds totaling \$39 were on hand at Shook Elementary, with one of the refunds held since October 2004. In another example, we noted \$115 had been seized from a student as stolen property and the money remained on hand at the High School. It was unclear how long this money had been held.

To properly account for all receipts and ensure they are properly deposited, official prenumbered receipt slips should be issued or a log of all fees collected should be maintained, and reconciled to monies deposited. All copies of voided receipt slips should be properly defaced and maintained. Deposits should be made intact daily or when accumulated receipts exceed \$100, and access to all funds should be limited. In addition, the district should discontinue cashing personal checks. Petty cash and other cash funds should be maintained at a constant amount, and accounted for separately. Periodically, the petty cash and other cash funds should be counted and reconciled to the authorized balance by an independent person to ensure the funds are being accounted for properly, to detect

any errors, and to help prevent these monies from being misused. Further, any unclaimed monies should be disposed of in accordance with state law.

- B. Commission checks from the district's snack machine vendor are not always properly recorded and monitored. This weakness allowed one commission check totaling \$48 to be substituted into a deposit of student lunch monies at Shook Elementary and cash receipts totaling the same amount were withheld from the deposit. District employees indicated the cash was likely used for student or teacher appreciation items; however, documentation of the expenditures was not retained.

While snack commissions total only approximately \$1,200 annually, the district should initiate procedures to monitor commissions received to ensure all receipts are properly deposited into the district's bank account and recorded. Allowing the practice of checks to be substituted for cash increases the risk of loss or misuse of funds.

WE RECOMMEND the School Board:

- A. Establish written procedures governing the accounting for various funds maintained by district offices. The district should maintain a listing of each fund and the authorized balance of each fund, and establish procedures for adding funds or changing fund amounts. In addition, ensure access to the funds is limited and the funds are periodically counted and reconciled to the authorized balance by an independent person. Deposit all monies intact daily or when accumulated receipts exceed \$100, and ensure official prenumbered receipt slips are issued for all monies received or a log of fees is maintained. Petty cash funds should be maintained at a constant amount and accounted for separately. Further, discontinue the practice of cashing personal checks from district receipts and dispose of unclaimed monies in accordance with state law.
- B. Establish controls to adequately monitor the collection of commissions to ensure all commission checks are properly received and accounted for by the district. The practice of substituting commission checks for cash should be discontinued.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *For convenience, these small cash funds were maintained in the vault with no apparent problems. The district will review procedures for better accountability.*
- B. *All commission checks will be routed to Central Office with no checks substituted for cash.*

District accounting procedures need improvement. Student lunch collections are not always reconciled to amounts posted to the districts computer system, and the district does not have adequate procedures to follow up on old outstanding checks or non-sufficient funds checks.

A. Controls over student lunch collections need improvement. District offices processed approximately \$430,000 in receipts between July 2004 and May 2005. Employees from each district office enter student lunch collections received into individual students accounts contained in the district's Student Information System (SIS) and then deposit monies received. A copy of the deposit ticket is transmitted to the central office for recording in the district's general ledger which is maintained on a computerized reporting system separate from the SIS. Daily collections reports are generated from the SIS; however, these reports are not always reconciled to deposits and the reports are not transmitted to the central office. Our review noted that the amount of receipts on the daily collection reports generated from the SIS did not always agree to the amount deposited. Examples include:

- Daily collection reports for October 25, 2004 from the High School totaled \$1,670, deposits for this day totaled \$1,612, resulting in \$58 that was unaccounted for.
- Daily collection reports for October 12, 2004 from Hubble Elementary totaled \$593, deposits for this time period totaled \$1,383, resulting in an overage of \$790.
- Daily collection reports for November 5, 2004 from Hubble Elementary totaled \$373, deposits for this day totaled \$199, resulting in \$174 that was unaccounted for.

Further, student lunch collections are not always deposited on a timely basis. For example, the last day of classes for the fiscal year 2005 were held on May 17, 2005 and the last deposit made by Hubble Elementary for lunch collections totaling \$1,525 was made on May 25, 2005. It is not clear why these funds were held for eight days after school ended before being deposited.

To ensure proper accountability over student lunch collections and reduce the potential for loss, theft, or misuse of funds, monies received should be reconciled to daily collection reports. Any differences should be investigated and resolved. Deposits should be made daily or when accumulated receipts exceed \$100.

- B. There is no documentation to indicate that anyone compares the number of high school parking permits sold by the security office to the amount of revenue recorded in the district's general ledger to ensure all monies were properly accounted for. Further, monies received from parking permits are not held in a secure location prior to being deposited. Annually, the district collects approximately \$3,300 from parking permits. School officials indicated during May 2005 approximately \$25 was reported stolen from the security office where permits are sold.

The district should initiate procedures to compare the number of parking permits sold to monies recorded in the district's accounting records to ensure all receipts are properly deposited into the district's bank account and recorded.

- C. The district does not follow up on outstanding checks. Checks totaling \$13,791 were over a year old and still outstanding at December 31, 2004, on the school district's bank reconciliation. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The district should adopt procedures to routinely follow up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- D. The district has not established adequate policies and procedures for the collection of non-sufficient fund (NSF) checks. During the month of December 2004, the district received 15 NSF checks totaling approximately \$465. District employees had not followed-up on several of these NSF checks as of January 26, 2005. While the district indicated a log of NSF checks is maintained to track NSF checks, the log for 2004 could not be located.

The district should prepare written guidelines for the collection of NSF checks. These guidelines should include timely notification and follow-up procedures.

WE RECOMMEND the School Board:

- A. Deposit all receipts intact daily or when accumulated receipts exceed \$100. District offices should reconcile daily collections reports to the amount deposited and promptly investigate any differences. In addition, the district's central office should implement procedures to periodically review records maintained at each of the district offices.
- B. Initiate procedures to compare the number of parking permits sold to monies recorded in the district's accounting records and require all monies be maintained in a secure location.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

- D. Establish formal procedures for the collection of NSF checks. These guidelines should include timely notification and follow-up procedures.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *Although no losses or thefts were noted and in fact, final reconciliation showed the lunch account deposits slightly more than the reporting system projected in receipts, practices and procedures will be reviewed and standardized.*
- B. *The high school will compare the number of parking permits sold to monies received each day, and maintain monies under \$100 in the high school office vault.*
- C. *Outstanding checks will be handled according to recommendations of the Missouri State Treasurer's Office.*
- D. *NSF checks will continue to be maintained on a log and procedures will be developed for more timely notification and follow-up procedures.*

9. Board Meetings, Minutes and Conflict of Interest
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Minutes of board meetings need improvement and, the district has not appointed a custodian of records. Further, it is questionable if some board members complied with the district's conflict of interest and financial disclosure policy.

- A. The Board of Education held several closed meetings during 2003 and 2004. Our review of the closed meeting minutes identified that the open meeting minutes did not always document that closed meetings were held, the related vote to close the meeting, and the specific reasons for closing the meeting. Further, in one instance the board discussed issues other than the specific reason for going into a closed session. For example, personnel was listed as the reason for a closed session in the regular board minutes; however, personnel, litigation and bid specifications were discussed.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- B. The district has not appointed a custodian of records. Section 610.023, RSMo, indicates that each public governmental body is to appoint a custodian who is to be responsible for the maintenance of that body's records. Further, district policy

requires the district to appoint a custodian of records to maintain and assure access to public records.

To ensure compliance with state law and district policy, the district should appoint a custodian of records to maintain public records.

- C. It is questionable if some board members complied with the district's conflict of interest and financial disclosure policy. Board policy provides for board members to make a good faith effort to avoid a conflict of interest, and if a situation arises which involves the potential for a conflict of interest, the board member will declare his interest and refrain from debating or voting upon the transaction in question.
- The district paid approximately \$2,000 in 2004 and \$1,600 in 2003 for bus driver physicals (includes contracted and district employed bus drivers) from a local physician who is a School Board member. The district's regulation prohibits board members from performing any service for the district for consideration.
 - The district paid approximately \$147,500 to a business owned by a board member's son for computers during the year ended June 30, 2002. Price quotes were obtained for the computer equipment by the Director of Technology; however, documentation for the selection of this vendor was not documented in the board minutes. District officials purchased other equipment to furnish the new high school facility during this time and stated that the selection of vendors was not always documented in the minutes; however, given the potential conflict the selection of this vendor should have gone before the board.
 - Three board members refrained from voting on accounts payable items in April 2005 because of a conflict of interest; however, it was unclear from the minutes that the board members had declared their interest as required by board policy.

Officers and agents of a school district serve in a fiduciary capacity. Personal interests in business matters of the school district create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness. The district should strictly enforce their policy on conflicts of interest and financial disclosure.

WE RECOMMEND the School Board:

- A. Ensure open minutes state the specific reasons for going into a closed session and limit closed meetings to only those purposes specifically allowed by state law.
- B. Appoint a custodian of records to maintain public records.
- C. Strictly enforce the district's conflict of interest regulation and financial disclosure policy by adequately documenting reasons for board member abstentions.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *While the motion to proceed to closed session is always held in open session, a clerical error mistakenly placed this motion in the closed session minutes.*

There were only two announcements made at the end of one meeting during closed session. There was no discussion involved. They were merely announcements made by the superintendent at the end of the meeting. The two announcements as quoted from the June 28, 2004 minutes were: "Mr. Wutke announced that the inspection of the track will be July 12, 2004, at 8:00 a.m." and, "Mr. Wutke announced that he is seeking bids for the demolition of the old junior high cafeteria and FACS building." We do not consider these announcements as discussion of litigation and bid specifications.

- B. *Although it was understood that the Board Secretary was the custodian of records, the Board has now officially made the appointment.*

- C. *When the Board changed policy services in 1999, this new regulation, which was a change from the previous regulation and practice, was not communicated to the Board. The regulation has since been changed to the always-intended practice of allowing the performing of services for consideration as allowed by law. Most of the driver physicals performed were for the bus contracting company, and were mistakenly billed directly to the District instead of to the company for later reimbursement.*

The administration sought bids for computer equipment and accepted the lowest bidder out of six. The fact that the bidder was a relative of a Board member did not factor into the decision.

The Board secretary placed the business name next to the abstention in the minutes. We felt no further clarification was needed.

District policies and procedures need improvement to ensure all district offices operate consistently. In addition, procedures to monitor non-resident tuition could be improved.

A. District officials have not established comprehensive policies or procedures to ensure all district offices operate consistently. As a result, some policies and practices among the various district offices are inconsistent. Examples include:

- Policies for providing teacher appreciation gifts, employee dinners, and flowers for employees and their families on various occasions are not consistent in district offices. Some offices take up a collection for such purchases while other offices use district funds. Such expenditures of district funds may not be a necessary or prudent use of funds.
- Food service employees at some school buildings take inventory at month end of food items on hand while others do not take inventory counts. Maintaining inventory records and taking inventory counts help ensure accountability over such assets.
- Reports submitted to the state to report discipline information are prepared differently by district offices. Errors were noted in reporting in-school suspension occurrences to the state.
- Some offices have written procedures to control the use of the Wal-Mart account cards maintained in each district office while others do not. Detailed written policies and procedures are necessary to provide guidance to employees on the proper use of account cards.

To ensure procedures over various district activities are consistent the district should consider developing district-wide policies. Further, formal policies related to the purchase of flower and gifts are necessary to ensure public funds are expended in a necessary and prudent manner.

B. Procedures to monitor and collect non-resident tuition could be improved. The district allows non-resident students to make partial payments on tuition but does not have a written policy for payment and collection of non-resident tuition. The district does not maintain a listing of tuition payments due from students and does not always take appropriate action when payments are past due. Further, signed payment agreements with the guardians of non-resident students are not required. Based on district records, tuition receivables for the school year ended June 30, 2004 totaled approximately \$47,600 of which \$33,000 was still due in December 2004. While letters have been sent to the individuals who owe money and a court judgment was obtained for approximately \$21,800 of the amount, little follow up action had been taken to pursue collection of the remaining receivables.

A written policy would help clarify tuition payment procedures and provide guidance on maintaining adequate records. Accounts receivable records are necessary to effectively monitor and collect monies owed to the district. Without active and timely pursuit of tuition payments, revenues to the district could be lost. Payment agreements signed by the guardian of the non-resident student formalizes the liability to the district and could aid in the collection of the amounts owed. Proper and timely follow up for amounts due to the district helps to maximize revenue along with providing equitable treatment for those citizens who are paying tuition when due.

- C. District policy and state law allows residency enrollment requirements to be waived for some students. The board approves or denies residency waivers during the closed session portion of their monthly meetings; however, our review noted the discussion and reasons related to approving or disapproving student waivers was not documented.

To document compliance with district policy and state law and ensure consistent treatment of individuals receiving residency waivers, the district should document the reasons for approving or disapproving waivers in the board minutes.

WE RECOMMEND the School Board:

- A. Develop formal district-wide policies to ensure consistent operations in district offices.
- B. Prepare a written policy on payment and collection of non-resident tuition. In addition, maintain adequate accounts receivable records including signed payment agreements and a control ledger. Also, develop procedures to pursue collection of tuition owed the district.
- C. Clearly document the reasons for approving or denying residency waivers in the board minutes.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *The Board of Education and Administration ensure that funds are spent in a prudent manner. Policies will be reviewed as necessary to make practices more consistent from building to building as deemed appropriate.*
- B. *Procedures for tuition paying students were changed before the start of the 2005-06 school year. Parents or guardians must now pay up front, if they want their child to attend on a tuition basis. This has taken care of all problems relating to future tuition students who request attendance on a tuition basis. However, almost \$27,000 of the*

unpaid tuition the district is attempting to collect was from families who had claimed to live in the district but had not. This led to the attempt to collect tuition after the fact, and did not involve any foreknowledge or agreement. Follow-up on past due accounts has been ongoing, with additional possible litigation for fraud pending.

- C. *Hardship waivers are a judgment call by the Board. Each case is different and the hardships involved are maintained on the forms parents have turned in for consideration.*

11. Foundation

A not-for-profit corporation, the Marshfield Public School Foundation (the Foundation), was established in 1994 to provide financial support and assistance for the activities, programs and mission of the Marshfield Public School District and its patrons. The Foundation is administered by four officers and a committee of four members. The President of the Board of Education and the Superintendent serve as ex-officio members. The Foundation receives donations from individuals and organizations for the benefit of the school district, and at December 31, 2004 had net assets totaling approximately \$587,000. Donations received by the Foundation are classified as either unrestricted, restricted, or endowment funds. Unrestricted funds are expendable for any purpose deemed appropriate by the Foundation. Restricted funds are restricted by the donor, grantor, or other outside party for a particular purpose. Endowment funds are subject to the restrictions of gift instruments with the principal and/or income used as specified by the donor.

- A. The Foundation received a donation of 15,000 shares of Wal-Mart Stock in 2001 to be used by the district for the completion of the interior of the Carl and Glessie Young Community Auditorium at the High School. The Foundation subsequently sold 10,000 shares of the stock to assist the school in completion of the interior of the auditorium. Currently, the Foundation is holding 5,000 shares of stock for the district. Although the Superintendent indicated he attends Foundation board meetings, there is no documentation the board performs any monitoring of the Foundation's financial activities, such as reviewing the Foundation's board minutes or financial statements. The district should monitor financial activities of the Foundation to ensure restricted funds are used appropriately and district assets are adequately protected.
- B. The district entered into a ten-year lease agreement in 2004 with the Foundation for use of the gymnasium and other rooms which were part of the former Junior High Building. The leased premises are to be used for the operation of an activity center which generated over \$116,000 in revenues during the year ended December 31, 2004. The lease agreement requires the Foundation to maintain \$100,000 property damage liability insurance; however, the Foundation only maintains \$50,000 of this type of insurance coverage. To adequately safeguard district assets and prevent loss of district monies, the board should ensure adequate insurance coverage is maintained by the Foundation.

WE RECOMMEND the School Board:

- A. More clearly document monitoring activities of the Foundation's assets to ensure district assets are protected.
- B. Develop procedures to ensure the Foundation complies with all terms of the lease agreement and that district assets are adequately insured to protect against potential losses, damage, or liability.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *The Superintendent is the contact for the sale of the Wal-Mart stock, which was donated by Carl and Glessie Young. He has control over its sale price and use as directed by the Board. The Marshfield Schools Foundation actually spent more on the interior of the auditorium than was received from the stock sales, as they attained additional donations to help with the funding.*
- B. *As was documented in April of 2005, the Foundation raised the liability insurance to \$100,000 as soon as it was brought to their attention.*

12. Asset Records and Procedures

Controls over district assets need improvement. The school district has not established a permanent detailed record of the property owned by the district and does not use prenumbered inventory tags to identify fixed asset items as district property. Further, the district did not always properly account for donated assets on a timely basis.

- A. The school district has not established a permanent detailed record of the property owned by the district. The district requires teachers to prepare an annual inventory list of their classrooms; however, there is no permanent property record to compare this to, and a supervisory review of changes in inventory from year to year is not performed. As a result, without these records, the district does not have a reliable record of property owned. Adequate property records are necessary to secure better internal control over property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district.
- B. The district has not tagged or otherwise identified all property items as belonging to the district. Prenumbered tags or other similar devices, when affixed to property items, allow for identification of the property in the records and limit the potential for personal use of school district assets.

- C. The district did not properly account for donated assets on a timely basis. For example, assets valued at over \$8,000 were donated to the district in June 2003 from a local company. Most of the assets were inventoried in August 2004; however, the gift was not acknowledged in the board minutes until March 2005. A dollar value for the donated items used by the Junior High has not been assigned by the district. Further, there is no documentation that cash gifts totaling approximately \$30,000 in 2004 and 2003 from the Marshfield Public School Foundation were acknowledged in the board minutes. District policy requires all gifts over \$250 be acknowledged by the board. This is generally performed during open board meetings and in the board minutes. Proper and timely accounting for donated assets is necessary to secure better internal control over property and provide assurance to the public that donated assets are being utilized by the school district.

WE RECOMMEND the School Board:

- A. Require general fixed asset records be maintained on a current basis.
- B. Ensure prenumbered inventory tags that label each item as “Property of Marshfield R-I School District” are attached to all property and equipment.
- C. Develop procedures to ensure donated assets are properly accounted for by the district.

AIUDITEE'S RESPONSE

The School Board provided the following responses:

A&B. The District prepares its financial statements as recommended by the independent auditor and DESE.

The district will review procedures for identification of equipment and the inventory process.

- C. The District instituted the policy of accepting gifts as a courtesy and a means of publicly thanking entities for their donations. The Foundation asked not to be acknowledged for certain gifts as the donor wished to remain anonymous. As some teachers were unaware of the gift policy, it will be reviewed with all staff.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MARSHFIELD R-I SCHOOL DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Marshfield School District is located approximately 25 miles east of Springfield off of Interstate 44 on Highway 38. It covers approximately 245 square miles within Dallas and Webster Counties.

The district operates a senior high school (grades 9-12), a junior high school (grades 6-8), and three elementary schools (grades K-5). In addition, the district operates an alternative school (grades 9-12) and an early childhood special education program (ages 3-4). Enrollment was approximately 2,985 for the 2003-2004 school year. The district employed approximately 332 full and part-time employees, including 12 administrators, 211 teachers, and 109 support staff.

The Marshfield School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board during the year ended June 30, 2004, were:

School Board	Dates of Service During the Year Ended June 30, 2004
Jo Walker, President (1)	July 2003-June 2004
Patrick Blinzler, Vice President (1) (2)	July 2003-June 2004
Jim Baldwin, Member (2)	July 2003-June 2004
Michele Day, Member (1)	July 2003-June 2004
James Greer, Member (2)	July 2003-June 2004
Dr. Dennis Robinson, Member	July 2003-June 2004
Curt Weaver, Member	April 2004-June 2004
Dr. William Bartow, Member	July 2003-April 2004

(1) In April 2005, Patrick Blinzler replaced Jo Walker as President, and Michele L. Day replaced Patrick Blinzler as Vice President.

(2) In April 2005, Patrick Blinzler was re-elected to the board, and Hoover Case and Steve Rasnick were elected to the board, replacing Jim Baldwin and James Greer.

The district's other principal officials during the year ended June 30, 2004, are identified below. The compensation of these officials is established by the school board.

Other Principal Officials	Dates of Service During the Year Ended June 30, 2004	Compensation Paid for the Year Ended June 30, 2004
Dr. Michael Wutke, Superintendent (3)	July 2003-June 2004	\$ 97,261
Dr. Jim Rich, Assistant Superintendent (4)	July 2003-June 2004	80,653
Jan Hibbs, High School Principal	July 2003-June 2004	76,365
Alan Thomas, Junior High Principal	July 2003-June 2004	69,686
Richard Guyer, Elementary Principal	July 2003-June 2004	63,389
Valerie Willis, Elementary Principal	July 2003-June 2004	64,561
Dr. Anita Lael, Elementary Principal (6)	July 2003-June 2004	62,237
Randall Luebbert, High School Assistant Principal	July 2003-June 2004	64,215
Jack Randolph, High School Assistant Principal (5)	July 2003-June 2004	60,712
Douglas Summers, Junior High School Assistant Principal	July 2003-June 2004	58,751
Robert Currier, Elementary Assistant Principal (6)	July 2003-June 2004	53,380
Cheryl Wrinkle, Director of Special Services	July 2003-June 2004	61,602

- (3) In addition to this base salary, the Superintendent's contract provided for the district to pay insurance premiums for his family totaling \$5,736, and individual term life insurance totaling \$227 for the superintendent. The district provides health insurance and disability insurance to all employees and paid \$2,904 and \$506, respectively, for the Superintendent's benefits. In addition, the district pays employees for a portion of their unused sick leave and the Superintendent was paid \$203 for this benefit. His total compensation for fiscal year 2004 was \$106,837.
- (4) The Assistant Superintendent was paid an additional \$1,500 a year for an annuity benefit in lieu of health insurance and \$6,000 for grant administration duties performed between February and June 2004. His total compensation for fiscal year 2004 was \$88,153.
- (5) The Assistant High School Principal was paid an additional \$6,183 a year for football coaching duties. His total compensation for fiscal year 2004 was \$66,895.
- (6) In July 2005, Robert Currier replaced Dr. Anita Lael and Kim Harmon was hired as the Elementary Assistant Principal.

Assessed valuations and tax rates for 2004 and 2003 were as follows:

	<u>2004</u>	<u>2003</u>
Assessed valuation	\$ <u>123,513,799</u>	<u>117,310,995</u>
Tax rates:		
Incidental	\$ 2.70	2.65
Debt service	.40	.40

On March 31, 2004, the district issued \$9,720,000 in crossover general obligation refunding bonds due in varying annual installments through March 1, 2020. Interest ranges from 3.90 percent to 5.25 percent. These bonds were issued to refund the 1999 series general obligation bonds and refund the 2000 series general obligation bonds. Proceeds from the bond sale were used to purchase government securities to be used to pay interest on the new bonds until the crossover dates.



Claire McCaskill

Missouri State Auditor

October 2005

City of St. Charles, Missouri

Year Ended December 31, 2003



Office Of
Missouri State Auditor
Claire McCaskill

October 2005

The following problems were discovered as a result of an audit conducted by our office of the City of St. Charles, Missouri.

During November 1999, the City of St. Charles purchased property at a cost of approximately \$835,000 with intentions to expand the current police department. The city later decided to build a new police station instead. The purchased property was appraised in April 2002 at \$675,000 and sold in August 2002 for approximately \$500,000. The city did not advertise for bids on this property. The old police station, which had been appraised in April 2002 for approximately \$1.2 million, was sold for approximately \$725,000. The city requested bids from parties that had expressed an interest in this property, but did not advertise for bids. Additionally, the city purchased a showboat for tourism purposes and eventually disposed of the property without receiving any compensation. The city spent approximately \$1.9 million over a 12 year period on this property for acquisition, repair, and maintenance. In 2003, the Council voted to dispose of the property. The city received four proposals from different groups interested in the boat; however, none of these proposals offered the city any money for the boat. These sales were not publicly advertised, nor were proposals formally solicited.

Some expenditures do not appear to be reasonable and prudent uses of public funds and some appear to be donations. Both the Mayor and the City Council have budgeted line items for directives, but there is no city policy stipulating how these funds can be spent. For fiscal year 2003, the Mayor and Council had budgeted directive amounts of \$5,000 and \$54,000 respectively. One example of the mayor's directive expenditures included a sister city reception dinner at a cost of approximately \$1,700. Of this amount, approximately \$500 was for the purchase of alcoholic beverages. Included in the council's directive expenditures was a holiday party for city employees and their spouses at a cost of approximately \$1,900. These expenditures do not appear to be prudent uses of public monies and do not appear necessary to accomplish the mission of the city.

Some grants awarded appear to be donations, including a \$3,000 payment made to a group of local singers; a \$5,000 payment to Habitat for Humanity to display a tree on the city's behalf during their annual three day Celebration of Trees fundraising event; and \$5,000 to Boone Center Inc. to assist in purchasing a van. Numerous other expenditures similar to these were noted in budget categories. To avoid being a donation, the city needs to ensure the monies are used for city provided services and they receive the required documentation from the entity documenting how the monies were spent or the services received by residents of the city of St. Charles.

(over)

YELLOW SHEET

The city has entered into contracts where one or more of the parties have not complied with terms of the agreements. The city does not have a policy regarding contract monitoring nor do the individual contracts specify who should monitor them for compliance. Additionally, the city has not established a policy on who is authorized to approve agreements for the city when an expenditure of city monies is not involved.

The city bypassed their normal bidding procedures for some purchases without fully documenting the "emergency" nature of the purchases, including approximately \$13,000 for the "emergency" purchase of window blinds for the new police department building. Additionally, in 2001, a \$49,500 contract was awarded for a design survey for the 48-inch sanitary sewer replacement project, when three other proposals for less than this had been received. Neither the Board of Public Works nor the City Council minutes documented any reasons for awarding this contract to the higher bidder. Also, several concerns were noted regarding meal and travel expenditures and the lack of adequate supporting documentation for such expenditures.

During the year ended December 31, 2003, the city paid approximately \$417,170 for overtime for the police department. All other city employees are paid overtime for work in excess of 40 hours per week, per city policy, while uniformed police officers are paid overtime for hours in excess of 8 hours per day. City personnel indicated this policy was a result of negotiations with the police association; however, they could not provide any documentation.

The Parks Department does not transmit/deposit receipts in a timely manner, restrictively endorse checks immediately upon receipt, or follow up on outstanding accounts receivables on a timely basis. In addition, the duties of receiving, recording, and depositing monies collected for registration and facility rental payments are not adequately segregated. This department collects monies for activity registration, admission and concessions at the swimming pool, facility rental, cemetery sales, and concession sales at the city parks and sports fields. For the year ended December 31, 2003, overall parks department receipts totaled approximately \$1,517,000.

Also included in the report are recommendations related to revenue allocation and debt, legal fees, cell phones, Boone's Lick corridor plan, fuel purchases, and the transportation development district.

All reports are available on our website: www.auditor.mo.gov

CITY OF ST. CHARLES, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Mayor and members of the City Council
City of St. Charles, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of St. Charles. The city engaged Rubin, Brown, Gornstein & Co. LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 26, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
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Audit Staff:	Carl E. Zilch Jr.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ST.CHARLES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Real Estate and Other Property Transactions
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The city entered into several property transactions resulting in losses to the city due to inadequate planning, no requests for bids, and lack of an overall policy on property transactions.

- During November 1999, the city purchased property at a cost of approximately \$835,000 with intentions to expand the current police department. The city later decided to build a new police station instead of expanding. The purchased property was appraised in April 2002 at \$675,000 and sold in August 2002 for approximately \$500,000. The city did not advertise for bids on this property. After the new police station was built, the old police station, which had been appraised in April 2002 for approximately \$1.2 million, was sold for approximately \$725,000. The city requested bids from parties that had expressed an interest in this property, but did not advertise for bids.
- The city purchased a showboat for tourism purposes and eventually disposed of the property without receiving any compensation. The city spent approximately \$1.9 million over a 12 year period on this property for acquisition, repair, and maintenance. In 2003, the Council voted to dispose of the property. Although the boat did require some repairs, it was insured for approximately \$350,000 at the time of the sale. The city received four proposals from different groups interested in the boat; however, none of these proposals offered the city any money for the boat. The Council eventually selected one of these groups and gave them the property at no cost. The city did not advertise the sale of the property, nor were proposals formally solicited. There was no documentation available to indicate the city sought other money making alternatives for the disposal of the showboat.

The above sales were not publicly advertised, nor were proposals formally solicited. The city should make a reasonable effort to ensure city property is sold at fair value. The city should determine the market value through appraisals or other means, and then advertise the sale of the properties and/or develop a reasonable marketing plan which will assure a reasonable number of interested bidders. A written policy on property purchasing and selling would provide guidance and consistency in the application of procedures.

Article VI, Section 23 of the Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Formal bidding procedures provide a framework for the economic management of city resources and help ensure the city receives fair value by contracting with the best bidders.

WE RECOMMEND the City Council adopt a formal written policy on purchasing and selling property. This policy should address the procedures for property transactions, such as obtaining appraisals and bids.

AUDITEE'S RESPONSE

The City Council agrees that a formal written policy will provide guidance and consistency for transactions involving the purchase or sale of property and will work towards the development of a formal policy outlining when formal bidding is required and when it is necessary to obtain appraisals. The City Council, therefore, passed Ordinance No. 04-187 on July 17, 2004, which requires certain disclosures and assurances from the purchaser of excess City real property and requires that the purchaser not dispose of the property for six months from the date the purchaser takes title. The City Council will consider adopting legislation requiring appraisals on properties to be sold by the City, even though appraisals are not required by State Law.

Background: No formal policy was in place at the time the City agreed to the transactions sited and there was no requirement for the City to obtain appraisals or formal bids. The property sold in August of 2002 was appraised and sold to the St. Charles School District, to be used as an Alternative High School, which program serves the community well by removing troubled youth from the general school population and placing them in an environment which is more advantageous for them, and at the same time benefits the general school population. The City Council did not seek other proposals as the Council felt the community would be well served by cooperating with the school district to assist them in meeting the needs of the St. Charles residents served by them.

The former City Administrator did not formally advertise for bids in a newspaper for the sale of the old police building; however, the former City Administrator did post a sign on the property indicating it was for sale. The former City Administrator recommended to the City Council that bids be requested from those parties who had expressed an interest in acquiring the property. The City Council passed the ordinance approving the sale of the old police building at the Special Council Meeting of March 9, 2004, with a vote of six in favor, and four opposed.

The City did not formally advertise for the sale of the Goldenrod Showboat property. Proposals were solicited from parties that had expressed interest. None of the proposals received offered any money for the sale as all proposers realized the significant investment that was necessary to obtain Coast Guard approval and the annual cost necessary to maintain the showboat. Based on the estimated cost of \$450,000 for the repairs, and a future anticipated hull repair in the amount of \$2 Million, in the opinion of our professional City Staff, and the unanimous opinion of the Mayor and City Council, the cost associated with trying to continue to maintain the Goldenrod and to bring it up to the standards required by the Coast Guard, was not worth any potential resale value.

2.**Mayor/Council Expenditures**

Some expenditures do not appear to be reasonable and prudent uses of public funds and some appear to be donations. Both the Mayor and the City Council have budgeted line items for directives, but there is no city policy stipulating how these funds can be spent. For fiscal year 2003, the Mayor and Council had budgeted directive amounts of \$5,000 and \$54,000 respectively. In addition, the City Council approves grants to various entities and organizations. The Council's budget includes a section entitled "Professional/ Purchased Services – Social Service Agency", which includes these grants. The 2003 revised budget for these expenditures was approved for \$43,000 of which \$42,885 was spent. Also, during fiscal year 2003, the Mayor and each council member had an expense allowance line item on the budget of \$6,500 and \$4,600 respectively.

A. Some of these directive expenditures and expense allowance items appeared to be questionable uses of public monies:

- The mayor's directive expenditures included a sister city reception dinner at a cost of approximately \$1,700. Of this amount, approximately \$500 was for the purchase of alcoholic beverages.
- The council's directive expenditures included a holiday party for city employees and their spouses at a cost of approximately \$1,900.
- An expense allowance item of \$240 was made for six tickets to the St. Charles Sister City Club for their Buergermeister Ball. The tickets indicated that this was a nonrefundable donation. Additionally, four tickets were purchased at a cost of \$200 for the "Tree of Lights" kickoff luncheon.
- The expense allowance included a \$100 payment for a dinner to benefit the Mayor's charities. Additionally, \$200 in entry fees were paid for the Mayor's Annual Charity Golf Tournament and numerous payments were made for memberships to various organizations, such as the Kiwanis Club, Lions Club, Rotary Club, and the Chamber of Commerce and for some meals to attend the meetings of these organizations.
- A \$500 expenditure was noted for a "Christmas Greetings" advertisement placed in a local newspaper. The advertisement noted the council member's name with his Christmas greeting. City personnel indicated that the other council members do something similar to this. Section 115.646, RSMo 2000, prohibits the use of public funds to promote an elected official.

These expenditures do not appear to be prudent uses of public monies and do not appear necessary to accomplish the mission of the city. The city does not have a written policy or other documentation to provide guidance on what are allowable expenditures of these funds. A written policy would provide this guidance and allow for consistent application of the expenditures.

B. Some of the grants awarded also appeared to be donations:

- A \$3,000 payment was made to a group of local singers. Documentation reviewed for this transaction included an "Application for Grants for The Arts Civic Charitable & Neighborhood Groups from the Saint Charles City Council." The grant application notes that amounts were also paid to this group in 1998 and 2001 as well totaling \$5,000. This funding provided for a trip to the White House and general funding for the singing group. The contract required the group to report how these monies were spent; however, the only documentation provided was on subsequent applications for additional funding.
- A payment was made to Habitat for Humanity in the amount of \$5,000. This payment was set-up with a contract whereas the Habitat for Humanity (HH) was to display a tree on the city's behalf during HH's annual three day Celebration of Trees fundraising event.
- The city provided \$5,000 to Boone Center Inc. to assist in purchasing a van. The agreement required the center to provide the city with an accounting of how the funds were actually spent; however, no documentation of this accounting could be provided.

Numerous other expenditures similar to these were noted in these budget categories. Article VI, Section 23, of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual. To avoid being a donation, the city needs to ensure the monies are used for city provided services and they receive the required documentation from the entity documenting how the monies were spent or the services received by residents of the city of St. Charles.

WE RECOMMEND the City Council:

- A. Ensure expenditures made with public monies are reasonable and prudent uses of those funds. Adopt a policy or ordinance outlining the types of expenditures that are allowable with monies budgeted as directives.
- B. Refrain from granting or donating public monies as prohibited by the State Constitution. In addition, the City Council should ensure the city receives the documentation from the recipients of these monies as required by their agreement.

AUDITEE'S RESPONSE

Section 3.5 of the City Charter contains the following language with regards to expense accounts: "Councilmembers shall also receive their actual and necessary expenses incurred in the performance of their duties of office as provided by ordinance." We believe that we are following State Law with regard to our expenditures to local charitable agencies, social service agencies, cultural groups and cultural events because we require a contract to be signed with the City which specifies the benefit to the local community. In addition, these groups provide beneficial services to the local community often times when State funding has been cut.

Background: The City Council has traditionally held a Holiday Party for City employees and one guest as adopted by Management Policy No 18. With reference to the expenditures to local groups, the Mayor and City Council are expected to make official presentations and be part of official ceremonies for various events, and often these require the payment of a ticket for admission. The Mayor and City Council feel that being active in the community is important to the role of elected public officials.

AUDITOR'S COMMENT

While the city may require agreements to be signed, there has not been adequate follow-up on these contracts to ensure the documentation required by the agreements is received.

3. Contracts

The city does not have a policy regarding contract monitoring or establishing who is authorized to sign agreements for the city when an expenditure of city monies is not involved.

A. The city has entered into contracts where one or more of the parties have not complied with terms of the agreements. The city does not have a policy regarding contract monitoring nor do the individual contracts specify who should monitor them for compliance. During a review of contracts between the city and other entities, the following concerns were noted:

- The city leased the Goldenrod Showboat to several different vendors to manage the operations of the boat. Although each of these agreements was unique, all required some type of monetary compensation to the city. In most cases, the agreements were written to provide some type of monthly rental payments, percentages of gross sales, an amount based on attendance, or a combination of two or more of these terms. The city has no records to indicate monies were received on the final contract during the time it was in place, and city personnel indicated any receipts in prior years were minimal. Since the required attendance and sales reports were not filed with the city, it cannot be determined how much is owed to the

city from these vendors. The city has not developed procedures to properly monitor these types of contracts.

- The city entered into a management contract for a vendor to operate and manage the Foundry Arts Center. The contract required the Center's Manager to submit to the city, in a timely manner, financial and other reports detailing the Center's activities, a proposed annual operating budget, and 50% of all operating profits. The contract also required the vendor to comply with the city's competitive bidding procedures for the renovation of the Foundry Arts Center. As of July 19, 2004, the Center's Manager had not submitted a budget to the city, although the Center had opened in May 2004. In addition, bids were not obtained for the renovations as required by city policy. There was no documentation to indicate the city had followed up on these issues to ensure compliance with the contract.

A written policy would provide guidance on how individual contracts should be monitored and details included in the contract document would identify the party or parties responsible for monitoring each specific contract.

- B. The city has not established a policy on who is authorized to approve agreements for the city when an expenditure of city monies is not involved. In May 2004, the Mayor signed an agreement establishing the benefits for the employee prescription plan for a term of three years. City documents indicate the Assistant City Attorney had reviewed this document prior to it being signed and that the City Council's approval would not be required for this type of agreement because it is not a procurement of goods or services. In early 2005, the City Council voted to change the city's health insurance plan and the companies used for their plan, which would affect this agreement. Apparently, the City Council was not aware of the agreement with the company for prescription services at that time and a copy had not been filed with the City Clerk.

The City Attorney indicated this was not a contract; however, the company has now asked for \$200,000 for the early termination of this agreement. Section 40.23 of the city's procurement policy indicates that "no contract for the provision of any services, materials, supplies, or equipment shall be extended for a period in excess of one year without the opportunity for public bidding or a request for proposals, unless the extension is approved by the Mayor and City Council by ordinance".

The city should develop approval policies and procedures for similar agreements which may obligate the city without being a procurement of goods and services to avoid any future misunderstandings or problems.

WE RECOMMEND the City Council:

- A. Develop a policy on contract monitoring or specify who should monitor for compliance in each individual contract to ensure terms and conditions are met.
- B. Develop a policy on approval and filing of agreements signed by the mayor, which are not a procurement of goods and services.

AUDITEE'S RESPONSE

- A. *The City Council agrees that contracts should be monitored for compliance with the terms and conditions.*
- B. *The City agrees and had already developed and approved a policy prior to the audit. The City Council conducted its own independent review and will be making recommendations. The City Administration has voluntarily adopted a new policy to require the approval of appropriate staff for contracts which are not for purchase of goods or services, therefore, it is not anticipated that this situation will occur again.*

Background: Each department is responsible for all contracts within their purview. The City no longer owns the Goldenrod. The Foundry Contract is being administered by Administration and they have now received all the information required under the terms of the agreement.

4. Expenditures

The city did not adequately document why some purchases were deemed to be an emergency, did not maintain documentation of reasons for not selecting the low bid, and did not solicit proposals for some legal services. In addition, several concerns were noted regarding meal and travel expenditures. Also, some payments were processed without a sufficiently detailed invoice or other adequate supporting documentation.

- A. The city bypassed their normal bidding procedures for some purchases without fully documenting the "emergency" nature of the purchases, did not maintain documentation of reasons for not selecting the low bid, and did not solicit proposals for some legal services.
 - 1) Approximately \$13,000 was paid for the "emergency" purchase of window blinds for the new police department building, and approximately \$2,700 was paid for the "emergency" purchase of a light kit for a flag pole. There was no documentation of why these purchases constituted an "emergency". Without proper review of emergency purchases and documentation of the reasons for the purchases, the city could be paying more than necessary for products or services when there is no emergency.

- 2) In 2001, a \$49,500 contract was awarded for a design survey for the 48-inch sanitary sewer replacement project, when three other proposals for less than this had been received. Neither the Board of Public Works minutes nor the City Council minutes contained any discussion or documented any reasons for awarding this contract to the higher bidder.

In situations where a bid other than the lowest bid or other than the highest ranked proposal is selected, the reasons for the contract award should be adequately documented and retained.

- 3) Proposals are not solicited for some legal services. In 2004, the city contracted for legal services for Special Counsel (see MAR 6) and for a Prosecuting Attorney, and in 2005, they contracted for legal services in an election contest matter. Proposals were solicited for the Prosecuting Attorney, but not for the other two contracts reviewed. There was no documentation indicating why proposals were not solicited for the Special Counsel, and the procurement exemption form for the 2005 contract did not thoroughly document the reason for the exemption. The form simply stated "legal services".

The city's procurement policies for professional services require the solicitation of proposals for professional services. Additionally, Administrative Regulation 8.1.8 exempts legal services provided by attorneys from these procurement requirements upon approval of the City Administrator. This regulation requires any department director seeking to exempt a services procurement to submit a request in writing to the City Administrator describing the reasons why it should be exempt.

In July 2004, the City Council passed ordinance 04-195 giving the City Council exclusive authority, as it deems necessary, to employ, hire and contract for the legal services of all attorneys for the city.

While professional services, such as attorneys may not be subject to the standard bidding procedures, the city should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. If the city determines procurement of legal services should be exempt, the reasons should be thoroughly documented.

B. A review of meal and travel expenditures noted the following concerns:

- 1) There were several instances where alcohol was purchased. The city's policy on travel does not allow for the reimbursement for alcohol; however, city personnel indicated these meal reimbursements were for entertainment not city travel and that alcohol expenses are allowed for

entertainment. The city does not have a policy defining entertainment expenses or noting the types of expenses allowed. Without a written policy, the city cannot adequately monitor these types of expenses.

Additionally, the city does not budget meal and travel expenditures related to entertainment separately. Without a separate budget line item for entertainment expenses, the council cannot adequately monitor the amount spent in this area.

- 2) Meal expenditures made by credit card do not always provide adequate detail of what was purchased. We noted several instances where detailed vendor receipts did not accompany credit card billings or the receipts themselves did not provide adequate detail to determine what was purchased. For example, one receipt submitted simply showed the name of the restaurant and the total charged of approximately \$400, for a dinner meeting for four people. A detail of each purchase is necessary for the reviewer to make the appropriate determination of approving or denying the transaction.
- 3) The city's Convention and Visitor's Bureau (CVB) director does not document the planned travel for the upcoming year or the benefit to the city of the trips taken in his annual budget request. Approximately \$14,000 was paid for the CVB Director's travel during the year ended December 31, 2003. From our review of expenditures, several out of state trips are made for various marketing type activities during the year. The Council should require departments with large travel budgets to develop a plan of the trips to be made during the fiscal year. This plan should include the reasoning for each trip and the economic benefits of such to the city. Pre-planning would allow other city officials and the council to review the benefits and necessity of the trip when reviewing the budget request, and provide input on each specific trip. The plan would also allow for more precise cost budgeting for the trips planned.
- 4) The city has a policy requiring the selection of the most economical means of travel available for trips to conduct city business. The city rented an airplane on two different occasions for meetings held in Springfield, Missouri, which was not the most economical mode of travel. The city paid approximately \$1,100 for these flights. One trip was taken by the CVB Director and the other was taken by the Mayor and the CVB Director. While reasoning may have existed for using a more expensive mode of travel, the city did not document this information.
- 5) The city has a separate travel policy for elected officials; however, this policy does not have a set limit on the amount reimbursable for meals. Elected officials submit receipts for meals and are reimbursed the full amount upon approval by the finance director. During the year ended

December 31, 2003, one official received reimbursement of \$86 for a meal for two, and a second official was reimbursed \$221 for a meal for which the number of meals was not clearly indicated. Without set limits on the amount of reimbursement, unreasonable meal expenditures may be incurred.

- C. Some payments to one firm were processed without a sufficiently detailed invoice or other adequate supporting documentation. During the year ended December 31, 2003, the city paid approximately \$50,000 to one firm for professional services. The original proposal from this firm indicated hourly rates to be charged for the various types of jobs to be provided; however, the invoices do not show the number of hours worked or the hourly rates. The invoices submitted for payment simply list the project, give a brief description of the various tasks, and list the total due.

To ensure the validity and propriety of the expenditures approved for payment, adequate supporting documentation should be obtained prior to payment. Invoices for professional services should include a detailed list of tasks along with the time spent on each task and the hourly rate for each task. Without a detailed invoice, the city cannot ensure they are being billed at the proper amount or for a reasonable amount of time for the various tasks.

WE RECOMMEND the City Council:

- A.1. Provide better documentation of why an emergency purchase is needed and use the emergency purchase provision of the city's purchasing policy as intended and not for poor planning reasons.
2. Ensure reasons for not selecting the low bid or most highly ranked proposal are documented and retained.
3. Ensure procurement policies are consistently applied for legal services and reasons for exemption from the procurement policy are thoroughly documented.
- B.1. Develop a written policy defining entertainment expenses and budget those expenses separately so the amount and types of expenditures in this area can be monitored as needed.
2. Ensure expenditures made by credit card are backed by adequate detail of what was purchased and the purpose of the purchase.
3. Require departments to provide an annual travel plan with their budget request.
4. Ensure the most economical methods of travel are selected as required per city policy or document the reasoning for selecting a more expensive means.

5. Develop maximum reimbursable amounts for meal reimbursements to elected officials.
- C. Obtain adequate supporting documentation for all expenditures.

AUDITEE'S RESPONSE

- A.1. *The City Council agrees that the reasons for an emergency purchase should be adequately documented.*

Background: Construction of the new police facility took several months longer to complete than anticipated. Substantial completion and approval for occupancy was received with little advance notice. This allowed little time to coordinate the installation of department provided furniture, fixtures and equipment (one of many such items being blinds). The earliest possible move date was established based on the availability to transfer all major components of the move (i.e. telephone systems, computer systems, data circuits, radio system, and all other necessary fixtures and furniture) to the new facility. Blinds were the only item that could not be acquired and installed to meet the move date without an emergency purchase. The City Administrator waived the need to formally advertise for bids to shorten the time frame. The City Administrator still required three written quotes for the purchase and installation of these blinds. The use of the emergency process allowed the City Administrator to authorize the purchase and allow the move to the new facility as scheduled. The reasons should have been documented better.

The emergency purchase of the light beacon kit was necessary to install a light on the radio tower at Fox Hill Park because the FCC required the installation within 15 days.

- A.2. *The City accepts bids on the basis of the “lowest and best” bid, and the City places great emphasis on choosing the “best” bid. Since there is no State Law or City Ordinance requiring that the lowest bid be accepted, the City reserves the right to reject any or all bids. There are a variety of reasons why certain bids may be rejected, which could include past relationship with the City or past contract performance, which information may not be appropriate to publicly announce as a criticism of a private firm.*
- A.3. *The City Council agrees that the reason for exempting legal services from the procurement policies should be documented. However, since Administrative Regulation 8.1.8 exempts legal services provided by attorneys from these procurement requirements for professional services upon approval of the City Administrator; and since the City Administrator works for the Mayor and City Council, it is within the purview of the City Council to also be exempt from the procurement requirements for those services hired by the City Council. Section 7.8 of the City Charter states that the City Council shall have the power to employ special legal counsel as it deems necessary.*

Background: In the past, the Council and staff would exercise judgment as to whether it was in the City’s best interest to utilize a procurement process depending on the nature of the legal services to be provided. These decisions were not formally documented.

- B.1. The City Council agrees that a formal written policy regarding entertainment expenses should be developed.*

Background: While the City does not currently have a formal written policy, no reimbursements for alcohol purchases have been allowed except for authorized entertainment expenses.

- B.2. The City Council agrees that expenditures made by credit card should contain the detail of the expenditures incurred. The City will pass rules requiring the details of meal expenditures.*

Background: The expenditure referenced in the audit report was incurred by the former Director of Convention & Visitors Bureau.

- B.3. The City Council, along with the Convention & Visitors Bureau Commissioners and City Administrator will request and review the annual travel plans for the CVB Director and staff. The City Council passed Ordinance 05-72 to reorganize the Convention & Visitors Commission, placing the City Administrator on the Commission to assist in oversight; and the Commission is in the process of reviewing the annual budget, and will look at the annual travel budget specifically. During the year revisions to the plan may be made so long as the City Administrator approves the travel requested.*

Background: The Director of the Bureau actively participates in the Bureau's selling efforts. Some of the travel relates to sales missions, marketplaces, bid presentations or tradeshow. The Bureau Director also travels to industry related events which concern the operation of a convention center, research, media, marketing, etc. The travel is generally outlined in the budget request each year and then individual travel is submitted for approval by the City Administrator at least 21 days in advance of the travel. This form outlines travel dates and anticipated expenses.

- B.4. The City Council agrees that the most economical method of travel is selected and also agrees that adequate documentation to support selected mode of transportation should exist.*

Background: In the cases cited by the State Audit, the overall cost was less expensive. On February 1, 2002, the Mayor, Tourism Director, City Administrator and Chairman of the St. Charles County Convention and Sports Facilities Authority (the Authority) all flew on a small aircraft to Springfield, MO for a meeting with John Q. Hammons. At the time, we were in negotiations with Mr. Hammons regarding our convention center and his hotel. The total cost of the flight for four people on February 1, 2002, was \$524.42, which was less than flying commercially at approximately \$600 per person, or driving (which would include costs for hotel and meals). The total cost of the flight for four people on October 22, 2002, was \$547.24, which was again less than traveling by other methods.

- B.5. *Section 3.5 of the City Charter provides: "Councilmembers shall also receive their actual and necessary expenses incurred in the performance of their duties of office as provided by ordinance." It is also noted that meal costs vary, especially on out of town travel. The City Council now requires each elected official to provide the following certification: "I certify that the information submitted above is true and correct and that the expenses have been actually and necessarily incurred in the performance of the official business of the City. I understand that any request for reimbursement made without adequate documentation to determine compliance with federal tax law requirements shall be reported to the Internal Revenue Service in the manner required by law and all appropriate withholdings of taxes shall be made as required by law."*
- C. *The City Council agrees that billings from vendors should include the information required in the contract and should be in the unit proposed. Vendors will be required to submit detailed invoices prior to departments approving them for payment.*

Background: *Payment of the most recent invoices which have been submitted by Hartman Design Group has been held until documentation of the hourly breakdown is provided.*

5.	Revenue Allocation and Debt
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The City has not followed the guidelines established by the City Council for the allocation of gaming revenues. In addition, the city does not have a debt policy although their financial obligations have risen significantly over the last several years to a level higher than that of similar sized cities due in large part to the use of leasehold revenue bonds and certificates of participation (COPS).

- A. The City received approximately \$16.5 million, \$15.3 million, and \$14.5 million, in gaming revenues during the years ended December, 31, 2004, 2003, and 2002, respectively. In August 1995, the City Council passed resolution R95-24, establishing general guidelines to assist it in considering the allocation of revenue from the operation of the gambling riverboat within the city. This resolution established guidelines as documented in the chart below; however, during the past years, gaming revenues have been allocated differently. A comparison of the guidelines and the allocations follows:

	<u>2004</u>		<u>2003</u>		<u>2002</u>		<u>1995</u> <u>Guidelines</u>	
General	40.5	%	43.5	%	28.2	%	0	%
Redevelopment	13.8		9.5		12.4		15.0	
Streets	23.1		24.1		31.4		20.0	
Facilities	8.7		14.4		16.8		20.0	
Stormwater	13.6		8.5		11.2		25.0	
Reserve	0.3		0		0		20.0	

The City has not followed the guidelines established in 1995 and has allocated an increasingly significant portion of the gaming monies to the General Fund each year and nothing to the Utility and Gaming Reserve until 2004.

In February 2003, the City Council passed resolution R03-2, revising the general guidelines. This resolution indicated the City Council had approved a capital plan for the years 2003 thru 2008, which included commitment of some gaming revenues to these projects, thus the new guidelines would not take effect until calendar year 2009. The new resolution establishes the following guidelines: General Fund (continue to provide the funding necessary to maintain the level of service provided on the effective date of this Resolution), with the remaining gaming funds to be allocated: Streets - 30 percent, Facilities - 25 percent, Redevelopment - 20 percent, Stormwater Control - 15 percent, and Reserve - 10 percent.

It appears the City has made some effort in 2004 to work toward the new guidelines in allocating at least a portion of these monies to the reserve. The Utility and Gaming Reserve would aid the city in the event of unforeseen financial problems, changes in gaming laws, etc. A reserve would allow the city some time to develop other revenue alternatives, such as passage of a sales tax, if something were to happen to the gambling facility or state laws change effecting these revenues. The City should continue in their effort to follow the new guidelines established and strive to increase the reserve fund, especially with the increasing amount of debt noted below.

- B. The city does not have a debt policy; however, the city's financial obligations have risen significantly over the last several years to a level higher than that of similar sized cities due in large part to the use of leasehold revenue bonds and certificates of participation (COPS). Leasehold revenue bonds and COPS are methods of financing a capital project whereby a tax-exempt corporation is formed (leasehold revenue bonds), sells interests (certificates of participation) in the capital project or revenue bonds, leases the project to a local government, and repays the certificates/bonds with the lease payments. After the certificates/bonds have been repaid, the local government typically has the option to purchase at a minimal amount the capital project it has been leasing. Leasehold revenue bonds and COPS are not required to be approved by the city voters.

From 1999 to 2003, the overall financial liability of the city (excluding TIF bonds) has increased approximately 115 percent from \$59 million to \$127 million. Over this same time period, the city's population increased approximately 3 percent. These changes have led to an increased level of liabilities per capita over this five year period. A large portion of the city's debt is leasehold revenue bonds (\$77,050,000) and COPS (\$31,600,000). The city does not include these types of debts in their calculation of debt per capita. If these liabilities are included in the calculation, debt per capita is \$2,080. The following chart shows St. Charles compared to other similar cities within the state for 2003:

<u>City</u>	<u>Long Term Liabilities (in millions)</u>	<u>U.S. Census Bureau Population Estimate for 2003</u>	<u>Total Liabilities per Capita</u>
St. Charles	\$127.3	61,402	\$2,073
O'Fallon	152.3	63,715	2,390
St. Peters	63.8	53,564	1,191
Columbia	138.6	88,593	1,564
Lee's Summit	78.0	76,840	1,015

The city should develop a debt policy which ensures leasehold revenue bonds and COPS are included with other debt in monitoring the various debt ratios which would help ensure the city is maintaining adequate financial stability. In addition, the policy should ensure the city is carefully considering the method of repayment for new debt and increased reliance on the gaming monies.

WE RECOMMEND the City Council:

- A. Continue to work towards meeting the established guidelines for the allocation of gaming revenues and the build up of the reserve fund.
- B. Develop a debt policy to ensure leasehold revenue bonds, COPS, and other debt are included when monitoring the overall financial obligations of the city.

AUDITEE'S RESPONSE

- A. *The State Auditor is referencing a decision by past City Council to establish this policy, and the current City Council determined that the use of the funds was in the best interest of the City. In accordance with the City Charter, all policy decisions of the City are made by the City Council currently in office, therefore the current policy precludes any previous policies, and therefore it is not applicable. The Council does this annually when it reviews the Capital Improvements Plan and the Annual Operating Budget.*

Background: The gaming facility has been a part of the community for over 11 years, and while we should still be cautious regarding the use of these funds, the Council is concerned with limiting long term commitments made from gaming and having adequate levels of reserves to back these commitments. This was reflected in the action taken by the City Council in adoption of the last Capital Improvement Plan. Due to our 11 year history with gaming, and the fact that it has grown and prospered in Missouri, we are less concerned with the prospects of the boat leaving the City of St. Charles, than the larger threat to the continuation of the gaming funds by changes which the State Legislation may make to reduce or redirect those funds. Council will work towards revising the guidelines to reflect the current plans for the use of these funds.

- B. *The City Council agrees that a formal debt policy should be developed. The policy will provide a tool for debt management and help ensure we issue debt in a prudent manner to maintain our bond rating of Aa3. Comparison with other cities is not appropriate because the City of St. Charles is a full service city (police protection, fire protection, water, and sewer), whereas some of the other cities which were used for comparison purposes are not.*

Background: It should be noted that in October, 2003 when the City issued \$29,255,000 in COPS for the Convention Center Project, our general obligation rating was increased from A1 to Aa3. The upgrade reflects a growing tax base with continued development expected, consistent sound financial operations supported by reserves and a moderate debt level. That bond rating was reconfirmed in May, 2004 and again in August, 2004 by Moodys. This project is a partnership with the State of Missouri, through the Governor's appointment of the St. Charles Convention & Sports Facility Authority (Authority). The primary source of repayment of the debt is the Authority's tax. Taking out the one component (Convention Center) which is paid by others drops the Total Liabilities per Capita from \$2,080 to \$1,596.

6. Legal Fees

The City Council has hired a special counsel on a regular basis. In addition, the city's contract with the special counsel does not clearly differentiate between his duties and those of the City Attorney.

Article VII, Section 7.8 of the city charter indicates the "city council shall have the power to employ special counsel as it deems necessary". In the past, special counsel was hired only for unusual litigation, etc., as needed. However, in June 2004, the City Council voted to contract with an attorney to serve as their special counsel on a regular basis. The contract indicates the attorney is to be paid a monthly retainer and additional hourly compensation for additional services. The contract defines retainer services as attendance and representation at not less than three meetings of the City Council per month, rendering informal legal opinions, and receiving phone calls regarding ordinances to be presented at Council meetings. Additional services are defined as attendance at meetings, beyond those included in the retainer services, research and preparation of any opinion, negotiations and drafting of contract, and representation of the City Council in any investigation, Court or Administrative proceeding.

The city has a full time City Attorney whose duties are documented in the Article VII, Section 7.7 of the city charter as follows: represent the city in all legal matters in which it is a party, or is interested, advise the Council, any committee or member thereof, the mayor, the city administrator, department heads, and the boards and commissions concerning any legal questions affecting the city's interest, perform other legal services as may be requested by the council, prosecute and defend all actions originating or pending before the municipal court. The city contracts with another attorney for prosecution services.

During the year ended December 31, 2004, the city paid the following legal fees:

<u>Type of Service</u>	<u>Amount Paid</u>
City Attorney	\$110,270
Assistant City Attorney	81,780
Special Counsel	17,500
Prosecuting Attorney	37,871
Special litigation	32,680

Currently, the City Attorney and the Special Counsel both attend most city council meetings, write legal opinions, etc., which would appear to be a duplication of services. It is not clear which duties would apply to the City Attorney versus the Special Counsel or whose opinion would take precedence, since these duties would appear to overlap. For example, in 2005, the City Attorney and the Special Counsel issued opinions regarding the approval of line item budget transfers with opposite conclusions. Currently and for more than 12 years, the Mayor has approved line item transfers within a department, which complies with administrative regulation 8.1.3. In April 2005, the Special Counsel issued an opinion, at the request of Council members, concluding that the City Council must approve all budget transfers over \$1,000 in compliance with city Ordinance 39.04. In May 2005, the City Attorney issued a legal opinion concluding the Mayor could transfer part or all of any unencumbered appropriation balance amount programs within a department, office, or agency as allowed by the city Charter, Section 8.10, and these transfers do not require council approval.

The city needs to review the need for a special counsel on a regular basis and ensure any duties are not duplicated

WE RECOMMEND the City Council review the need for a special council on a regular basis and ensure any duties are not duplicated.

AUDITEE'S RESPONSE

The City Council reevaluates the need for special council when it votes to enter into or renew a contract for said services. The City Council does not believe the services are duplicated.

***Background:** Legal services are paid out of several different areas of the budget by necessity. With regard to the cost for litigation to defend the City from lawsuits, it is a difficult number to determine from year to year because it is driven by the number of individuals which bring actions against the City; and it is the City Council's responsibility to defend those lawsuits, and to protect the City taxpayer dollars by defending those lawsuits. In the case of the Special Counsel, the City Council acted under Section 7.8 of the City Charter which states that the City Council shall have the power to employ special legal counsel as it deems necessary. The City Council felt that it was necessary as the City Attorney must serve many people in City Government, including the Mayor and City Administrator; and answers questions from Department Directors, and members of Boards/Commissions as required; and the City Council*

felt that it wanted to have legal services and counsel from a legal professional for itself, therefore there is not a duplication in that regard. On occasion it is better to have two legal opinions on certain issues, and to the extent that those legal opinions sometime differ, it alerts the City Council to potential questions that we need to resolve further before taking action. The City Council also felt that it was not adding a tremendous expense, because at the same time that the Special Counsel was hired, the Assistant City Attorney left the employment of the City, which was an \$81,780 cost for the year 2004. While there were costs associated with paying out the position, the position of Assistant City Attorney has not been filled by the current City Council.

7.

Police Department Overtime

The city does not have a written policy or ordinance regarding how overtime is awarded or paid to police personnel. During the year ended December 31, 2003, the city paid approximately \$417,170 for overtime for the police department. All other city employees are paid overtime for work in excess of 40 hours per week, per city policy, while uniformed police officers are paid overtime for hours in excess of 8 hours per day. City personnel indicated this policy was a result of negotiations with the police association; however, they could not provide any documentation. The police department overtime policy clearly provides a benefit exceeding the city's policy for other city employees. While the city has the option of approving guidelines that provide a greater benefit, they should review the necessity and cost of providing such. A written policy or ordinance would provide clear guidelines for staff regarding the earning, accrual, and payout of overtime.

WE RECOMMEND the City Council develop a written policy or ordinance outlining how overtime is earned and paid out to police personnel and review the necessity of the benefit afforded the police personnel which exceeds that provided to other city employees.

AUDITEE'S RESPONSE

The City Council agrees that we should adopt a formal policy or regulation regarding the application of overtime compensation for affected police department employees.

8.

Cell Phones

The city does not have a formal policy regarding cellular phone usage or guidelines to determine whether a cellular phone is needed or beneficial to the city. Monthly cellular phone expenses were approximately \$7,300 for the city's 164 cellular phones during 2003. Although cellular bills are reviewed by each department, lack of a usage policy can lead to excessive and unallowable usage.

While cellular phones can help increase employee productivity, they are also costly. A policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the council authorizes the phone to be used for personal purposes. Effective procedures should be implemented to monitor cellular phone usage and review invoices for propriety.

WE RECOMMEND the City Council develop a policy regarding the use of cellular phones, which includes procedures to monitor their use and to periodically assess which employees need a cellular phone.

AUDITEE'S RESPONSE

The City Council agrees; however, a cell phone policy was drafted prior to receiving this recommendation from the State Auditor. The policy was approved in October, 2004.

9.

Boone's Lick Corridor Plan

Although completed April 30, 2004, grant reimbursement requests for phase 1 and 2 of the Boone's Lick Corridor street project totaling approximately \$569,000 and \$194,000 respectively were not submitted to the grantor agency until October 16, 2004, and January 5, 2005, respectively. City personnel indicated the reimbursement claims were originally held due to a contract dispute regarding the quality of the asphalt. Untimely reimbursement requests may result in delays or total loss of project funds allocated.

WE RECOMMEND the City Council ensure grant reimbursement requests are filed in a timely manner.

AUDITEE'S RESPONSE

City Council agrees that grant reimbursement requests should be filed in a timely manner. The Director of Finance will develop a procedure for departments to periodically report the status of various grant projects and reimbursement requests.

10.

Fuel Purchases

Discrepancies or problems noted during periodic reviews of fuel purchases are not adequately documented. City personnel indicated fuel purchases are monitored from reports provided by the fuel vendor which includes the vehicle mileage and amounts purchased for each vehicle. These reports are reviewed for inconsistencies including missing amounts, large purchases, or other problems. If a problem is noted the person responsible for the vehicle is notified, in most cases by e-mail. Copies of these

notifications are not maintained and are not followed up on to ensure compliance and there is nothing noted on the report to indicate which problems were reviewed.

The report for October 14 thru November 11, 2003, had several inconsistencies, i.e. no vehicle mileage was noted, the vehicle mileage decreased on two vehicles, the same mileage was entered for a vehicle three times, and miles per gallon fluctuated significantly for some vehicles and among the various vehicles. There was no documentation available to indicate the police department personnel had noted these inconsistencies or followed up on them. Additionally, odometer readings recorded on these reports are not periodically compared to the actual odometer in the vehicle. Inadequate documentation of problems noted, no subsequent follow-up of the problems, and a lack of comparison to the actual odometer readings can potentially lead to fraud, abuse, and higher costs to the city.

WE RECOMMEND the City Council develop procedures for adequately documenting the review of fuel purchases and periodically compare the reported vehicle mileage to the actual amount per the odometer.

AUDITEE'S RESPONSE

The City Council agrees that a policy should be developed establishing procedures for documenting fuel purchases.

Background: Council understands that this comment stems from issues resulting from the review of fuel purchases at the police department. The police department agrees that the process of validating monthly fuel logs and documenting actual vehicle mileages can be improved. The department will be documenting that monthly fuel reports are checked against actual vehicle mileages. Procedurally, this will be accomplished by sending a copy of the monthly fuel report to the fleet mechanic that will check the report against actual vehicle mileages. Fleet mechanics will sign the monthly reports indicating appropriate mileages. Fleet mechanics will report any significant mileage deviations to management for further review/investigation. Documentation of electronic mail sent to employees regarding fuel reports will also be maintained with the monthly report.

11. Transportation Development District
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The city did not estimate their administrative costs to collect and deposit the sales tax revenues for the Transportation Development District (TDD) prior to establishing the fee for these duties. In addition, city personnel indicated they did not plan to track the costs. The city has entered into an intergovernmental agreement with the TDD to collect and deposit the TDD sales taxes for a fee of 1% of the amount collected. Section 238.233, RSMo, indicates the city "after deducting the cost of such collection but not to exceed one percent of the total amount collected" shall turn the funds collected over to the district.

A formal study should be conducted to document the costs of the service. The administrative fee charged to the TDD sales tax should be set at a level sufficient to cover the cost of the service and not exceed the actual administrative cost or 1% of the amounts collected.

WE RECOMMEND the City Council review the city's cost of administering the collection of TDD sales tax to ensure compliance with state law.

AUDITEE'S RESPONSE

The City Council is aware that staff has not formally documented the cost involved in administering the activities of the TDD. However, City staff has informed council that we have only received administrative fees of \$4,935 in 2003 and \$5,394 in 2004. Council understands that due to the insignificant amount received, it is not necessary to expend additional staff resources to formally calculate actual costs of the finance, public works, legal and administration staff time.

12. Parks and Recreation

The Parks Department does not transmit/deposit receipts in a timely manner, restrictively endorse checks immediately upon receipt, or follow up on outstanding accounts receivables on a timely basis. In addition, the duties of receiving, recording, and depositing monies collected for registrations and facility rental payments are not adequately segregated. This department collects monies for activity registrations, admissions and concessions at the swimming pool, facility rental, cemetery sales, and concession sales at the city parks and sports fields. For the year ended December 31, 2003, overall parks department receipts totaled approximately \$1,517,000.

The Parks Department is under the control of the Parks and Recreations Board per the city charter. A review of accounting controls and related procedures revealed the following:

- A. The duties of receiving, recording, and depositing monies collected by the parks department for registrations and facility rental payments are not adequately segregated. Several clerks have the capacity to receive and record payments; however, one clerk can receive, record, and deposit payments. Parks personnel indicated a supervisor reviews this work; however, this review was not documented. The Finance Department prepares the bank reconciliation. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded.
- B. Receipts are not always transmitted/deposited in a timely manner. In one example, \$1,736 deposited on September 4, 2003, was composed of concession receipts collected on August 30, 2003. Other receipts were noted which were

deposited 3-5 days after collection. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

- C. Checks are not restrictively endorsed until deposits are prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. The Parks Department does not follow-up on outstanding accounts receivables in a timely manner. The Parks Department bills various sports leagues for the use of the lights at night games in various parks. Cash receipts from light usage totaled approximately \$12,000 and \$18,000 for fiscal years 2003 and 2002, respectively. From our review we noted approximately \$4,900 billed in 2003 which remained uncollected as of June 2004. It did not appear the Parks Department was aware of this until we questioned why there was a fluctuation in revenues between the years reviewed. Without adequate follow-up on accounts receivables, the city could be losing amounts due for services provided.

WE RECOMMEND the Parks Department:

- A. Adequately segregate the collection, recording, and depositing functions for receipts received through the parks department office.
- B. Ensure deposits are made daily or when receipts exceed \$100.
- C. Restrictively endorse checks "For Deposit Only" immediately upon receipt.
- D. Ensure outstanding accounts receivables are properly followed up on in a timely manner.

AUDITEE'S RESPONSE

It should be noted that the City Charter was amended by a vote of the public in April 2001, to place certain powers under the St. Charles Parks & Recreation Board. Therefore, the following response was provided by the St. Charles Parks & Recreation Board rather than by the City Council.

The Saint Charles Parks and Recreation Department has many established procedures in place to safeguard our revenues for accountability in all areas. Maintaining a good checks and balance system is of the utmost importance to everyone within our Department and we review our financial procedures frequently to ensure our own high standards are being met. Our incoming revenue for the 2003 fiscal year that funneled through our accountability procedures totaled \$1,517,284 with a method of payment as follows: \$646,513.53 checks, \$281,457.84 credit cards and \$589,312.63 cash. This revenue was generated through pools, activity registration, admissions, and concessions. Some of the auditor's recommendations were formality, but all recommendations were implemented immediately.

- A. *The Administration Office has four staff persons who reserve facilities and register recreation participants. Two staff members are full-time and two staff members are part-time. When the part-time staff is not working, the office is busy with customers or all four telephone lines are ringing, it becomes impossible to keep customer service at a premium by removing one of the staff members from registration/reservations. Procedures are in place to oversee the receiving, recording and depositing of monies by these four staff members daily. Each of the four staff members has their own login/operator number to follow each individual's transactions through the software registration/reservation program. At the end of their shift, each staff member reconciles their transactions for the day and turns it into the Office Manager. The Staff Member who is responsible for the daily deposit reconciles all transactions and balances the receipts with the monies received (cash, check or credit cards). Once complete, the Office Manager reviews the deposit. Although this procedure has been in place for years, the deposit has not been signed as reviewed. A new procedure was implemented in the fall of 2004 for the Office Manager to sign the deposit as reviewed.*
- B. *A new policy was implemented in fall of 2004 for deposits to be made each business day when park facilities are open for service by designated park personnel.*
- C. *A new policy was implemented in fall of 2004 for all checks to be stamped when received: "For Deposit Only."*
- D. *Regarding the usage of lights for various sports fields, a memorandum was sent out in August of 2004 to all the non-profit groups and churches that use the lights. Notification has been given that payment of the light usage is expected in a timely manner and a staff member has been given the responsibility to follow through with collection of outstanding payments.*

AUDITEE'S GENERAL RESPONSES

The Petitions for a State Audit were certified by the State Auditor in February 2004. The date the report was delivered to the City was July 14, 2005. The undue length of time which the audit took to complete was not helpful, and was a burden on City Staff because of the additional amount of work compiling requested information.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF ST. CHARLES, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of St. Charles is located in St. Charles County. The city was incorporated in 1809 and now operates under a Home Rule Charter, adopted in 1982. The population of the city in 2000 was 60,321.

The city government consists of a Mayor and a 10 member City Council. The City Council members are elected for 3-year terms. The mayor is elected for a 4-year term. The Mayor, City Council members, and other officials during the year ended December 31, 2003, are identified below. The Mayor is paid \$17,500 annually, which increased to \$24,000 in April 2003. City Council members are paid \$6,000 annually. The compensation of these officials is established by ordinance.

Mayor and City Council	Dates of Service During the Year Ended December 31, 2003	
Patricia M. York, Mayor	January 2003 to December 2003	
Rory Riddler, Councilman	January 2003 to December 2003	
Larry Muench, Councilman	January 2003 to December 2003	
Dan Nieland, Councilman (1)	January 2003 to December 2003	
Bob Kneemiller, Councilman	January 2003 to December 2003	
John Scheer, Councilman (2)	January 2003 to December 2003	
Richard D. Baum, Councilman (3)	January 2003 to December 2003	
Dan Gould, Councilman (4)	January 2003 to December 2003	
John Gieseke, Councilman	January 2003 to December 2003	
Kevin E. Riggs, Councilman (5)	January 2003 to December 2003	
Bob Hoepfner, Councilman	January 2003 to December 2003	
Other Elected Officials	Dates of Service During the Year Ended December 31, 2003	Compensation Paid for the Year Ended December 31, 2003 *
Dan Barklage, Municipal Court Judge	January 2003 to December 2003	\$ 17,873

Other Principal Officials	Dates of Service During the Year Ended December 31, 2003	Compensation Paid for the Year Ended December 31, 2003 *
James R. O' Connor, City Administrator (6)	January 2003 to December 2003	\$ 131,502
Marilyn McCoy, City Clerk	January 2003 to December 2003	67,291
Thomas F. Ashburn, Director of Community Development	January 2003 to December 2003	98,890
Ernie Rhodes, Fire Chief	January 2003 to December 2003	88,108
Dennis Corley, Acting Police Chief (7)	January 2003 to December 2003	80,470
Michael Pratt, Director of Public Works (8)	January 2003 to December 2003	109,283
Richard L. Ash Jr., Director of Parks (9)	January 2003 to December 2003	90,139
Karen D. McDermott, Director of Finance	January 2003 to December 2003	102, 801
Michael Valenti, City Attorney	January 2003 to December 2003	46,653
Stephen Powell, Director of Tourism (10)	January 2003 to December 2003	90,563
Nadine Boon, Director of Economic Development	January 2003 to December 2003	83,267
Carie Caskey, Director of Human Resources (11)	January 2003 to December 2003	80,803

* This includes all amounts paid by the city for salary, auto and uniform allowance, deferred compensation benefits, wellness payments, and MEMT bonus.

- (1) Mark B. Brown was elected to this position in April 2004
- (2) Michael T. Weller was elected to this position in April 2004
- (3) Jerry E. Reese was elected to this position in April 2004
- (4) Dottie Greer was elected to this position in April 2004
- (5) Joe Koester was elected to this position in April 2004
- (6) Michael Valenti, City Attorney, served and was compensated as the acting City Administrator from March 2004 through December 2004, when Allan Williams was hired.
- (7) James Gooch was appointed as Acting Police Chief on May 24, 2004 until his retirement on January 3, 2005. Patrick McCarrick was appointed as Acting Police Chief on January 3, 2005. Timothy Swope was appointed as Police Chief on March 14, 2005.
- (8) Michael Meiners was appointed as Interim Director of Public Works in May 2005, and Debra Aylsworth was appointed Interim Director of Public Works in August 2005. .
- (9) Maralee Britton was appointed as Director of Parks and Recreation in December 2004.

- (10) Donna Costellia was appointed as Interim Director of Convention and Visitors Bureau in June 2005.
- (11) Celeste Armstrong was appointed as Interim Director of Human Resources in September 2004.

In addition to the officials identified above, the city employed 407 full-time employees and 47 part-time employee at December 31, 2003 and 251 seasonal workers during 2003.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 761,222,333
Personal property	177,365,691
Total	<u>\$ 938,588,024</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate
General	\$ 0.5650
Parks and recreation	0.2550
Debt service	0.1500

TAX RATES PER \$1 OF RETAIL SALES

	Rate
General	\$ 0.0100
Capital improvement	0.0050

The city also receives revenues from the private gaming boat operations at the rate of one dollar for each admission and two percent of adjusted gross receipts.



Claire McCaskill
Missouri State Auditor

October 2005

INSURANCE

Department of Insurance

Two Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

October 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Insurance (MDI).

The department's examination billing policies may not comply with state law, and amounts billed may not accurately reflect actual costs incurred. State law requires the MDI to bill the expenses of any examination and to bill an additional 15 percent of the total expenses of the examination to pay for supervision and support of the examiners. Examination billings include indirect labor and operating expenses which appear to include some costs for the supervision and support of the examiners. Therefore, the billing of certain indirect labor costs, in addition to the 15 percent fee, could be considered double-billing of certain expenses.

In addition, current billing policies do not allow the department to track the true costs of examinations. Salaries for directors, managers, and closers are approximately \$550,000 annually. Salaries for managers are billed monthly as indirect labor costs on a pro-rata basis. Based upon estimates made by department personnel, it appears approximately \$350,000 of directors', managers', and closers' annual salaries could be billed as direct costs.

The State of Missouri is one of only five states to allow insurance companies to receive tax credits for examination costs. For the tax years 2004 and 2003, examination tax credits claimed were approximately \$2.7 and \$3.2 million, respectively. For the tax year 2004, available credits were \$7.3 million with a carryover of approximately \$4.3 million. In essence, the state's General Revenue Fund is paying a significant portion of examination costs instead of charging the costs to insurance companies as part of doing business in Missouri.

MDI policies do not require examiners to evaluate alternative work schedules to ensure the most cost-effective schedule is selected. Failure to evaluate alternative work schedules for each examination could result in increased travel costs. A similar finding was noted in our prior report. Additionally, MDI policies do not require examiners to obtain airfare quotes prior to incurring the costs. Also, airfare can be billed directly to the MDI or reimbursed through the examiner's expense accounts. Airfare costs billed directly to MDI for the two years ended June 30, 2004 and 2003, were approximately \$139,000 and \$165,000, respectively. However, MDI does not adequately track airfare costs to protect against double-billings.

(over)

YELLOW SHEET

The MDI does not require insurance companies in receivership to obtain independent audits, and the MDI does not perform examinations of these companies. At June 30, 2004, there were two Missouri chartered insurance companies in rehabilitation and sixteen in liquidation. Many of these receiverships have continued for several years with eleven companies in receivership since the 1990s.

Surplus lines revenues have almost tripled over the last five years. Revenues for the year ended June 30, 2000, were approximately \$7.8 million, while revenues for the year ended June 30, 2004, were approximately \$23.3 million. The number of surplus lines brokers also increased from 250 to 547 during this same time period. Examinations of surplus lines brokers are not conducted at least once every three years, as specified in MDI policy, and surplus lines procedures may be inadequate to handle current growth in surplus lines insurance. Additionally, the MDI does not bill examination costs to out-of-state surplus lines brokers as required by state law. This statute has been in effect since 1989 and the MDI has not billed any applicable costs.

Premiums on title insurance make up less than one percent of the total insurance premiums paid in Missouri; however, approximately 10 percent of the MDI's market conduct staff are used exclusively to conduct examinations of title insurance companies. State law requires examinations of all title insurance companies once every four years. The MDI should review current title insurance examination requirements and consider seeking legislation to revise the current requirements to better utilize MDI resources.

Receipts handled by the MDI totaled approximately \$41.5 million and \$39.5 million for the years ended June 30, 2004 and 2003, respectively. Some receipts are not transmitted to the Department of Revenue (DOR) for deposit on a timely basis. Additionally, for the period reviewed, approximately 75 percent of all monies were sent to a post office box specifically used for certain types of receipts. It appears that the receipts in this post office box could be sent directly to the support services section to be processed and not handled in the mailroom process, reducing the risk of loss or misuse of funds.

The MDI contracts with a not-for-profit foundation to provide insurance counseling services for senior citizens. As similarly noted in prior audits, the MDI does not always require the foundation to provide detailed documentation supporting amounts claimed for reimbursement under the grant agreement. Amounts paid to the foundation totaled approximately \$272,000 and \$312,000 for the years ended June 30, 2004 and 2003, respectively.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF INSURANCE

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DEPARTMENT OF INSURANCE

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State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Matt Blunt, Governor
and
W. Dale Finke, Director
Department of Insurance
Jefferson City, MO 65102

We have audited the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Missouri Department of Insurance (MDI) - Federal Fund, Insurance Examiners Fund, Department of Insurance Dedicated Fund, and Receivership Accounts; Comparative Statement of Receipts of the General Revenue Fund, Worker's Compensation Fund, and State School Moneys Fund; and Comparative Statement of Appropriations and Expenditures of the various funds of the Department of Insurance as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Department of Insurance as of June 30, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the MDI - Federal Fund, Insurance Examiners Fund, Department of Insurance Dedicated Fund, and Receivership Accounts; the receipts of the General Revenue Fund, Worker's Compensation Fund, and State School Moneys Fund; and the appropriations and expenditures of the various funds of the Department of Insurance as of and for the years ended June 30, 2004 and 2003, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 14, 2005, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the bases of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the department's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Lonnie Breeding III
Audit Staff:	Terese Summers, CPA
	Keri Wright
	Ali Arabian



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Matt Blunt, Governor
and
W. Dale Finke, Director
Department of Insurance
Jefferson City, MO 65102

We have audited the financial statements of the Department of Insurance as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Department of Insurance, we considered the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Department of Insurance are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Department of Insurance and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

DEPARTMENT OF INSURANCE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 AND INVESTMENTS
 YEAR ENDED JUNE 30, 2004

	MDI - Federal Fund	Insurance Examiners Fund	Department of Insurance Dedicated Fund	Receivership Accounts	Total (Memorandum Only)
RECEIPTS					
Federal grant	\$ 272,210	0	0	0	272,210
Examination fees	0	7,791,248	0	0	7,791,248
Producer licenses and permits	0	0	5,173,890	0	5,173,890
Merchant licenses	0	0	991,499	0	991,499
Regulatory fees and renewals	0	0	1,787,206	0	1,787,206
Miscellaneous fees	0	0	669,215	0	669,215
Filing fees	0	0	675,063	0	675,063
Interest	0	0	148,073	0	148,073
Premium/investment income	0	0	0	53,832	53,832
New receiverships	0	0	0	707,862	707,862
Other	0	0	31,777	0	31,777
Total Receipts	272,210	7,791,248	9,476,723	761,694	18,301,875
DISBURSEMENTS					
Personal service	0	4,693,047	4,610,135	0	9,303,182
Employee fringe benefits	0	1,204,912	1,537,890	0	2,742,802
Expense and equipment	0	1,528,207	1,162,516	0	2,690,723
State office building rent, maintenance and repair	0	47,828	386,922	0	434,750
Workers' compensation claims	0	0	24,951	0	24,951
Insurance counseling contract costs	272,210	0	0	0	272,210
Lease parking	0	0	8,280	0	8,280
Other refunds	0	14,267	47,642	0	61,909
Cost allocation plan	0	168,680	167,332	0	336,012
Transfer to General Revenue Fund-State	0	0	7,471,680	0	7,471,680
Claims/distributions	0	0	0	76,569	76,569
Administration/legal fees	0	0	0	11,617	11,617
Other	0	0	0	137,179	137,179
Total Disbursements	272,210	7,656,941	15,417,348	225,365	23,571,864
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	134,307	(5,940,625)	536,329	(5,269,989)
CASH AND INVESTMENTS, JULY 1	0	876,913	12,147,178	2,367,257	15,391,348
CASH AND INVESTMENTS, JUNE 30	\$ 0	1,011,220	6,206,553	2,903,586	10,121,359

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DEPARTMENT OF INSURANCE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 AND INVESTMENTS
 YEAR ENDED JUNE 30, 2003

	MDI - Federal Fund	Insurance Examiners Fund	Department of Insurance Dedicated Fund	Receivership Accounts	Total (Memorandum Only)
RECEIPTS					
Federal grant	\$ 312,958	0	0	0	312,958
Examination fees	0	8,021,550	0	0	8,021,550
Producer licenses and permits	0	0	5,788,066	0	5,788,066
Merchant licenses	0	0	941,642	0	941,642
Regulatory fees and renewals	0	0	1,829,238	0	1,829,238
Miscellaneous fees	0	0	647,075	0	647,075
Filing fees	0	0	824,940	0	824,940
Interest	0	0	282,629	0	282,629
Premium/investment income	0	0	0	59,354	59,354
Other	0	2,286	60,827	0	63,113
Total Receipts	312,958	8,023,836	10,374,417	59,354	18,770,565
DISBURSEMENTS					
Personal service	0	4,826,628	4,768,761	0	9,595,389
Employee fringe benefits	0	1,202,830	1,499,946	0	2,702,776
Expense and equipment	0	1,589,794	1,384,400	0	2,974,194
State office building rent, maintenance, and repair	0	50,005	404,602	0	454,607
Workers' compensation claims	0	14,136	18,850	0	32,986
Insurance counseling contract costs	312,958	0	0	0	312,958
Lease parking	0	0	8,099	0	8,099
Article X refunds	0	5,545	6,233	0	11,778
Other refunds	0	0	63,455	0	63,455
Cost allocation plan	0	107,846	148,679	0	256,525
Claims/distributions	0	0	0	37,807	37,807
Administration/legal fees	0	0	0	9,305	9,305
Other	0	0	740	10,046	10,786
Total Disbursements	312,958	7,796,784	8,303,765	57,158	16,470,665
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	227,052	2,070,652	2,196	2,299,900
CASH AND INVESTMENTS, JULY 1	0	649,861	10,076,526	2,365,061	13,091,448
CASH AND INVESTMENTS, JUNE 30	\$ 0	876,913	12,147,178	2,367,257	15,391,348

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF INSURANCE
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,	
	2004	2003
GENERAL REVENUE FUND		
Premium taxes	\$ 168,746,261	164,246,024
Surplus lines taxes	23,300,481	19,545,211
Total General Revenue Fund	\$ 192,046,742	183,791,235
WORKERS' COMPENSATION FUND		
Workers' compensation taxes	\$ 45,774,987	18,558,537
STATE SCHOOL MONEYS FUND		
Fines and forfeitures	\$ 752,780	1,330,377

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF INSURANCE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
MDI - FEDERAL FUND						
Purpose of funding programs providing counseling on health insurance coverage and benefits to Medicare beneficiaries	\$ 450,000	272,210	177,790	450,000	312,958	137,0
Total MDI - Federal Fund	450,000	272,210	177,790	450,000	312,958	137,0
INSURANCE EXAMINERS FUND						
Market conduct and financial examinations of insurance companies -						
Personal Service	5,369,071	4,693,047	676,024	5,333,899	4,826,628	507,2
Expense and Equipment	2,095,607	1,518,980	576,627	2,095,607	1,589,794	505,8
Refunds	14,267	14,267	0	1	0	
Total Insurance Examiners Fund	7,478,945	6,226,294	1,252,651	7,429,507	6,416,422	1,013,0
DEPARTMENT OF INSURANCE DEDICATED FUND						
Real Property Leases	26,622	8,280	18,342 *	8,099	8,099	
Personal Service	5,000,976	4,610,135	390,841	4,973,628	4,769,257	204,3
Expense and Equipment	1,803,056	1,162,516	640,540	1,967,156	1,384,400	582,7
Refunds	50,000	47,642	2,358	75,000	63,455	11,5
Total Department of Insurance Dedicated Fund	6,880,654	5,828,573	1,052,081	7,023,883	6,225,211	798,6
Total All Funds	\$ 14,809,599	12,327,077	2,482,522	14,903,390	12,954,591	1,948,7

* Biennial Appropriations

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DEPARTMENT OF INSURANCE
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Department of Insurance.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the MDI – Federal Fund, Insurance Examiners Fund, Department of Insurance Dedicated Fund, and Receivership Accounts. Appropriations from these funds, excluding the Receivership Accounts, are expended by or for the department for restricted purposes. The Receivership Accounts are controlled entirely by the department and are not subject to appropriations.

The Department of Insurance takes control of the assets and operations of insurance companies ordered into rehabilitation or liquidation by the courts, commonly referred to as receiverships. At June 30, 2004, eighteen insurance companies were in rehabilitation or liquidation. Department officials or employees control the operations and assets of three of these companies, which are included in the Receivership Accounts on Exhibit A. The department has appointed special deputy receivers to control the operation and assets of ten companies and has contracted with one vendor in the Kansas City area to oversee the operations and assets of five companies. The special deputy receivers and the vendor are not officials or employees of the department, therefore, the financial activities of these companies are not presented in the financial statements.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the state's General Revenue Fund, Workers' Compensation Fund, and State School Moneys Fund. Receipts include monies the department collects during its normal activities and remits to the funds. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are re-appropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly, except for the Receivership Accounts which are controlled entirely by the department.

MDI – Federal Fund: The department administers a program financed wholly or partially by federal monies maintained in the state treasury in the Missouri Department of Insurance's - Federal Fund. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the department's federal monies.

Insurance Examiners Fund: This fund is authorized by Sections 374.160 and 374.162, RSMo, to receive all monies paid to the state by insurance companies for the costs incurred by the department in conducting examinations, valuations, or proceedings against such companies. Expenditures, authorized by appropriations, are to be used for the purpose of paying the compensation of insurance examiners and

expenses incurred for supervision and support of the examiners. Any unexpended balances in this fund are perpetually maintained for the purposes of the fund.

Department of Insurance Dedicated Fund: This fund is authorized by Section 374.150, RSMo, to receive all fees due to the state under the provision of the insurance laws. Appropriation from this fund are to be used solely for the payment of expenditures incurred by the department in performing the duties required by law which are not paid for by another source of funds. Any unexpended balance in this fund is perpetually maintained for the purposes of this fund unless the unencumbered balance at the close of the biennium year exceeds two times the total amount appropriated, paid, or transferred to the fund during such fiscal year.

Receivership Accounts: The department established various joint bank accounts and investments outside of the state treasury for the payment of claims and administrative expenses for insurance companies that were placed under rehabilitation or liquidation by the department. These funds are not state funds.

General Revenue Fund: The department does not receive appropriations from this fund and does not maintain a proprietary interest in the fund. Receipts collected by the department and deposited into the state's General Revenue Fund include the following:

- 1) Premium taxes: In accordance with various provisions of Chapter 148, RSMo, insurance companies licensed in the state are required to pay a two percent tax on direct premiums received during the calendar year. The department certifies to the Department of Revenue the amount of premium taxes due together with the amount of quarterly installments to be paid by the insurance companies. The Department of Revenue collects the premium taxes and deposits them into the General Revenue Fund. Some premium taxes deposited into the General Revenue Fund are not available for general revenue purposes. The provisions of Chapter 148, RSMo, restrict about 50 percent of such premium taxes for distribution to the various school districts in the state.
- 2) Surplus lines taxes: In accordance with various provisions of Chapter 384, RSMo, the department collects and deposits into the General Revenue Fund a five percent tax on net premiums for high risk insurance that is underwritten by a surplus lines insurer. The department certifies to the Department of Revenue all penalties and interest due as a result of late payments. The Department of Revenue collects the penalties and interest and deposits them into the General Revenue Fund.

Workers' Compensation Fund: In accordance with Section 287.690, RSMo, on October 31 each year, the director of the Division of Workers' Compensation estimates the amount of revenue required to administer this chapter and determines

the rate of tax for the following calendar year based on that estimate as well as the estimated December 31 balance of the fund. The tax, which is imposed upon all insurance companies providing workers' compensation insurance coverage and authorized self-insurers, shall not exceed two percent in lieu of all other taxes on the workers' compensation net deposits, net premiums, or net assessments. The Department of Revenue collects these taxes and deposits them into the Workers' Compensation Fund.

State School Moneys Fund: Fines and forfeitures imposed and collected by the department under the Missouri Insurance Code are deposited into the State School Moneys Fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the Insurance Examiners Fund and Department of Insurance Dedicated Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit C.

2. Cash and Investments

The balances of the MDI – Federal Fund, Insurance Examiners Fund, and Department of Insurance Dedicated Fund are pooled with other state funds and invested by the state treasurer.

The balances of the Receivership Accounts are held outside the state treasury and are not considered state funds.

3. State Office Building Rent, Maintenance, and Repair

The Office of Administration calculated the proportional share of operating costs and maintenance, repair, and renovation costs for the department's occupancy in state-owned buildings. Monthly transfers were made from the Insurance Examiners Fund and Department of Insurance Dedicated Fund to the state's General Revenue Fund to cover each fund's share of the costs.

4. Insurance Counseling Contract Costs

The department contracted with the Missouri Patient Care Review Foundation to provide insurance counseling services for senior citizens. This expenditure category represents the costs associated with the contract paid from the MDI – Federal Fund.

5. Lease Parking

The Missouri General Assembly made appropriations from the Department of Insurance Dedicated Fund for the department's proportionate share of lease parking at the state office buildings in St. Louis and Kansas City. These appropriations are administered by the Office of Administration, Division of Facilities Management.

6. Article X Refunds

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. Total state revenues exceeded this limit in fiscal year 2000, which triggered income tax refund liabilities in fiscal year 2003 under provisions of the Constitution. The Office of Administration calculated the proportional share of the liabilities to be allocated to each fund and transfers were made from the Department of Insurance Dedicated Fund to the state's General Revenue Fund to cover the fund's share of the liabilities.

7. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for agencies in the pools. Transfers were made from the Insurance Examiners Fund and Department of Insurance Dedicated Fund to the state's General Revenue Fund to cover each fund's share of the costs.

8. Transfer to General Revenue Fund

With the passage of Senate Bill 675, effective August 28, 2003, the General Assembly authorized an immediate one-time transfer of the greater of \$6,015,855 or 55 percent of the

balance of the Department of Insurance Dedicated Fund to the state's General Revenue Fund. As a result, \$7,471,680, which represented 55 percent of the fund balance, was transferred.

9. Securities on Deposit

Insurance companies doing business in Missouri are required to deposit securities with the department for the protection of policy holders and creditors in accordance with various provisions of Chapters 354, 376, 379, 381, and 384, RSMo. Only capital securities are required and the requirements are dependent on the type of insurance company.

Securities having a total accepted value of approximately \$283 million and \$338 million at June 30, 2004 and 2003, respectively, were on deposit with the contracted bank. The accepted value is the market value of each security at year-end. These amounts are not included in the financial statements because the department has no ownership interest in them. Missouri domiciled insurance companies sometimes maintain securities on deposit in excess of Missouri requirements to meet the depository requirements of other states in which they do business. Foreign domiciled insurance companies are frequently not required to deposit securities with the department if securities meeting Missouri requirements are on deposit with the applicable state of domicile.

10. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

Insurance Examiners Fund

	Year Ended June 30,	
	2004	2003
DISBURSEMENTS PER EXHIBIT A	\$ 7,656,941	7,796,784
Employee fringe benefits	(1,204,912)	(1,202,830)
State office building rent, maintenance, and repair	(47,828)	(50,005)
Workers' compensation claims	0	(14,136)
Article X refunds	0	(5,545)
Cost allocation plan	(168,680)	(107,846)
Other	(9,227)	0
EXPENDITURES PER EXHIBIT C	\$ 6,226,294	6,416,422

Department of Insurance Dedicated Fund

	Year Ended June 30,	
	2004	2003
DISBURSEMENTS PER EXHIBIT A	\$ 15,417,348	8,303,765
Employee fringe benefits	(1,537,890)	(1,499,946)
State office building rent, maintenance, and repair	(386,922)	(404,602)
Workers' compensation claims	(24,951)	(18,850)
Article X refunds	0	(6,233)
Cost allocation plan	(167,332)	(148,679)
Transfer to General Revenue Fund-State	(7,471,680)	0
Other	0	(244)
EXPENDITURES PER EXHIBIT C	\$ <u>5,828,573</u>	<u>6,225,211</u>

11. Prior Period Adjustment

The July 1, 2002 cash and investment balance of the Receivership Accounts was increased by \$2,240,029 for amounts not previously reported.

Supplementary Data

Schedule

DEPARTMENT OF INSURANCE
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 9,303,182	9,595,885	9,578,426	9,176,471	8,709,450
Travel, in-state	266,763	403,959	360,821	296,436	348,109
Travel, out-of-state	1,087,842	1,001,410	1,230,230	1,110,729	1,065,140
Fuel and utilities	0	0	0	0	66
Supplies	222,291	243,260	268,817	0	0
Administrative supplies	0	0	0	272,575	236,909
Merchandising supplies	0	0	0	325	1,909
Repair, maintenance, and usage supplies	0	0	0	3,432	2,432
Residential supplies	0	0	0	917	879
Specific use supplies	0	0	0	5,079	3,441
Professional development	71,886	143,369	121,462	112,843	152,951
Communication service and supplies	215,799	227,574	208,347	213,969	16,985
Services:					
Business	0	0	0	199,587	171,708
Professional	458,625	460,601	496,368	191,039	213,047
Housekeeping and janitorial	53	442	0	61	57
Maintenance and repair	103,228	85,172	60,198	0	0
Equipment maintenance and repair	0	0	0	71,386	92,090
Transportation maintenance and repair	0	0	0	1,116	0
Computer equipment	140,346	281,749	178,110	134,623	414,586
Electronic and photo equipment	0	0	0	9,528	2,500
Motorized equipment	10,185	34,737	0	32,196	0
Office equipment	11,026	1,235	33,375	103,271	32,755
Specific use equipment	0	0	0	161	0
Stationary equipment	0	0	0	3,929	0
Property and improvements	0	0	4,087	0	17,202
Debt service	7,882	14,746	9,741	0	0
Real property rentals and leases	8,608	10,030	10,898	8,705	7,948
Equipment rental and leases	76,279	69,277	43,623	0	0
Building lease payments	0	0	0	82,923	82,077
Building and equipment rentals	0	0	0	3,792	35,122
Miscellaneous expenses	8,965	4,731	2,462	3,717	4,108
Rebillable expenses	0	0	0	0	324,723
Refunds	61,909	63,455	79,739	39,734	37,446
Program distributions	272,210	312,958	400,000	357,316	166,306
Total Expenditures	\$ <u>12,327,077</u>	<u>12,954,591</u>	<u>13,086,704</u>	<u>12,435,860</u>	<u>12,139,946</u>

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEPARTMENT OF INSURANCE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Department of Insurance as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated April 14, 2005.

The following Management Advisory Report presents our findings arising from our audit of the department's financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1.	Examination Billings
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The department's examination billing policies may not comply with state law, and amounts billed may not accurately reflect actual costs incurred. Conducting financial and market conduct examinations is an important responsibility of the Missouri Department of Insurance (MDI). Financial examinations assess the insurance companies financial stability, whereas market conduct examinations review insurance companies compliance with Missouri's insurance laws. During the years ended June 30, 2004 and 2003, the department received \$7.8 and \$8.0 million, respectively, from fees billed to insurance companies for conducting financial and market conduct examinations.

Current billing policies were established in 1993 when the legislature authorized the establishment of the Insurance Examiners Fund. Section 374.160.3, RSMo, states:

"The director shall assess the expenses of any examination against the company examined and shall order that the examination expenses to be paid into the insurance examiners fund created by section 374.162. The director shall also assess an additional amount equal to fifteen percent of the total expenses of examination, to be paid for supervision and support of the examiners. . . ."

MDI's policy allows for examination billings to include the following four components:

- Actual examiners' salaries, benefits, and travel expenses.
- Actual contractual services.
- Indirect labor and operating expenses. Indirect labor consists of annual leave and sick leave taken by all examiners during the billing period, salaries and benefits of audit managers, special in-house projects prepared by examiners, and meetings and training for managers and examiners. Operating expenses include office supplies, computers, and other equipment used by examination staff.

- Fifteen percent administration fee for supervision and support of the examiners. Supervisory staff includes the Deputy Chief Financial Examiner, directors, and closers.

It appears that some of the amounts billed as indirect labor and operating costs could be considered as supervision and support of the examiners, and as such, should be included in the 15 percent administration fee as defined by state law. In particular, a portion of audit managers salaries and all meeting and training expenses appear to fall within the supervision and support definition. Therefore, the billing of certain indirect labor and operating expenses in addition to the 15 percent administration fee could be considered double-billing of certain expenses.

In addition, current billing policies do not allow the department to track the true costs of examinations. Salaries for directors, managers, and closers are approximately \$550,000 annually. Salaries for managers are billed monthly as indirect labor costs based upon a percent of all examiners' direct hours worked on a particular examination as compared to total examiners' direct hours during the month (i.e. pro-rata basis). Salaries for directors and closers are considered part of the 15-percent administration fee. Directors and managers generally review and approve the examination plans and reports and closers work with insurance companies on finalizing penalties resulting from market conduct examinations. Therefore, it would appear reasonable for the department to track time spent directly by directors, managers, and closers on specific examinations and include these amounts as direct time billed to the insurance companies, and the remainder of their time could be considered part of the 15-percent administration fee. Based upon estimates made by department personnel, it appears approximately \$350,000 of directors', managers', and closers' annual salaries could be billed as direct costs.

A review of one market conduct examination noted that it was conducted entirely by a manager. Because manager time is pro-rated based on direct time spent by the examiners, nothing was billed to this insurance company for this market conduct examination. In addition, manager travel costs are pro-rated in the same manner as salary costs, which appears unreasonable because these costs could be easily tracked and billed as direct costs. The department's four managers usually make one or two trips to the work site during each examination.

The MDI should review its current examination billing policies to ensure they comply with state law and ensure billings reflect the true costs of each examination. The MDI should consider seeking legislation or legal opinions regarding any issues needing clarification.

WE RECOMMEND the MDI review its current examination billing policies and ensure the true cost of each examination is tracked and billed. Any legal matters needing clarification should be resolved by seeking applicable legislation or legal opinions.

AUDITEE'S RESPONSE

The Department has used its current methodology of allocating expenses of financial and market conduct examinations since 1992. The Department believes this method is reasonable and in accordance with the law. The Department will review its current examination billing policies to determine if there is a more accurate, equitable, and efficient way to bill expenses to the individual companies and if changes are necessary.

2. Examination Tax Credit

The State of Missouri is one of only five states to allow insurance companies to receive tax credits for examination costs. Section 148.400, RSMo, allows all insurance companies to deduct the entire cost of examinations from premium taxes paid to the state and deposited into the state's General Revenue Fund. Additionally, a state law passed in 2001 allows insurance companies to carry forward these credits for five years beginning with the 2004 tax year. For the tax years 2004 and 2003, examination tax credits claimed were approximately \$2.7 and \$3.2 million, respectively. For the tax year 2004, available credits were \$7.3 million with a carryover of approximately \$4.3 million. In essence, the state's General Revenue Fund is paying a significant portion of the examination costs instead of charging all the costs to insurance companies as a part of doing business in Missouri.

WE RECOMMEND the MDI review this issue and consider seeking legislation to reduce or eliminate the examination tax credit.

AUDITEE'S RESPONSE

The Department will continue to provide information on the examination tax credit as well as the other tax credits taken by insurance companies to the general assembly as required under the Tax Credit Accountability Act - SB 1099. The Department will review this tax credit along with other examination billing issues identified in this audit to determine if legislative changes should be sought.

3. Travel Costs and Policies

Insurance examiners travel to the insurance companies' domicile to conduct required examinations. Annual travel costs for the two years ended June 30, 2004 and 2003, averaged approximately \$1.3 million. Our review of travel costs and policies noted the following concerns:

- A. MDI policies do not require examiners to evaluate alternative work schedules to ensure the most cost-effective schedule is selected. Current travel policies require examiners to return home every weekend unless it is less expensive to stay at the job site one weekend and return home every second weekend. However, examiners are

not required to document and compare estimated travel costs for the two alternative work schedules if they just choose to return home every weekend. Therefore, the least expensive alternative may not be chosen for each examination. Failure to evaluate alternative work schedules for each examination could result in increased travel costs.

A similar finding was noted in our prior report.

- B. MDI policies do not require examiners to obtain airfare quotes prior to incurring the costs. In addition, MDI does not adequately monitor and track airfare costs.
 - 1) Examiners book their own flights but are not required to obtain airfare quotes. The MDI should adopt a policy which requires examiners to obtain and document more than one airfare quote prior to the start of each examination and select the lowest and best airfare. Supervisory review and approval of this process should be documented. Because airfares tend to change frequently, the MDI should also consider requiring periodic updates of the airfare quotes throughout the examination.
 - 2) Airfare can be billed directly to the MDI or reimbursed through the examiner's expense accounts. Airfare costs billed directly to MDI for the two years ended June 30, 2004 and 2003, were approximately \$139,000 and \$165,000, respectively. However, MDI does not separately track airfare cost reimbursed through the examiners expense accounts. The MDI should adopt policies and procedures to separately track and monitor all airfare costs. By not monitoring all airfare costs and allowing employees to have airfare billed direct or billed through the expense accounts, the opportunity for double-billings is increased.

WE RECOMMEND the MDI:

- A. Adopt policies which require examiners to document planned travel costs for each examination and require the least expensive travel methods to be used. Any extenuating circumstances which require use of a more expensive travel method should be fully documented and approved by management.
- B.1. Require examiners to obtain more than one airfare quote and use the lowest and best rates, and require supervisory approval of airfare costs prior to incurring the related expenditure.
- B.2. Adopt procedures to monitor all airfare costs, whether direct-billed or incurred through employee expense accounts.

AUDITEE'S RESPONSE

- A. *The Department is committed to conducting examinations in as cost-effective manner as possible. In response to a previous audit finding, the Department implemented a system where examiners come home every weekend unless it is more reasonable to stay. Currently only deviations from the travel policy or examiner work schedule are documented and approved. The Department will review current practices and put in place a procedure to document planned travel costs during the examination planning stage to ensure the most reasonable travel methods are used. The Department will monitor the documented planned travel arrangements and exam work schedules to ensure they are consistent with effective and efficient management of examinations.*
- B.1. *Examiners currently compare various airfares for cost and flight times when planning for an examination. The Department will incorporate documentation of the airfare quotes to be included in the procedure referenced in the response above.*
- B.2. *The Department has implemented the use of sub object codes when processing expense accounts so airfares can be monitored regardless of whether they are direct-billed or incurred through an expense account.*

4.

Receiverships

The MDI does not require insurance companies in receivership to obtain independent audits, and the MDI does not perform examinations of these companies. Sections 375.1150 to 375.1246, RSMo, provide the director of the MDI with the authority to administer Missouri chartered insurance companies requiring rehabilitation or liquidation, commonly referred to as receiverships. Such companies placed into receivership are under circuit court supervision with the judge appointing the MDI director as receiver. The director may appoint a special deputy receiver or agent. At June 30, 2004, there were two Missouri chartered insurance companies in rehabilitation and sixteen in liquidation. Many of these receiverships have continued for several years with eleven companies in receivership since the 1990s.

For those companies involved in the liquidation process, significant administrative expenses are incurred which decrease the overall assets available at final liquidation. These expenses can include items such as special deputy receiver fees, legal fees, investment fees, payroll, travel, professional services, office expenses, and income taxes. Based upon the reports submitted to the MDI, total administrative expenses for receiverships exceeded \$31 million in 2004, with over \$20 million being incurred by one receivership.

The MDI has established regulations regarding reporting requirements for insurance companies in receivership, but these regulations do not require independent audits and/or examinations by MDI staff. Without performing examinations of the accounting records maintained by the special deputy receivers or requiring audits of these records, the MDI has less assurance that the reports submitted to the MDI are accurate and can be relied upon. In

addition, examinations or audits would provide additional assurance that receivership expenses are reasonable and prudent and that claims are properly handled.

WE RECOMMEND the MDI require independent audits for all receiverships or perform examinations or other monitoring procedures to ensure the information and reports submitted by the special deputy receivers or agent are accurate.

AUDITEE'S RESPONSE

The Department has monitoring procedures in place to assure that reports submitted are accurate. The Department requires an annual financial report from each company in receivership. The Department receives copies of all bank statements from each bank account of each company. The Department approves the salaries of all employees and approves all fee invoices of professional persons rendering services to the company, as does the supervising court. Many of the smaller receiverships are under the direct control of the Department, because they have no special deputy receiver. For some of them, the checkbook is at the Department. Two of the larger receiverships retain independent auditors. Missouri statutes require that periodic financial reports be filed with the supervising court. The receivership section actively monitors the activities of the receiverships and the Department believes that the interest of the creditors, to the extent that the expense involved would further reduce claims payments would not be served by requiring independent audits or MDI examinations of all receiverships. In addition, supervising courts have the discretion, by statute, to order an audit of any receivership at any time.

5. Surplus Lines

The department's examination policies for surplus lines brokers are not being met and the department does not bill examination costs to out-of-state brokers. The policy on assessing fines for late filings is vague and is not always followed. Receipts recorded on the surplus lines tax system is not reconciled to receipts recorded on the Statewide Advantage for Missouri System (SAM II).

The MDI regulates the placement of coverage and collection of taxes on premiums for insurance policies written in the non-admitted market known as surplus lines. The non-admitted market consists of insurers that are not otherwise licensed to do business in Missouri, but are eligible to write insurance policies for coverage not served in the general commercial market. Surplus lines brokers are required to report annually the premiums for policies issued and remit a tax of five percent of total premiums to the MDI. The MDI also collects delinquent premium taxes and certifies the delinquent collection amounts to the Department of Revenue (DOR), and the DOR collects applicable interest and penalties.

Surplus lines revenues have almost tripled over the last five years. Revenues for the year ended June 30, 2000, were approximately \$7.8 million, while revenues for the year ended June 30, 2004, were approximately \$23.3 million. The number of surplus lines brokers also increased from 250 to 547 during this same time period. In general, the increase in the

number of brokers can be attributed to a 2001 state law allowing out-of-state brokers to sell surplus lines insurance in Missouri.

A. The department's examination policies for surplus lines brokers are not being met, and the overall policies and procedures of the surplus lines section appear to impact the timeliness and adequacy of examinations.

- 1) Examinations of surplus lines brokers are not conducted at least once every three years, as specified in MDI policy. This policy appears to be based upon Section 384.048, RSMo, requiring each surplus lines broker to keep all insurance contracts subject to examination by the MDI for a period not less than three years following termination of the contract.

MDI's listing of surplus lines examinations conducted through calendar year 2004 noted the following:

- 22 Missouri brokers have not been examined since prior to 2002.
 - 35 Missouri brokers have never been examined and 16 of these brokers had a license effective date prior to 2002.
 - 71 out-of-state brokers have not been examined and 8 had a license effective date prior to 2002.
- 2) Surplus lines procedures may be inadequate to handle current growth in surplus lines insurance. Currently, the MDI surplus lines section employs three examiners and one supervisor. Surplus lines personnel indicated they spend significant time entering premium tax form data into the MDI surplus lines tax information system, and it appears that some of the data entry is a duplication of tax payment information received from and already recorded by the Support Services Section. In addition to duplicating tax payment information, MDI must input filings for each policy written and then date stamp and return a copy of the filing to the insurance companies. During 2004, MDI received approximately 55,000 filings on policies written.

Staffing levels, duties, and policies and procedures should be reviewed to ensure adequate monitoring of surplus lines broker and to determine if duplication of procedures performed by other sections can be minimized or eliminated. Failure to conduct periodic examinations of surplus lines brokers could result in lost revenues.

B. The MDI does not bill examination costs to out-of-state surplus lines brokers. Section 384.048, RSMo, states such examination costs shall be paid by nonresident surplus lines licensees. This statute has been in effect since 1989 and the MDI has not billed any applicable costs. MDI records indicate that 7 examinations of out-of-state surplus lines brokers were conducted during the two years ended June 30, 2004. Failure to bill the costs of these examinations results in lost revenues.

- C. The MDI does not have a formal policy for assessing fines on late filings for policies issued. These reports on policies issued are compared to annual reports filed by brokers to help ensure all premium taxes have been paid. Section 384.071, RSMo, allows MDI to assess up to \$1,000 for the first offense and up to \$2,000 for additional offenses. MDI's unwritten rule is to assess a penalty if ten percent of a broker's reports are filed untimely; however, no fines have been charged to date. Failure to assess fines could result in an increased number of surplus lines tax forms not being filed in a timely manner.
- D. Receipts recorded on the MDI surplus line tax system are not reconciled to receipts recorded on the SAM II system. Receipts are initially recorded by the Support Services Section and reconciled to SAM II. However, the surplus line tax system is not reconciled to SAM II even though this system is used to generate delinquent tax collection letters. Without a reconciliation, MDI has less assurance that the surplus lines tax system contains accurate receipt information.

WE RECOMMEND the MDI:

- A. Review the staffing levels and duties of current surplus lines staff and ensure surplus lines examinations are conducted at least once every three years in accordance with department policy.
- B. Bill for surplus lines examinations of out-of-state brokers, as required by state law.
- C. Establish policies for assessing fines for untimely filings of surplus lines tax forms.
- D. Reconcile receipts recorded on the surplus lines tax system to SAM II.

AUDITEE'S RESPONSE

- A. *The Department will review staffing levels and duties within the section as well as the policy to conduct examinations once every three years for possible changes. The Department is currently conducting a review of the surplus lines area to determine if efficiencies can be gained and if staffing levels are adequate and duties are appropriately assigned.*
- B. *Historically, the examinations of non-resident producers have occurred just over the borders of Missouri and have been done in conjunction with resident producers in the same area. Doing multiple examinations of resident and non-resident producers during the same trip makes allocation of the expenses difficult. The Department will pursue establishment of a procedure to bill non-resident producers where costs for examination can be identified.*
- C. *The Department will establish a formal guideline for assessing fines for untimely filings of surplus lines tax forms.*

- D. *The Department will review its IT capabilities to determine if reconciling surplus lines receipts to SAM II is possible and not cost prohibitive.*

6. Title Insurance Examinations
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Premiums on title insurance make up less than one percent of the total insurance premiums paid in Missouri; however, approximately 10 percent of the MDI's market conduct staff are used exclusively to conduct examinations of title insurance companies. MDI personnel indicated that the number of staff devoted to this area is necessary due to the specialized expertise required for conducting these examinations.

Section 381.241, RSMo, required the MDI to review each title insurance company at least once every four years. This statute was repealed by the 2000 General Assembly as part of Senate Bill 894, which contained other significant changes to title insurance laws. As a result, the MDI reduced the number of applicable examinations since the title insurance business represented a small portion of all premiums paid in Missouri, and the staff that specialize in this area were utilized on other types of examinations. In 2002, the Missouri Supreme Court upheld a lower court decision which ruled that Senate Bill 894 was unconstitutional. Therefore, the MDI again started performing the title insurance examinations in accordance with Section 381.241, RSMo.

The MDI should review its current policies regarding examinations of title insurance companies and determine if changes are needed, such as legislative changes, to better utilize its resources.

WE RECOMMEND the MDI review the current title insurance examination requirements and consider seeking legislation to revise the applicable statute to better utilize MDI resources.

AUDITEE'S RESPONSE

The statutes require examination of title companies once every four years. The Department strives to use our resources effectively to better protect Missouri consumers by examining carriers that have trends of potential noncompliance identified based on market analysis. The Department agrees that the ability to select a title company for examination based on market analysis rather than a statutory requirement would be more efficient use of staff and resources.

7. Receipts

The MDI collects receipts for various taxes, fees, licenses, fines, and other miscellaneous items. Receipts handled by the MDI totaled approximately \$41.5 million and \$39.5 million for the years ended June 30, 2004 and 2003, respectively. Our review of controls over receipts noted the following concerns:

- A. Some receipts are not transmitted to the DOR for deposit on a timely basis. While it appears some improvement has been made subsequent to the audit period, frequently checks are held by the Support Services Section until the receipt can be identified or notification is received from another section of the MDI that the check is for the correct amount. If the check is not for the correct amount, it will be returned to the party submitting it. The Support Services Section records the checks being held on a "pending check log," and also records the date the check is transmitted or returned on this log.

A review of the June 2004 log noted 329 checks totaling approximately \$223,000 were held an average of four days for checks that were returned to the party submitting them and six days for checks that were transmitted to the DOR. To adequately safeguard monies and reduce the risk of loss or misuse of funds, checks should be returned or transmitted to the DOR on a timely basis.

- B. Controls over receipt processing should be improved by eliminating receipt handling by mailroom employees and by processing receipts in a more secure location. A mailroom employee picks up the mail which is sorted by three mailroom employees. A support services employee will also help sort mail on days with larger mail volume. Once sorted, mailed receipts are sent to support services. Two support services employees record and prepare receipts for deposit. Access to the mailroom and the support services section is not limited to individuals only involved in the handling or processing of receipts.

For the period reviewed, approximately 75 percent of all monies were sent to a post office box specifically used for certain types of receipts. It appears that the receipts in this post office box could be sent directly to support services to be processed, thus eliminating the need for mailroom employees to be involved in this process.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, the number of employees receiving, processing, and monitoring cash processing should be reduced and access to these areas should be limited to necessary employees.

WE RECOMMEND the MDI:

- A. Reduce the number of days receipts are held prior to being transmitted to DOR for deposit.
- B. Improve controls over receipt processing by eliminating, to the greatest extent possible, handling by mailroom employees, and ensure receipts are processed in a secure location.

AUDITEE'S RESPONSE

- A. *MDI has reduced the number of days a check can be held from 15 to 10 working days. Checks are held and recorded in a check log when MDI is unable to determine what the check is for and where it should be deposited. MDI will promptly notify sections that a check is being held and follow up with section supervisors to ensure checks are not held beyond the established timeframe.*
- B. *MDI has installed a split door with locks to ensure mail is processed in a secure location. MDI will review if additional modifications can be made to accounts receivable area to limit access while deposits are being processed. MDI will review procedures and duties for accounts receivable and mailroom staff to determine if reassignment of duties or staff is necessary.*

8. Federal Grant Expenditures

The MDI receives a federal grant from the U.S. Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services. This grant is used to contract with a not-for-profit foundation to provide insurance counseling services for senior citizens. As similarly noted in prior audits, the MDI does not always require the foundation to provide detailed documentation supporting amounts claimed for reimbursement under the grant agreement. Amounts paid to the foundation totaled approximately \$272,000 and \$312,000 for the years ended June 30, 2004 and 2003, respectively.

To obtain payment from the MDI, the foundation submits monthly invoices listing the hours spent by various personnel and the hourly reimbursement rate for the applicable personnel. Also included on the invoice are other operating expenses, such as temporary employees, telephone, promotional items, postage, and travel. The MDI tracks these expenses to ensure they are within the grant budget amount and also compares these expenses to monthly performance reports for reasonableness; however, detailed documentation is not always received from the foundation. For example, expenses of approximately \$36,000 related to a conference were mainly supported by figures provided on a calculator tape, but did not include copies of invoices or other detailed documentation. In general, our review noted improvements in supporting documentation submitted by the foundation, but additional improvement is needed to ensure there is support for significant expenditures.

Also included on the invoices are amounts for fringe benefits and indirect costs, which represent the largest expense categories for the grant. The foundation bills for fringe benefits and indirect costs based upon provisional rates approved by the DHHS. However, the MDI does not require an adjustment once the final fringe benefit and indirect cost rates have been approved by the DHHS.

To ensure amounts paid are reasonable and in compliance with the grant requirements, the MDI should establish expenditure thresholds and require supporting documentation for

expenditures above these thresholds. In addition, fringe benefits and indirect costs should be billed at the final rates approved by the DHHS.

WE RECOMMEND the MDI should establish expenditure thresholds and require supporting documentation for expenditures above these thresholds. In addition, the contract between MDI and the foundation should be amended to include an adjustment clause once the actual fringe benefits and indirect costs have been approved.

AUDITEE'S RESPONSE

MDI amended the contract with foundation beginning with the FY05 contract year. MDI will review historical expenditures by category and set baseline thresholds for each category that require additional supporting documentation when exceeded.

This report is intended for the information and use of the management of the Department of Insurance and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DEPARTMENT OF INSURANCE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Insurance on findings in the Management Advisory Report (MAR) of our prior audit reports issued for the three years ended June 30, 2002, and our audit of the department's Division of Consumer Affairs, Complaint Processing issued in June 2002. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

**DEPARTMENT OF INSURANCE
THREE YEARS ENDED JUNE 30, 2002**

1. Examiners' Expense Accounts

- A. The Missouri Department of Insurance (MDI) travel policies allow examiners domiciled in the same location and working on the same examination to use different travel methods, which appears to result in higher travel costs.
- B. The MDI does not require examiners to ride together when driving to the examination site or to the airport.

Recommendation:

The MDI:

- A. Adopt policies which require examiners to document planned travel costs for each examination and require the least expensive travel methods to be adopted and approved. Any extenuating circumstances which require adoption of more expensive travel methods should be fully documented.
- B. Require examiners to ride together to examination sites when feasible.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Not implemented. The department reviewed its policy and decided not to change the policy based upon liability concerns. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Surplus Lines Delinquent Premium Taxes

The MDI did not always certify surplus lines delinquent premium taxes to the Department of Revenue (DOR) within the time frame outlined in a cooperative agreement between the two parties.

Recommendation:

The MDI certify delinquent surplus line premium tax collections to DOR within time frames required by the cooperative agreement.

Status:

Implemented.

3. Federal Grant Expenditures

The MDI received a federal grant to contract with a not-for-profit foundation to provide insurance counseling services to senior citizens. The MDI did not require the foundation to provide detailed documentation supporting the amounts claimed for reimbursement, including its fringe benefit and indirect cost rate calculations.

Recommendation:

The MDI require the foundation to submit adequate supporting documentation to support expenses claimed for reimbursement. In addition, the MDI should require the foundation to document its fringe and indirect cost rate calculations.

Status:

Partially implemented. The MDI modified the contract to establish maximum quarterly payments and made other changes to the contract terms. However, the MDI has not required the foundation provide detailed documentation to support some expenses claimed for reimbursement. See MAR finding number 8.

**DEPARTMENT OF INSURANCE
DIVISION OF CONSUMER AFFAIRS
COMPLAINT PROCESSING**

- 1.1 The Consumer Services section handled the processing of insurance complaints received from consumers. Formal policies and procedures for the Consumer Services section had not been established. In addition, adequate responses were not always obtained from insurance companies prior to closing complaint cases.

- 1.2 Supervisors did not review consumer complaint files before they were closed to ensure reasonably specific information was received from insurance companies.
- 1.3 Supervisors indicated they performed monthly reviews of open complaint files but did not document those reviews.

Recommendation:

The Director, Department of Insurance:

- 1.1 Establish written policies and procedures for the Consumer Services section, including the use of enforcement tools to obtain specific responses.
- 1.2 Establish procedures for a supervisory review of complaint files before they are closed.
- 1.3 Evaluate the effectiveness of the monthly management reports.

Status:

- 1.1 The department is in the process of developing written policies and procedures for this section. Although not repeated in the current MAR, our recommendation remains as stated above.
- 1.2&
1.3 Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF INSURANCE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Division of Insurance was created by an act of the Missouri legislature in 1869. With the enactment of the state Omnibus Reorganization Act of 1974, the agency was transferred to the Department of Consumer Affairs, Regulation and Licensing. Constitutional Amendment No. 6, passed in August 1984, changed the name of the Department of Consumer Affairs, Regulation and Licensing, to the Department of Economic Development, effective September 7, 1984. Constitutional Amendment No. 4, passed in August 1990, created a new Department of Insurance (MDI), effective July 1, 1991.

The department operates under the authority of Chapter 374, RSMo. The management and control of the department is vested in a director who is nominated by the governor with the advice and consent of the Senate. Scott Lakin served as Director from March 15, 2001 to January 7, 2005. Douglas M. Ommen, currently the Deputy Director, served as acting Director from January 8, 2005 to February 23, 2005. W. Dale Finke was appointed Director on February 24, 2005, and continues to serve in that capacity.

When the agency was organized in 1869, 51 domestic and 120 foreign insurance companies were licensed in Missouri. As of May 2004, there were 244 domestic and 1,562 foreign insurance companies licensed in Missouri.

The MDI regulates the insurance industry in the state through enforcement of Chapters 325, 354, and 374 through 385, RSMo. The department regulates and licenses the insurance industry in the state; ensures that the insurance industry is financially sound, trustworthy, competent, and responsive to the insurance-buying public; and ensures that the insurance industry complies with the laws of the state. To fulfill these responsibilities, the department maintains a central office in Jefferson City and branch offices in St. Louis and Kansas City. As illustrated in the following organization chart, the MDI is organized into these functional units: Market Regulation, Consumer Affairs, Resource Administration, and Financial Regulation. The MDI had 207 employees at June 30, 2004.

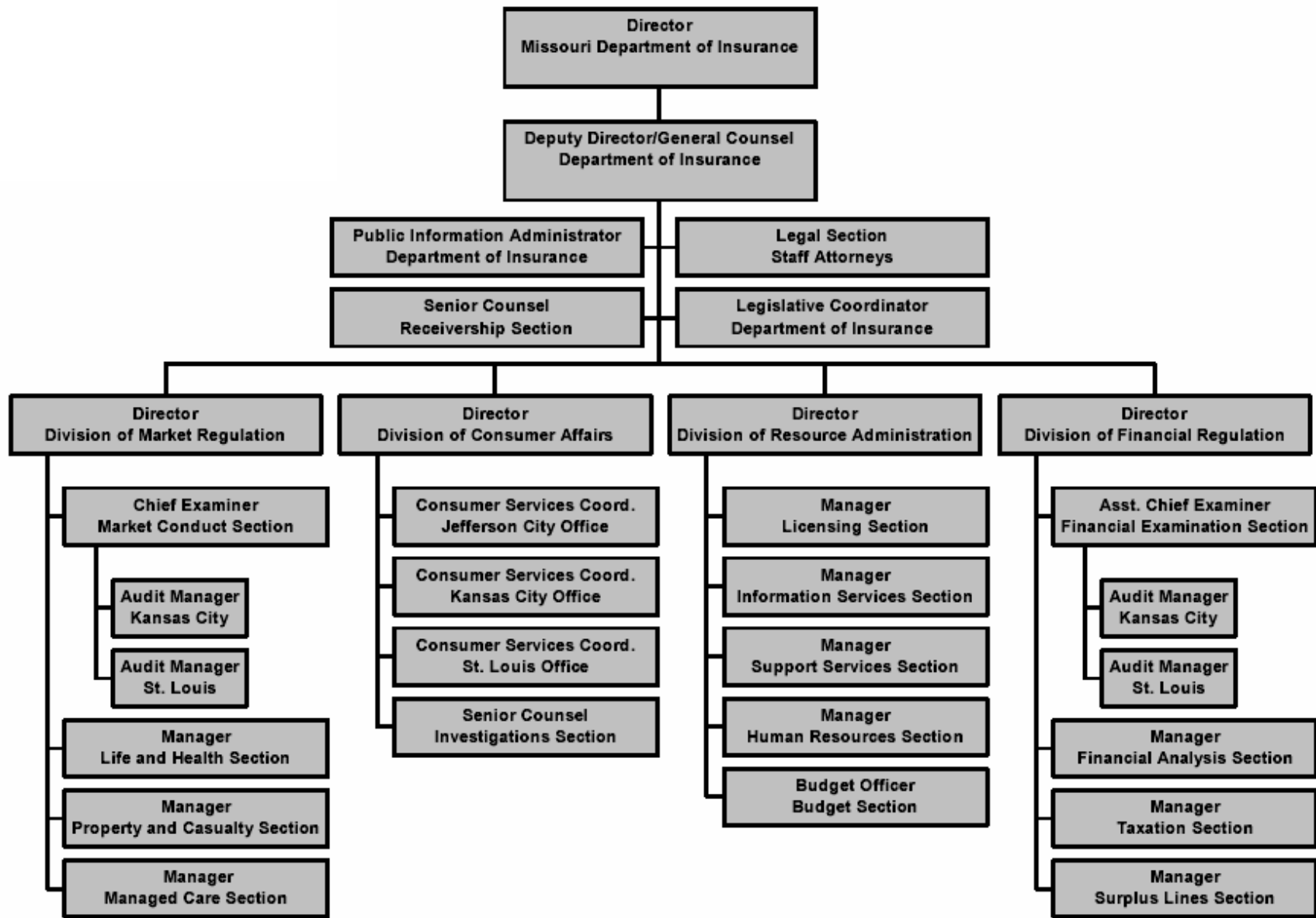
The MDI is authorized to administer Missouri chartered insurance companies requiring rehabilitation or liquidation, commonly referred to as receiverships. Such companies placed into receivership are under circuit court supervision with the judge appointing the MDI director as receiver. The director may appoint a special deputy receiver or agent. For five companies in receivership during the two years ended June 30, 2004, the department has contracted with a vendor in the Kansas City area to act as agent for these companies. While the vendor is not considered a department employee or official, the department retains certain supervisory functions over these companies that would normally be assigned to a special deputy receiver. This section contains schedules showing the financial activity of these five companies assigned to the vendor for the two years ended June 30, 2004.

The following provides a breakdown of the type of companies licensed in the state.

Type of Company	As of May 25, 2004	
	Missouri Domicile	Foreign
Assessment	2	0
FAIR Plan	1	0
Foreign Fire	0	6
Fraternal Benefit	2	33
Health Maintenance Organization	18	4
Health Services	1	0
Life	37	539
Malpractice	4	0
Missouri (Farm) Mutuals	23	0
Missouri Mutuals	92	0
Mutual Casualty	6	42
Mutual Fire	0	26
Prepaid Dental Plan	6	8
Reciprocal Inter-Insurance Exchange	4	13
Reinsurer	0	61
Risk Retention Group	0	64
Self-Insured Liability	7	0
Stock Casualty	37	648
Stock Fire	1	101
Title	3	17
Totals	<u>244</u>	<u>1,562</u>

According to the National Association of Insurance Commissioners (NAIC), for 2003, Missouri ranks thirteenth nationally in the number of companies incorporated in the state and nineteenth in the amount of premium volume written. The department's budget for fiscal year 2003 ranks nineteenth nationally.

DEPARTMENT OF INSURANCE
ORGANIZATION CHART
JUNE 30, 2004



DEPARTMENT OF INSURANCE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
FOR RECEIVERSHIPS ADMINISTERED BY KANSAS CITY-AREA VENDOR
YEAR ENDED JUNE 30, 2004

	International Financial Security Life Insurance Company	Lutheran Benevolent Insurance Exchange	Professional Medical Insurance Company	Professional Mutual Insurance Company Risk Retention Group	U.S. Physicians Mutual Insurance Company Risk Retention Group
RECEIPTS					
Premiums/investment income	\$ 4,310,480	72,198	199	22,138	29,883
Total Receipts	<u>4,310,480</u>	<u>72,198</u>	<u>199</u>	<u>22,138</u>	<u>29,883</u>
DISBURSEMENTS					
Claims/distributions	0	112,461	0	0	1,286,503
Special deputy receiver and legal fees	1,521,552	69,426	71,078	0	41,685
Other	205,886	27,561	662	0	0
Total Disbursements	<u>1,727,438</u>	<u>209,448</u>	<u>71,740</u>	<u>0</u>	<u>1,328,188</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,583,042	(137,250)	(71,541)	22,138	(1,298,305)
ACCRUAL ADJUSTMENTS	(1,069,210)	(291,196)	0	0	4,380
CASH AND INVESTMENTS, JULY 1	<u>10,245,052</u>	<u>5,541,969</u>	<u>182,151</u>	<u>0</u>	<u>1,473,761</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 11,758,884</u>	<u>5,113,523</u>	<u>110,610</u>	<u>22,138</u>	<u>179,836</u>

DEPARTMENT OF INSURANCE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
FOR RECEIVERSHIPS ADMINISTERED BY KANSAS CITY-AREA VENDOR
YEAR ENDED JUNE 30, 2003

	International Financial Security Life Insurance Company	Lutheran Benevolent Insurance Exchange	Professional Medical Insurance Company	Professional Mutual Insurance Company Risk Retention Group	U.S. Physicians Mutual Insurance Company Risk Retention Group
RECEIPTS					
Premiums/investment income	\$ 200,847	46,349	152,261	9,094	41,186
Total Receipts	<u>200,847</u>	<u>46,349</u>	<u>152,261</u>	<u>9,094</u>	<u>41,186</u>
DISBURSEMENTS					
Claims/distributions	0	450,092	2,511,782	719,633	73,311
Special deputy receiver and legal fees	1,166,464	3,854	50,097	16,533	232,379
Other	132,495	85,220	144,580	79,469	0
Total Disbursements	<u>1,298,959</u>	<u>539,166</u>	<u>2,706,459</u>	<u>815,635</u>	<u>305,690</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,098,112)	(492,817)	(2,554,198)	(806,541)	(264,504)
ACCRUAL ADJUSTMENTS	3,613,624	117,458	(81,408)	(516)	8,451
CASH AND INVESTMENTS, JULY 1	<u>7,729,540</u>	<u>5,917,328</u>	<u>2,817,757</u>	<u>807,057</u>	<u>1,729,814</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 10,245,052</u>	<u>5,541,969</u>	<u>182,151</u>	<u>0</u>	<u>1,473,761</u>



Claire McCaskill

Missouri State Auditor

October 2005

CONSERVATION

Department of Conservation

Two Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

October 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Conservation.

The Missouri Department of Conservation (MDC) did not assess achievement of the fiscal year 2004 strategic plan goals or update the strategic plan, coordinate the strategic plan process with long-term funding projections and the budget process, or develop specific data to allow measurement of progress toward the strategic plan's goals.

During the two fiscal years ended June 30, 2004, the MDC distributed over \$9.2 million through grants, cooperative agreements, and cost share programs. These agreements between the MDC and entities or individuals provide funding for private and public land activities related to MDC's mission. We reviewed some of the contracts discussed in our previous audit (Report No. 2002-108) and determined that MDC is more closely monitoring these projects. In addition, the MDC implemented a revised policy for grants and cooperative agreements in January 2003, which included significant new requirements for application procedures, project approval, project monitoring, and administration of the grant and cooperative agreement contracts. However, some improvement is still needed in ensuring employees are assigned responsibility for monitoring these contracts, and in requiring contract payments to be made on a reimbursement basis.

All MDC full-time employees and certain designated hourly employees and volunteers are provided a clothing allowance. During the two fiscal years ended June 30, 2004, the MDC expended over \$980,000 on clothing reimbursements for department employees and volunteers. While a significant portion of these expenditures were for employees with specific clothing requirements, some employees with infrequent public contact are allowed up to \$100 per year for the purchase of signature clothing that identifies them as department employees. We have questioned the need for clothing allowances in these instances.

During the two fiscal years ended June 30, 2004, the MDC expended approximately \$63,000 on gifts and awards for employees; however, the department does not have a policy to control these expenditures and allows purchases of gifts and awards which are excessive in amount.

The MDC's outside employment policy requires employees to complete an annual outside employment authorization and related business disclosure form if the employee has outside employment or has a personal or family interest in a business. However, the form does not provide a reporting mechanism for other types of conflicts of interest that could arise from other circumstances, such as involvement in not-for-profit organizations which have conservation related objectives or friendships and relationships which the employee feels could compromise their ability to properly perform supervisory or oversight duties.

(over)

YELLOW SHEET

During our review, we noted indications that compliance with the MDC policy is not being adequately implemented and monitored.

We noted that the department director and a commission member were ex-officio non-voting members of the board of directors for a not-for-profit organization with a business relationship to the department. However, neither person had reported the entity on their financial disclosure forms filed with the State Ethics Commission for the affected time period.

The MDC maintains approximately 1,300 passenger vehicles. The department's accounting system does not separately identify between 60 and 80 vehicles available to employees for temporary or daily use as pool vehicles. As a result, the vehicles were not analyzed for appropriate usage levels or compliance with state policy for pool vehicles. As reported in the prior audit, the MDC does not maintain vehicle usage logs. In addition, adequate records are not maintained relating to employees allowed to use department vehicles for commuting.

As of June 30, 2004, MDC employees occupied twenty-seven MDC-owned residential structures. Sixteen of these homes are occupied by employees that are not required to live in the home as a condition of their employment. These employees are charged rental rates from \$75 to \$125 per month based on the home's assigned classification. The MDC has not performed adequate market analysis to determine the actual rental values of the homes. If the homes are rented to department employees at less than the market rate, the difference is a taxable benefit to the employee and should be reported on the employees' W-2 form.

The MDC maintains an inventory of publications and gift items, with a value of approximately \$800,000 at June 30, 2004, which are sold through the MDC's central distribution warehouse, nature centers, and regional offices. Although the MDC periodically reviews the profitability of for-sale inventory activities, only the cost of the merchandise is included in the calculation and other costs such as personnel, fringe benefits, storage, and administrative costs are not included in the analysis. Additionally, the Forestry Division maintains a nursery that produces tree and shrubbery seedlings, utilized in various MDC programs, sold or provided to external entities for planting pursuant to cooperative agreements with the MDC, and offered for sale to the public. Sales revenues exceeded \$1.2 million during the fiscal year ended June 30, 2004. The MDC does not document an adequate analysis of the nursery production and sales activities to determine if nursery sales revenues are recovering the cost of producing the stock in accordance with management's objectives.

The MDC did not document how some items discussed in closed session complied with state law. Certain information in the minutes for closed sessions was intentionally withheld from our review based on the department's interpretation of state law.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF CONSERVATION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Conservation Commission
and
John Hoskins, Director
Department of Conservation
Jefferson City, MO 65102

We have audited the Missouri Department of Conservation. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions. Certain information contained in the Commission meeting minutes for closed sessions was not provided to us based on the department's interpretation of state law. Department officials have determined and assured us that this withheld information has no material effect on the audit.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Department of Conservation.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 18, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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	Rachel A. Simons, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CONSERVATION
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1. Strategic Planning

The Missouri Department of Conservation (MDC) did not assess achievement of the fiscal year 2004 strategic plan goals or update the strategic plan, coordinate the strategic plan process with long-term funding projections and the budget process, develop specific benchmarks or targets for the strategic plan's goals, or develop specific data to allow measurement of progress toward the strategic plan's goals.

The department has prepared a series of strategic plans beginning with the Design for Conservation and the New Design for Conservation published in 1971 and 1975, respectively. These plans were followed by two five year strategic plans in 1989 and 1995, a significant land purchase strategy in 1991, and three additional plans for fiscal years 2001, 2003, and 2004. The three most recent plans have been formatted to implement Governor's Order 01-19, Commission on Management and Productivity Implementation.

Governor's Order 01-19 requires state agencies to manage for results including the use of performance-improvement and efficiency efforts, strategic planning for policy innovation, and the use of performance measures in state decision-making. The order also states that strategic planning and performance measures will be the basis of program implementation and the allocation of state resources. The planning and budgeting processes should be linked so as to increase accountability by placing greater emphasis on benefits and results rather than activities and workload.

A report issued by the State Auditor in October, 2002, *Department of Conservation Oversight of Land Acquisition, Capital Improvements, and Related Programs* (Report No. 2002-108), indicated that the department's strategic planning process did not ensure accountability of public resources, that a results-based strategic planning process was not fully implemented, and that the budget process was not adequately coordinated with the strategic planning process.

Our review of the department's efforts regarding strategic planning indicates continued weaknesses in the strategic planning process.

- A. The strategic plan for fiscal year 2004 has not been reviewed and updated annually. The Strategic Plan Coordinator indicated that the performance measures in the strategic plan for fiscal year 2004 have not been reviewed to see if they were achieved. The Strategic Plan Coordinator indicated that a new strategic plan will be issued for fiscal year 2006; however, the strategic plan for fiscal year 2004 indicated it would be reviewed and evaluated annually.

Annual reviews of the department's strategic plan and measurement of the department's progress toward achievement of the strategic goals are necessary to ensure the strategic plan remains an effective planning and management tool.

- B. While the department has developed a five year cash flow analysis, this is not tied to the strategic plan or the goals of the department.

The Design for Conservation, published in 1977, associated average annual costs with the proposed goals; however, the department has not continued this projected allocation of resources in recent strategic plans. Until department officials take steps to improve the strategic planning process, taxpayers cannot be assured that conservation revenues levels are comparable or sufficient to meet current and future (long-term) operational costs and that the funds are being used effectively to achieve conservation goals.

In addition, the department's strategic plan for fiscal year 2004 identified the need for a comprehensive property, facility, and infrastructure inventory including an assessment of long-term operating costs and maintenance needs. The department has developed a comprehensive listing of properties owned and managed by the department but has not assessed long-term operating costs or maintenance needs of these facilities, and has not incorporated such information into the strategic planning and budgeting process.

Associating historical data with long-term projections of funding sources, anticipated long-term operating costs, and strategic plans and goals would provide the public with an understanding of how the sales tax and other conservation revenues are used to accomplish conservation goals and an opportunity to express opinions of how the revenues are used. Coordinating these information sources would assist management in allocating department resources in the most effective manner and in compliance with the department's mission and strategic plan.

- C. The department's budget process is not adequately coordinated with the strategic planning process. The department budget is prepared and tracked by division while the strategic plan is organized into six broad program areas including multiple goals, issues, and performance measures for each program area. The program areas are not defined by division and, as a result, it is not clear which division is responsible for the strategic goals, issues, and performance measures within each program area.

Each of the nine budget divisions separately issues annual documents, referred to as division directions. The division directions address various strategic goals, issues, and performance measures as the divisions determine they apply to the divisions' mission and functions. However, strategic goals, issues, and performance measures are often addressed by more than one division and the items discussed in the division directions also include other division concerns which are not included in the strategic plan document.

Coordinating the strategic planning process with the budgeting process and ensuring that the responsibility for implementing strategic goals is assigned to and addressed by appropriate divisions would increase the effectiveness of strategic planning and allow the department to focus and direct resources to high priority activities.

- D.
1. The department has not developed specific measurements for some of the department's goals and is not able to determine if conservation goals have been accomplished. The fiscal year 2003 and 2004 strategic plans contain strategic issues with desired results, but the desired results are not always specific in terms of the expected improvements. For example, the plan notes the following issue: Landscape changes continue to degrade critical habitat and natural communities resulting in the decline of a wide variety of fish and wildlife. The desired result is to increase populations and enhancement of natural communities through targeted habitat manipulations. While the outcome is measurable, it is not stated in terms of a specific goal as to the types of fish and wildlife and by what measure the populations should increase. In addition, some performance measures such as "an increase in the number and size of natural communities" have a vague description.
 2. Data was not available or was not used to measure progress toward or achievement of the stated goals. While some trend data was presented in the fiscal year 2004 plan, adequate trend analyses was not provided for 8 of the 17 strategic issues, and the majority of results reported were not supported by adequate data. For example, the strategic issue of maintaining and operating area facilities and infrastructure in a way that invites public use includes a performance measure of "the number of incidents of vandalism and the amount of funds spent for repairs". The only data presented to report progress is that a facility and infrastructure survey was completed. The plan also indicates that the long-term plan for repair and renovation had not been completed and there is no formal process to track amounts of vandalism damage on conservation areas. These performance measures do not adequately provide information as to the increase or decrease of vandalism occurrences or the cost of repairs in the past years, which would also provide comparative information to test the accomplishment of goals in subsequent years.

Establishing specific, measurable outcomes is necessary to allow the department to track progress and to prioritize department objectives. In addition, the use of adequate data to define program goals and measurements for program outcomes and objectives provides a sound basis to track progress over time and establishes trends that can then be used to effectively measure progress achieved. The use of supporting data in defining the extent of the problem is a critical step in the strategic planning process. This methodology allows management to determine

whether a problem exists, establish realistic goals, prioritize strategic issues, and implement effective and appropriate strategies.

Similar conditions were also noted in our prior report; however, the department did not fully implement these recommendations.

WE RECOMMEND the MDC:

- A. Ensure strategic plans are reviewed and performance measures are tested annually for effectiveness and revise the plans, if necessary.
- B. Include as a part of the strategic plan, long-term projections of anticipated revenues and expenditures required to implement and maintain the department's programs and strategic goals. In addition, the department should complete development of the facility inventory, operating cost assessment, and long-term maintenance assessment, and incorporate the information into the annual strategic plan and budgeting process.
- C. Coordinate the strategic planning process with the budgeting process and ensure that the responsibility for implementing strategic goals is assigned to appropriate divisions. In addition, the department should ensure division directions state a clear, direct relationship with the strategic goals.
- D.1. Ensure strategic goals are measurable and specific.
- 2. Improve the performance measurement process by using trend data to measure and support results achieved and defining how much improvement is needed.

AUDITEE'S RESPONSE

We prepare a strategic plan in a format that is applicable to our needs and provides goals, objectives and the guidance to achieve them. We have developed a number of plans in addition to the strategic plan such as area plans, species plans, regional operating plans and long-term capital improvement and financial budgeting plans. All plans are long-term, flexible, continually reviewed and monitored, and considered in our annual budgeting process. As noted by the auditors, our strategic plan may not completely comply with the 2001 order; however, the comprehensive planning method currently used has proven effective for our organizational structure and provides understandable plans to present to the public. We are always open to new ideas to improve our planning process and will consider these recommendations as we continue to progress in this area.

2.	Expenditures
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Improvement is needed to ensure monies distributed by the MDC are properly controlled. The MDC policies and procedures for clothing and gifts and awards expenditures do not

ensure purchases are economical and represent reasonable and prudent uses of state funds.

- A. During the two fiscal years ended June 30, 2004, the MDC distributed over \$9.2 million through grants, cooperative agreements, and cost share programs. These agreements between the MDC and entities or individuals provide funding for private and public land activities related to MDC's mission. In our prior audit report issued in October, 2002, *Department of Conservation Oversight of Land Acquisition, Capital Improvements, and Related Programs* (Report No. 2002-108), we recommended the MDC establish oversight provisions for inclusion in agreements with private organizations that receive state funds and monitor these organizations to ensure requirements are met, state funds are used in accordance with agreements, and results are achieved.

We reviewed some of the contracts discussed in the previous report and determined that MDC is more closely monitoring these projects. After several more months of negotiations, in March 2005, the MDC did finally cancel their agreement with one organization and take back the property granted to them.

In addition, the MDC implemented a revised policy for grants and cooperative agreements in January 2003 which included significant new requirements for application procedures, project approval, project monitoring, and administration of the grant and cooperative agreement contracts. However, three of twelve program distribution contracts reviewed did not indicate which MDC employee was responsible for ensuring the terms of the contract were complied with and the agreed upon monitoring procedures. In addition, seven of twelve contracts did not require contract payments be made on a reimbursement basis and two additional agreements required a combination of lump sum and reimbursement basis payments.

The new policy requires that grants and agreements include identification of the individual who will be responsible for monitoring the agreement as well as what monitoring tools will be used. In addition, the policy states that the "preferred and highly recommended" fund disbursement method is the reimbursement basis and that the recipient must provide adequate documentation of monies spent at the time of request for reimbursement.

To ensure the efficient and effective use of state resources, the MDC should ensure that all program distribution agreements and activities comply with the policy for grants and cooperative agreements. These agreements should include assignment of monitoring activities and contract payments should be disbursed on a reimbursement basis.

- B. All MDC full-time employees and certain designated hourly employees and volunteers are provided a clothing allowance. During the two fiscal years ended June 30, 2004, the MDC expended over \$980,000 on clothing reimbursements for

department employees and volunteers. As of June 30, 2004, the department employed approximately 1,500 salaried employees and 730 hourly employees. Clothing allowances are provided to some employees who have limited contact with the public and limited need to be identified as a department employee.

Some employees are allowed \$300 or \$400 for a clothing allowance per year. These employees are required to wear a uniform, have frequent public contact, or have duties which are exceptionally hard on clothing, such as construction or heavy maintenance. Other employees and volunteers, who do not have frequent public contact and are not required to wear a uniform while on duty, are allowed up to \$100 per year for the purchase of signature clothing. These employees may wear the official clothing at their discretion and may be required to wear official clothing at certain events as designated by their supervisor.

It appears unreasonable for the MDC to provide clothing allowances to employees who have infrequent contact with external parties and could be easily identified by the use of a name tag or other less costly method.

- C. During the two fiscal years ended June 30, 2004, the MDC expended approximately \$63,000 on gifts and awards for employees; however, the department does not have a policy to control these department expenditures and allows purchases of gifts and awards which are excessive in amount and may have marketable value associated with the item.

As of June 30, 2004, the department employed approximately 2,230 salaried and hourly employees. We noted the following examples of expenditures for gifts and awards:

- Twenty-five plaques for retiring department employees valued at \$94 each.
- Three framed prints given to department employees in recognition of leadership and technical achievement valued at a total of \$722.
- Twenty-five clocks and 100 mini key chain calculators given to department employees for the promotion of safety in the work place with a total value of \$518.
- A plaque given to a commissioner whose term was expiring valued at \$151.

While the recognition of outstanding employee contributions to the department's mission is an effective management tool, the level of expenditures and the value of some awards procured by the department are excessive. Purchases of this nature should be minimal in nature and should not have marketable value such as the framed artwork. In addition, the department should develop a policy specifying allowable expenditures for gifts and awards.

WE RECOMMEND the MDC:

- A. Ensure all program distribution agreements and activities comply with the policy for grants and cooperative agreements. These agreements and activities should include appropriate termination clauses, monitoring assignment and monitoring activities, and should be disbursed on a reimbursement basis.
- B. Discontinue providing clothing allowances to employees and volunteers who are not required to wear a uniform while on duty.
- C. Develop a policy specifying allowable expenditures for gifts and awards and ensure expenditures for gifts and awards are allowed only for items of reasonable cost which have no identifiable market value.

AUDITEE'S RESPONSE

- A. *The auditors noted that seven of the twelve contracts reviewed did not require payment to be made on a reimbursement basis; however, as reported to the auditors and documented in our Business Policy Manual, making payments in advance is an allowable payment method and is often used when considered necessary, such as to provide a partial advance payment to the grantee for applicable supplies. Our procedures outline required provisions and controls to be applied when making payments in advance. We have been and will continue to review all agreements to ensure they are in compliance with our established procedures.*
- B. *Our clothing policy and dress code have been discussed several times over the past few years and as a result, a task force was established to review the Department's clothing policy. A revised policy should be in effect by December 31, 2005.*
- C. *Our employees are a valued asset to the Department and often go beyond their assigned duties and responsibilities on behalf of the mission. Based on discussions regarding expenditures and tax reporting requirements for gifts and awards for employees, the Director called for the formation of a task force earlier this year to draft guidelines for employee gifts and awards. Recommendations from the task force are currently being organized in a policy and procedures format for submission to management for review and approval. The policy should be in effect by December 31, 2005.*

3. Conflicts of Interest Policy
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The MDC has not adequately implemented and monitored compliance with the department's policies regarding conflicts of interest. In addition, we noted that financial disclosures filed with the Missouri Ethics Commission did not properly report the relationship between two high ranking department officials and a related organization.

- A. The MDC Mission Statement and Code of Conduct specifies that MDC employees are not allowed to engage in activities that create financial conflicts with the department or activities that are adverse to or impede department policies. The outside employment policy specifies that outside employment is allowed when it does not represent an actual or perceived conflict of interest or diminished job performance. The policy further stipulates that MDC employees may not engage in outside employment activities, make purchases, or enter into contracts which result in any activity that could influence a decision, create a bias or prejudice, create unfair competition, interfere with job performance, or conflict with the accomplishment of MDC missions, goals, and policies. Finally, the policy defines conflict of interest as any circumstance that would cast doubt on an employee's ability to act with objectivity including both actual conflicts and the subjective perception of conflicts.

The outside employment policy requires employees to complete an annual outside employment authorization and related business disclosure form if the employee has outside employment or has a personal or family interest in a business. However, the form does not provide a reporting mechanism for other types of conflicts of interest that could arise from circumstances other than outside employment or business ownership/relationship such as involvement in not-for-profit organizations which have conservation related objectives or friendships and relationships which the employee feels could compromise their ability to properly perform supervisory or oversight duties.

The outside employment policy also indicates that the MDC will prepare a list of employees and related businesses. The purpose of this list would be to notify all department employees to restrict purchases with the listed employees or businesses.

During our review, we noted indications that compliance with the MDC policy is not being adequately implemented and monitored.

- As of March 2005, the MDC had not compiled or published a listing of employees with outside employment or business ownership/family relationship conflicts. As a result, MDC employees involved in purchasing activities were not aware of various employees or vendors from which they should be restricting purchases.
 - Six employees who held concurrent employment at MDC and other state agencies had not filed outside employment forms.
- B. Various department officials and employees are required to file financial disclosure forms with the Missouri Ethics Commission. We noted that the department director and a commission member were ex-officio non-voting members of the board of directors for a not-for-profit organization with a business relationship to the department. However, neither the director nor the

commissioner had reported the entity on their disclosure form filed with the State Ethics Commission for the affected time period.

WE RECOMMEND the MDC:

- A. Improve the reporting and monitoring of employees' conflicts of interest by:
- Providing a mechanism for employees to report conflicts of interest other than outside employment or business ownership/relationship.
 - Ensuring all employees submit the outside employment disclosure form.
 - Developing and publishing, for department use, the listing of employees that MDC has placed on restricted procurement status due to the existence of conflicts of interest.
 - Following up on the instances of non-compliance with department policy noted above.
- B. Follow up on the instances of non-compliance with state law noted above, and stress to employees and department officials through additional training or other communication the importance of completely and accurately reporting all conflicts of interest and subjective perceptions of conflicts of interest.

AUDITEE'S RESPONSE

- A. *We have intentionally developed a very strict policy to avoid actual and perceived conflicts of interest. This policy requires all full and part-time employees to provide the Department with detailed information about outside employment, as well as family and related business associations. Our initial attempt to obtain this detailed information from full-time employees occurred in the fall of 2004, however, while developing the data base listing businesses with conflicts, we realized there were misunderstandings as to what information was to be disclosed. We have since revised the forms to be completed and are in the process of training supervisors as to the information required. Due to the need to provide supervisory training, the amount of information to be disclosed, the total number of full and part-time employees from whom information will be derived, and the number of supervisory levels of review, this is a massive undertaking. We expect to have completed forms returned to Central Office by December 31, 2005, and the data base operational by March 31, 2006. In addition to our stringent disclosure forms, all employees in management and supervisory positions, well over 100 in total, are required to file financial disclosure forms with the Missouri Ethics Commission annually.*
- B. *Failure to report ex officio status as board members for the Missouri Conservation Heritage Foundation was simply an oversight. Although Section 20 of the Financial Disclosure form does not include certain Not For Profit organizations where no pay was received, in the interest of full disclosure, our ex officio position with the MCHF will be reported on future forms.*

4.**Capital Asset Records and Procedures**

The MDC policies and accounting procedures for capital assets including physical inventories, pool vehicles, vehicle usage logs, commuting reports, and department owned housing need to be improved. At June 30, 2004, the MDC reported capital asset balance for equipment was \$75.6 million.

- A. The Business and Support Services staff initiated a physical inventory of capital assets at the department's 522 location codes in January 2004; however, as of January 2005, 19 percent of the physical inventory count sheets had not been returned to the Business and Support Services staff. In addition, the physical inventories are performed by asset custodians and there is no requirement that an independent individual perform the count or supervise, review, or spot check the physical count results.

In addition, due to a department reorganization, several assets were relocated; however, the location recorded in the accounting system was not updated. We noted 20 of the 100 assets we tested were incorrect.

Annual physical inventories are necessary to ensure the accuracy of capital asset records and to detect the loss, theft, or misuse of assets. The MDC should conduct annual physical inventories and reconcile the results of the inventories to the detailed capital asset records. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties, or spot checks or supervisory reviews should be performed if an independent employee does not conduct the physical inventory.

- B. The MDC maintains between 60 and 80 vehicles at the regional and local office levels that are available for employees to check out for temporary or daily use; however, the department's accounting system does not separately identify these vehicles as pool vehicles and, as a result, the vehicles were not analyzed for appropriate usage levels or compliance with state policy for pool vehicles. The State of Missouri Administrative Policy SP-4 states that pool vehicles should be used at least 15,000 miles each year. However, the department did not analyze these vehicles to determine if they were utilized in compliance with the state policy regarding pool vehicles.

To ensure pool vehicles are adequately utilized and are in compliance with state policy, the MDC should separately identify, account for, and analyze all vehicles used in a pool capacity.

- C. As reported in the prior audit of the Department of Conservation for the two years ended June 30, 2002, the MDC does not maintain vehicle usage logs which detail the name of the driver, dates used, beginning and ending odometer readings, destination, and purpose of use. The MDC maintains approximately 1,300

passenger vehicles. State policy SP-4 specifically requires this information. Furthermore, this information is necessary to determine which individuals are using the vehicle and if there is a potential for misuse of the vehicle.

- D. The MDC policy for commuting in department vehicles provides for varying levels of commuting approval based on the employee's job duties and assignments. Approximately 65 employees were approved for commuting during the two fiscal years ended June 30, 2004. In addition, other employees were approved by the division administration or local supervisor for temporary or occasional commuting.

Employees who utilize commuting authority under taxable circumstances (as defined by policy) are required to submit a monthly commuting mileage report to the payroll staff for recording as a taxable benefit in the state's accounting system. However, the payroll staff are not notified of persons who are approved for commuting and, as a result, cannot verify that all monthly commuting reports are received. In addition, if employees do not utilize commuting authority under taxable circumstances in a given month, they are not required to submit a report stating that there were no taxable benefits during the month.

The MDC cannot adequately track the completeness of commuting report submission without an adequate system of notification when commuting approval is granted and without complete reporting each month by all employees approved for commuting even when no taxable commuting authority is utilized.

- E. As of June 30, 2004, MDC employees occupied twenty-seven MDC-owned residential structures. The department either requires or allows the employees to establish and maintain residency in the homes. All employees occupying residential structures are responsible for the cost of utilities and regular maintenance and repairs of the homes. Eleven of these homes are occupied by employees who are required as a condition of their employment to live in the home and are exempted from paying rental fees. The remaining sixteen homes are assigned to one of several classifications related to the home's size and rental rates are assessed against the occupying employee's paycheck each pay period. Rental rates vary from \$75 to \$125 per month based on the assigned classification.

The MDC has not performed adequate market analysis to determine the actual rental values of the homes. If the homes are rented to department employees at less than the market rate, the difference is a taxable benefit to the employee and should be reported on the employees' W-2 wage and tax statements.

The MDC should ensure that they are in full compliance with federal tax regulations by performing an accurate market analysis of the rental value of department owned, employee occupied homes. Rental rates should be assessed to department employees in amounts consistent with the results of the analysis or

taxable benefits should be recorded in the accounting system and reported on employees' W-2 wage and tax statements.

WE RECOMMEND the MDC:

- A. Conduct a physical inventory of all capital assets on an annual basis and reconcile the results of the inventory to the detailed capital asset records. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties, or spot checks or supervisory reviews should be performed on the physical inventory results.
- B. Separately identify, account for, and analyze all vehicles used in a pool capacity to ensure compliance with state policy.
- C. Maintain mileage logs for all on-road department vehicles as required by OA policy. These logs should be periodically reviewed for propriety.
- D.1. Establish a central information reporting system to track which employees are approved for personal commuting on an annual, temporary, and occasional basis.
 - 2. Require all employees approved for commuting during a given month to submit reports of taxable commuting miles or a statement that taxable commuting miles were not utilized.
- E.1. Perform a market analysis of the rental value of department owned-employee occupied homes.
 - 2. Assess rental rates to department employees in amounts consistent with the results of the analysis or record and report taxable benefits on the employees' W-2 wage and tax statements.

AUDITEE'S RESPONSE

- A. *Physical inventories of capital assets are conducted by the staff on an annual basis; BASS-General Support Services staff will continue to monitor the results to ensure timely responses. Spot checks of inventory are now being conducted throughout the year by the Internal Auditor and her Assistant and the Internal Customer Service Manager and her staff.*
- B. *We currently have 18 vehicles that are solely used as pool vehicles; the others referred to by the auditors are vehicles assigned to professional staff but also available for all staff to use as needed when available. We maintain and analyze detailed mileage, fuel, and repair and maintenance information for all vehicles. The mileage information is often used to determine if reassignments are necessary, i.e., we transfer older vehicles with higher mileage to assignments where they will be used for shorter, local trips.*

- C. *We do not maintain mileage logs detailing information for each trip taken in a Department vehicle due to the limited benefit provided by such a log. Instead, we have the MDC logo prominently displayed on all vehicles which provides a stronger and more effective control to ensure vehicles are used appropriately.*
- D. *This is now being done.*
- E. *Market analysis is performed every three years; the last one was completed in 2002 and we are currently reviewing again for 2005. This analysis should be completed by December 31, 2005. Employees who are required to live in Department-owned housing as part of their official duties and responsibilities are not charged rent and the value of the housing is not taxable. Employees who choose to live in other Department-owned housing provide a service to the Department because they provide a presence at the area and help minimize vandalism. The employees living there by choice are charged a rate in line with the market for the size of the house, quality, and location. We will use the results from the 2005 analysis to determine taxable fringe benefits, if any, to be reported.*

5. Inventory

The MDC does not include all operating costs in their analysis of the sales activities of the publications inventory or the seedling nursery and the analyses performed by the nursery are not documented.

- A. The MDC maintains an inventory of over 600 publications and other gift items, with a value of approximately \$800,000 at June 30, 2004, which are sold through the MDC's central distribution warehouse and 28 nature centers and regional offices throughout the state. Although the MDC periodically reviews the profitability of for-sale inventory activities, only the cost of the merchandise is included in the calculation and other costs such as personnel, fringe benefits, storage, and administrative costs are not included in the analysis.

Without adequate analysis of the level of cost recovery attained, the MDC cannot ensure that the for-sale inventory activities are conducted in accordance with management's objectives.

- B. The Forestry Division maintains a nursery that produces tree and shrubbery seedlings. The MDC annually produces an inventory of nursery stock (tree and shrub seedlings) which are utilized in various MDC programs, sold or provided to external entities for planting pursuant to co-operative agreements with the MDC, and offered for sale to the public. Sales revenues exceeded \$1.2 million during the fiscal year ended June 30, 2004.

The MDC does not document an adequate analysis of the nursery production and sales activities to determine if nursery sales revenues are recovering the cost of producing the stock in accordance with management's objectives. The nursery

manager tracks employee time and shipping costs related to these activities but does not document periodic cost recovery analyses, what the activities are costing the department in total, or if the sales revenues are adequately recovering the production and overhead costs.

Without adequate analysis of the level of cost recovery attained, the MDC cannot ensure that the nursery production and cost recovery activities are conducted in accordance with management's objectives.

WE RECOMMEND the MDC:

- A. Perform comprehensive periodic analyses to ensure that the activities of the for-sale inventory program are meeting the goals and objectives of management especially related to the level of cost recovery attained. In addition, the department's review of publication sales activities should consider all operating costs including employee salaries and fringe benefits.
- B. Document comprehensive periodic cost recovery analyses of the activities associated with nursery stock production and sales to determine if costs are recovered in accordance with management's objectives.

AUDITEE'S RESPONSE

As discussed with the auditors, it is not the intent of the Department to recover all costs associated with books, videos, gift shop items, and seedlings grown in our nursery. Although we price items to ensure all direct costs are covered, it is not our intent to recover indirect costs, such as personnel, fringe benefits, storage, and administrative costs. These items are offered for sale to citizens as a public service and in furtherance of our strategic goals and, therefore, the indirect costs associated with this service are absorbed by the Department.

6. Public Records

The MDC does not document roll call votes taken in closed session and does not always report decisions made in the closed sessions in the department's public records as required by state law. In addition, the MDC discusses issues in closed session which do not appear to be allowable for closed session under state law. Finally, the MDC did not maintain adequate documentation of the determination for the hourly rate charged for providing research and copies of public records.

- A.1. Many commission decisions made during closed session do not appear to be made by roll call vote as required by Section 610.015, RSMo. Additionally, some decisions made during closed session meetings were not reported in the department's open records in compliance with Section 610.021, RSMo.

State law requires actions taken during closed meetings/sessions be conducted by roll call vote, and the votes taken be documented including the commission member's name and specific vote. In addition, although state law allows the permanent closure of certain information, certain final decisions must be reported in the open records immediately or within a specific time frame.

2. The MDC did not document how some items discussed in closed session complied with state law. These items included proposed benefit plan elements, current financial status, contractor compliance with existing contracts, pending legislation, and policy adoption.

Section 610.021, RSMo, allows the commission to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The commission should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The MDC policy for providing assistance and information includes a 10 cent per page copy fee but does not indicate an hourly fee for duplicating or research time. The MDC informal policy is to charge a flat \$10 fee for duplicating time or research on most requests. For large requests, the MDC will determine the actual cost for duplicating and research. The department did not provide documentation to justify how they arrived at these fees.

Section 610.026, RSMo, allows the commission to charge an hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the department and the actual cost of research time. Fees for providing public records maintained on computers and other electronic media are limited to the actual cost of the copies, staff time (not to exceed the average hourly rate of pay for the department's staff required for preparing the copies or programming), and the cost of the disk, tape, or other electronic storage device.

It should be noted that we were not allowed access to all commission meeting minutes. Certain information in the minutes for closed sessions was intentionally withheld from our review based on the department's interpretation of state law. This included information regarding real estate transactions, personnel actions, and items pertaining to potential or actual legal actions. The comments and recommendations in this section of our report should be read with the understanding that all findings with regard to the minutes of commission meetings may not be included.

WE RECOMMEND the MDC:

- A.1. Conduct and record all actions taken in closed session by roll call vote and disclose the final votes taken in closed session as required by state law.

2. Ensure only allowable, specified subjects are discussed in closed session as required by state law.
- B. Review and retain documentation of the justification for fees charged for photocopying, research, proprietary information requests, and database copies.

AUDITEE'S RESPONSE

- A. *Failure to publicly disclose the final votes taken in closed session regarding our reorganization plans was simply an oversight. Although the closed minutes may not have specifically named each of the four Commissioners and how they individually voted, the minutes stated the vote was unanimous or it was the consensus of the Commission, thereby indicating all four Commissioners voted in the manner noted. We will ensure future minutes clearly report roll call votes. The Director's Office staff currently reviews the agendas for the open and closed sessions in advance, statutory references for items discussed in closed session are documented on the agenda, and a concerted effort is made to ensure all action items decided in closed session are also on the agenda for the open session.*
- B. *Fees charged for open records requests were reviewed in 2001; however, we will review and update these fees and ensure the documentation is retained. The updated fee structure should be in effect by December 31, 2005.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF CONSERVATION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Conservation on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2002 and our Special Review of the Department of Conservation Oversight of Land Acquisition, Capital Improvements, and Related Programs issued on October 3, 2002. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

1. Food Costs

Some food expenditures in the department lacked adequate supporting documentation. In addition, some food expenditures did not appear to be prudent uses of public monies and were not necessary to accomplish the mission of the department.

Recommendation

The department maintain adequate supporting documentation for food expenditures and ensure expenditures are reasonable and necessary to the mission of the department.

Status

Partially implemented. The department has updated their policy for agency provided food. This policy appears to be in compliance with the Office of Administration (OA) policy, SP-5 Agency Provided Food. The department maintains adequate supporting documentation for food expenditures; however, the department has not reduced overall levels of expenditure for agency provided food. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Expenditures

- A. Expenses incurred for a training session held in Osage Beach would have been reduced if the training had been held at a Jefferson City facility.
- B. Consulting services for the Missouri Conservation Commission Employees' Benefits Plan Board of Trustees were not competitively procured.
- C. Adequate supporting documentation was not maintained for expenses related to attending a conference.
- D. Expenditures for some recognition awards were unreasonable.

- E. Expenditures for exercise equipment were not a reasonable and prudent use of state monies.

Recommendation

- A. Review expenditures for future training sessions and ensure the costs are reasonable and necessary.
- B. Ensure the Board of Trustees obtains competitive bids for goods and services.
- C. Maintain adequate supporting documentation for expenditures.
- D. Reevaluate expenditures for recognition awards.
- E. Reevaluate expenditures for exercise equipment.

Status

- A-C. Implemented.
- D. Not implemented. See MAR finding number 2.
- E. Implemented. Although the department did not purchase any new equipment, they still maintain the current equipment and exercise facility.

3. Personal Use of State Property

The department allowed employees to use department owned boats and motors for personal use.

Recommendation

The department discontinue the policy that allows employees the use of department owned boats for personal use.

Status

Implemented.

4. Vehicle Logs

The department did not maintain vehicle usage logs for department vehicles.

Recommendation

The department maintain mileage logs for all on-road department vehicles as required by OA policy. These logs should be periodically reviewed for propriety.

Status

Not implemented. See MAR finding number 4.

5. Disaster Recovery Plan

The department did not maintain a formal written disaster recovery plan to be used in the event of a fire or some other type of disaster.

Recommendation

The department develop a formal written disaster recovery plan which is periodically tested and reevaluated.

Status

Partially implemented. The department is in the process of developing a disaster recovery plan which will consider alternate hardware sources, program and data recovery procedures, and temporary relocation of employees to alternate locations for those who require SAM II access. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Funeral Leave Policy

The department's policy allowed supervisors to authorize paid time off and travel expenses for employees to attend funerals for department staff and their immediate families. The department did not track the costs of this benefit and, therefore, could not determine the overall expense to the department.

Recommendation

The department review the reasonableness and necessity of this policy.

Status

Not implemented. The department's policy currently remains in effect and the department still does not track the costs of this benefit and, therefore, could not determine the overall expense to the department. Although not repeated in the current MAR, our recommendation remains as stated above.

**SPECIAL REVIEW OF DEPARTMENT OF CONSERVATION
OVERSIGHT OF LAND ACQUISITION, CAPITAL IMPROVEMENTS,
AND RELATED PROGRAMS**

1. Improvements Are Needed in Budget Planning Process

The department's budget planning process may have underestimated future expenditures and had not adequately estimated operating and maintenance cost increases for new or aging facilities.

Recommendation

- 1.1 Develop plans to control future increases in operating expenditures and address future infrastructure maintenance requirements.
- 1.2 Require department personnel to address operating costs on all projects or programs during initial planning.
- 1.3 Institute procedures that require a formal assessment of project specifications prior to formulation of initial internal cost estimates.

Status

- 1.1 Partially implemented. Although the department has identified the need for a comprehensive long-range projection of facility repair and renovation to ensure adequate funding, this has not been completed nor addressed in an updated strategic plan. See MAR finding number 1.
- 1.2 Implemented.
- 1.3 Not implemented. We reviewed the one project implemented after the release of the audit report and noted that the initial project estimate was still approximately 50 percent under the engineer's cost estimate. The project has not reached final construction, so a comparison of the cost estimates to the project's final cost could not be performed. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Improved Oversight of Private Organizations Is Needed

The department had not included adequate oversight provisions in many agreements with private not-for-profit organizations and had not properly monitored activities of the agreements.

Recommendation

- 2.1 Establish oversight provisions for inclusion in agreements with private organizations that receive state funds by requiring:
 - A summary of goals or objectives of the program/project.
 - A detailed budget that outlines the planned use of state funds.
 - Access to financial records of the grantee and/or audited financial statements.
 - An annual report of accomplishments.
- 2.2 Monitor private organizations to ensure requirements are met, state funds are used in accordance with agreements, and results are achieved as agreed by:
 - Reviewing financial data or audited financial statements.
 - Making site visits and/or conducting adequate program reviews.
 - Formally assessing yearly accomplishments prior to renewing agreements.

Status

Partially implemented. See MAR finding number 2.

3. Efforts to Address Strategic Planning Have Not Ensured Accountability

The department had not fully implemented the results-based strategic planning process. The department had not established specific goals to be achieved; used data to measure and/or report on progress achieved; restricted the number of performance measures used; adequately defined the extent of the problem; and assessed the impact of other programs and resources when implementing strategies. In addition, the department had not adequately linked the budget process to strategic planning; adequately trained key personnel involved in the strategic planning process; and adhered to strategic planning guidance. As a result, the department officials could not be assured that state funds expended for conservation land management programs and projects were accomplishing intended goals.

Recommendation: The Director, Department of Conservation, strengthen the department's strategic planning process by:

- 3.1 Improving the performance measurement process by using trend data to measure and support results achieved, defining how much improvement is needed, and restricting the use of performance measures.
- 3.2 Establishing problem statements that are well supported and based on appropriate data.
- 3.3 Assessing the impact of other public, state or federal programs when determining department needs and planning strategies.

- 3.4 Conducting valid market analyses to determine whether the public will support and utilize proposed projects or programs.
- 3.5 Organizing the strategic plan on a division basis to enhance the link between the plan and budgeting process.
- 3.6 Providing training to department personnel to ensure results-based planning efforts will be effective.
- 3.7 Adhering to state-issued guidance on the strategic planning process by developing specific strategies to accomplish department goals and using common terminology when formulating the plan.

Status

- 3.1 Partially implemented. The department reduced the number of performance measures in the fiscal year 2004 plan by 57 percent to a total of 58 measures. See MAR finding number 1.
- 3.2 Implemented.
- 3.3 Implemented.
- 3.4 The status of this recommendation is not determinable. The department has not implemented new programs or construction activities for major projects since the recommendation was made. Although not repeated in the current MAR, our recommendation remains as stated above.
- 3.5 Not implemented. See MAR finding number 1.
- 3.6 Implemented.
- 3.7 Not implemented. The fiscal year 2004 strategic plan does not include common terminology or use a common structure as recommended by the Governor's and the Office of Administration's guidance for strategic planning. See MAR finding number 1.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CONSERVATION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Conservation is constitutionally created pursuant to Article IV, Sections 40(a) and 46. The general functions of the department are to control, manage, restore, conserve, and regulate all bird, fish, game, forestry, and wildlife resources of the state. At June 30, 2004, the department owned 776,294 acres of land in the state.

The department is headed by a four-member bipartisan commission, appointed by the Governor with the advice and consent of the Senate. They serve without compensation for staggered six-year terms. The commission members at June 30, 2004, were:

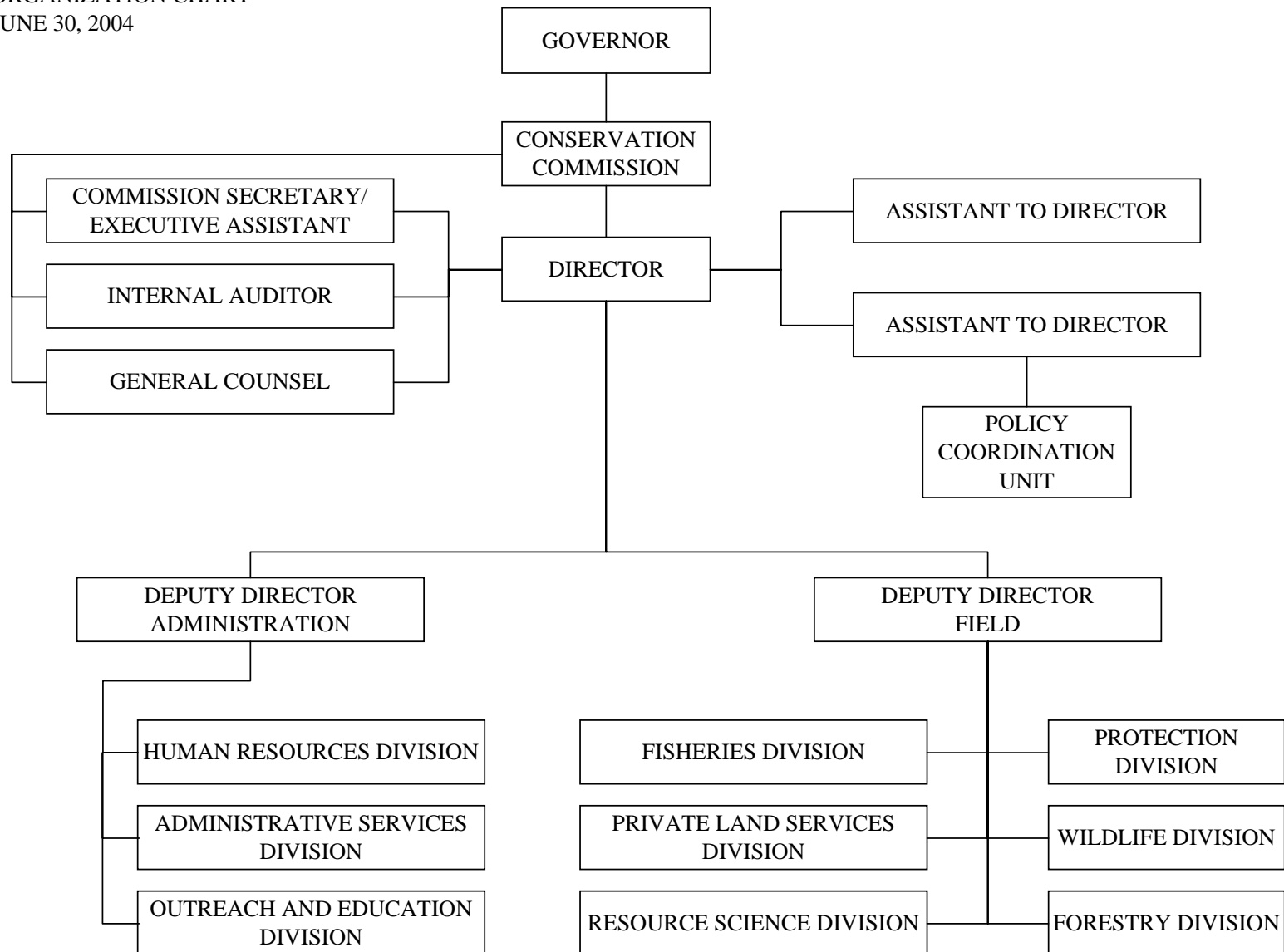
<u>Commissioner</u>	<u>Term Expires</u>
Stephen C. Bradford	July 1, 2007
Anita B. Gorman	July 1, 2005
Cynthia Metcalfe	July 1, 2007
Lowell F. Mohler	July 1, 2009

The commission appoints a director who serves as the administrative officer of the Department of Conservation. The director appoints other employees and is assisted by two deputy directors with programs carried out by the divisions of fisheries, wildlife, forestry, protection, private land services, resource and development, outreach and education, administrative services, and human resources. Two assistants to director provide leadership for special projects and initiatives as assigned by the director: notably congressional and legislative liaison, interagency coordination, policy development and communication, media development, public use committee leadership, partnerships with other entities, etc.

John Hoskins was appointed Director effective July 1, 2002. At June 30, 2004, the department employed approximately 1,505 full-time and 730 part-time individuals.

An organization chart follows.

DEPARTMENT OF CONSERVATION
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

DEPARTMENT OF CONSERVATION
 CONSERVATION COMMISSION FUND
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING
 USES, AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2004	2003
RECEIPTS		
Sales and use tax	\$ 93,488,139	89,855,329
Permit sales	30,592,207	29,935,814
Sales, rentals, and leases	7,579,996	6,688,103
Federal reimbursements	15,401,295	13,810,531
Interest	589,553	744,851
Donations, refunds, and miscellaneous	3,542,080	3,124,859
Total Receipts	151,193,270	144,159,487
DISBURSEMENTS		
Personal service	60,850,051	59,996,771
Employee fringe benefits	19,170,318	18,336,004
Operations	51,625,939	46,687,725
Capital improvements and acquisitions	15,825,561	15,195,945
Total Disbursements	147,471,869	140,216,445
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES	3,721,401	3,943,042
OTHER FINANCING USES		
Appropriations exercised by other state agencies		
OA - Insurance and legal expense	583,595	355,086
OA - Worker's compensation	104,390	34,792
OA - Unemployment insurance	132,510	148,890
Office of the State Auditor	37,809	39,271
Department of Revenue	546,213	504,988
Total	1,404,517	1,083,027
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES	2,316,884	2,860,015
CASH AND INVESTMENTS, JULY 1	27,218,529	24,358,514
CASH AND INVESTMENTS, JUNE 30	\$ 29,535,413	27,218,529

Appendix B

DEPARTMENT OF CONSERVATION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2004			2003		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
CONSERVATION COMMISSION FUND							
Conservation Programs	\$	126,951,038	121,157,290	5,793,748	125,071,345	114,707,683	10,363,662
MDC Construction		18,386,774	68,947	18,317,827 *	33,535,328	15,148,554	18,386,774 *
Statewide Construction		50,000,000	15,614,685	34,385,315 *	0	0	0
Total Conservation Commission Fund	\$	<u>195,337,812</u>	<u>136,840,922</u>	<u>58,496,890</u>	<u>158,606,673</u>	<u>129,856,237</u>	<u>28,750,436</u>

* Biennial appropriations

Appendix C

DEPARTMENT OF CONSERVATION
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 61,862,996	60,879,272	62,090,931	61,277,297	56,483,375
Benefits	7,921,277	7,656,202	4,834,207	4,535,245	3,766,831
Travel, in-state	1,710,335	1,576,510	1,979,578	2,020,610	2,222,901
Travel, out-of-state	191,149	240,361	260,114	299,624	280,576
Fuel and utilities	1,464,886	1,424,956	1,213,529	1,226,810	1,042,694
Supplies	14,811,623	11,492,568	11,561,115	11,844,685	11,087,640
Professional development	552,836	512,878	595,772	630,093	582,206
Communication service and supplies	1,439,916	1,449,355	1,369,444	1,221,456	1,157,150
Services:					
Health	0	0	0	154,201	130,871
Business	0	0	0	5,911,663	3,533,856
Professional	11,180,458	9,259,590	9,061,061	2,086,642	5,671,844
Housekeeping and janitorial	818,860	817,474	609,988	546,333	457,305
Maintenance and repair	1,812,036	1,718,252	1,466,927	0	0
Equipment maintenance and repair	0	0	0	835,135	583,507
Transportation maintenance and repair	0	0	0	810,180	992,899
Equipment:					
Computer	1,740,536	1,905,788	2,040,269	3,062,729	2,034,146
Educational	0	0	0	56,523	39,577
Electronic and photographic	0	0	0	686,296	670,304
Medical and laboratory	0	0	0	20,364	38,973
Motorized	7,707,842	6,435,239	4,205,280	6,080,519	10,304,572
Office	269,489	236,748	170,729	555,781	549,331
Other	2,970,379	2,660,840	1,394,150	0	0
Specific use	0	0	0	968,637	915,453
Stationary	0	0	0	94,339	129,356
Property and improvements	10,852,560	14,160,889	15,892,428	22,233,739	23,920,976
Debt service	0	0	0	0	78,035
Building lease payments	664,141	621,502	718,075	708,827	643,563
Equipment rental and leases	1,663,201	1,101,090	557,240	0	0
Equipment lease payments	0	0	0	386,826	308,028
Building and equipment rentals	0	0	0	0	47,999
Miscellaneous expenses	1,644,366	1,718,887	2,776,968	1,695,996	2,081,271
Refunds	136,818	148,792	183,224	96,668	104,036
Program distributions	5,425,221	3,839,042	3,364,864	3,269,723	2,542,950
Total Expenditures	\$ <u>136,840,922</u>	<u>129,856,236</u>	<u>126,345,892</u>	<u>133,316,942</u>	<u>132,402,224</u>

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

Appendix D

DEPARTMENT OF CONSERVATION
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
TWO YEARS ENDED JUNE 30, 2004

	<u>Equipment</u>	<u>Buildings</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total General Fixed Assets</u>
BALANCE, July 1, 2002	\$ 69,286,070	65,579,681	297,660,831	11,846,953	444,373,535
Adjustments	294,952 ⁽¹⁾	0	0	(527,573) ⁽³⁾	(232,621)
Additions	10,035,163	7,240,054	2,295,558	2,203,985	21,774,760
Dispositions	<u>(5,641,486)</u>	<u>(6,839)</u>	<u>(84,485)</u>	<u>(7,062,658)</u>	<u>(12,795,468)</u>
BALANCE, June 30, 2003	73,974,699	72,812,896	299,871,904	6,460,707	453,120,206
Adjustments	(276,613) ⁽²⁾	0	0	(331,950) ⁽³⁾	(608,563)
Additions	9,912,109	2,072,371	2,783,279	4,773,349	19,541,108
Dispositions	<u>(7,967,317)</u>	<u>(330,371)</u>	<u>(89,537)</u>	<u>(1,541,565)</u>	<u>(9,928,790)</u>
BALANCE, June 30, 2004	\$ <u><u>75,642,878</u></u>	<u><u>74,554,896</u></u>	<u><u>302,565,646</u></u>	<u><u>9,360,541</u></u>	<u><u>462,123,961</u></u>

(1) Adjustments for upgrades to data processing equipment and vehicle preparation costs.

(2) Adjustments for upgrades to data processing equipment, data conversion corrections, and vehicle preparation costs.

(3) Adjustment to remove infrastructure originally recorded as construction in process.



Claire McCaskill
Missouri State Auditor

October 2005

MEDICAID

Controlling Costs For Medical Equipment and Transportation



State could save millions in Medicaid costs by better managing medical equipment and non-emergency medical transportation programs

This audit reviewed the cost-effectiveness and efficiency of two state programs helping Medicaid recipients with medical equipment (Durable Medical Equipment) and transporting recipients to medical appointments (Non-Emergency Medical Transportation). Both programs cost the state about \$100 million from January 2003 through March 2004. The state works with nearly 1,300 providers to distribute medical equipment to recipients, and one contractor to transport recipients to appointments. The following highlights potential savings with better program monitoring.

Bidding equipment contracts could save \$5.4 million	Federal officials showed in Florida and Texas a 17 to 22 percent reduction in equipment costs when these pilot project states competitively bid the equipment contracts. Auditors found Missouri could save \$5.4 million annually with competitive bids. As of May 2005, state officials had not initiated such bidding. (See page 5)
Missouri pays more for medical equipment than other states	Auditors found Missouri paid more than 8 contiguous states on 41 percent of the 1,139 medical equipment devices reviewed. For example, Missouri paid \$2,440 for one prosthetic device, while four other states paid only \$1,830 for the same device, a 25 percent difference. (See page 6)
Medical equipment bought from non-Missouri providers	Despite a state law requiring purchase preference for Missouri products, auditors found \$4.8 million paid to non-Missouri medical equipment providers. Auditors analyzed the out-of-state claims and found Missouri providers offered the same items. (See page 7)
New transportation contract may not have lowered costs	State officials were in the process of rebidding the Non-Emergency Medical Transportation contract when the Commissioner of Administration announced the state's plan to cancel the current contract. Under terms of the contract bid proposal, costs may not have decreased since high program costs from prior years were being used to develop the new contract rates. (See page 9)
Contractor paid millions from poorly monitored program	Auditors found the state paid the Medicaid transportation contractor \$44.1 million over 15 months, with the company realizing at least \$19 million in gross profit. The contractor also received a 87 percent gross profit margin on the mileage reimbursement program. The state contract allowed the contractor to select the method of transportation. (See page 10)
Contractor arranged for most recipients to use high cost taxis	The transportation contractor made more money when it arranged medical transportation through taxis or recipients drove themselves, instead of using the often cheaper option of public transportation. In one example, the contractor received \$2.80 when a recipient used public transportation, but \$34.90 if a recipient used a taxi. In another example, a recipient wanted to drive himself. The contractor reimbursed the recipient 15 cents a mile, or \$3.60 for the trip, then the state paid the contractor \$98.44 for administrative services. (See page 11)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gary Sherman, Director
Department of Social Services
Jefferson City, MO 65102

The Department of Social Services - Division of Medical Services spent about \$100 million on Medicaid Durable Medical Equipment (DME) and Non-Emergency Transportation (NEMT) programs from January 2003 through March 2004. Because of the importance of these programs, we focused review efforts on determining whether these services have been provided in the most cost-effective manner.

We found the division could potentially reduce DME costs by (1) competitively bidding selected DME devices, (2) establishing reimbursement rates similar to other states, and (3) encouraging recipients to use in-state providers for DME services. State officials were in the process of rebidding the NEMT contract when the Commissioner of Administration announced the state's plan to cancel the current contract. Under terms of the contract bid proposal, costs may not have decreased since high program costs from prior years were being used to develop the new contract rates. The proposed rate structure has been used by other states to reduce program costs through increased oversight. However, the division has not always provided adequate oversight of the current NEMT contract. We found Medicaid recipients used taxis to visit providers as the most frequent transportation method of the options available rather than lower cost public transportation services. We have made recommendations to improve the division's oversight of the program.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer. Key contributors to this report included John Mollet and Jeff Slinkard.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

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Abbreviations

CSR	Code of State Regulations
DME	Durable Medical Equipment
NEMT	Non-Emergency Medical Transportation
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office

Introduction

The Department of Social Services - Division of Medical Services is responsible for administering the state's Medicaid Durable Medical Equipment (DME) and Non-Emergency Transportation (NEMT) programs. DME covers costs for such items as hospital beds, sleep studies, wheelchairs, oxygen and oxygen devices, prosthetics, and orthopedic footwear. NEMT services provide Medicaid recipients free transportation for medically necessary visits to medical providers, such as physicians and dentists. The division reimbursed providers \$55 million for DME services supported by 251,454 claims, and about \$44.1 million for NEMT service supported by 454,287 claims during the 15-month period January 1, 2003 through March 31, 2004. (See Appendix I and III for significant reimbursement categories)

The delivery of DME services is executed through a network of 1,296 registered DME providers throughout Missouri and bordering states. Each provider determines the coverage benefits for an eligible recipient based on his or her type of assistance. All reimbursements are made for items determined by the recipient's treating physician or advanced practice nurse in a collaborative practice arrangement to be medically necessary. The rate of reimbursement is based on the division's defined fee-for-service values. The division has contracted with private consultants and a state contracted fiscal agent to assume the responsibility for evaluating and authorizing the payment of all DME claims.

The delivery of NEMT is executed through a state transportation contractor. The contractor is responsible for maintaining an effective statewide transportation system whereby a centralized logistics operation can arrange and schedule all client medical transportation needs. The contractor sub-contracts with a statewide network of taxi, bus, and ambulance service providers. The contractor is responsible to pre-authorize the trip, schedule the trip and monitor services. Payment for services is made to the contractor based on statewide regional rates authorized and structured by the division. In turn, the contractor reimburses each of the subcontractors for actual transportation services rendered.

Scope and Methodology

To determine the volume and significance of participating providers and reimbursements, we obtained and reviewed all DME and NEMT paid claims from January 1, 2003 through March 31, 2004. We obtained and reviewed appropriate federal and state laws and regulations, the division's DME billing manual, a generic copy of contracts established with DME providers, and the contract with the NEMT transportation contractor. To evaluate the effectiveness of the division's management and oversight of DME and NEMT services and providers, we interviewed knowledgeable division officials and staff. We also obtained and reviewed applicable claim source

documents, transportation logs, and other reports and supporting documents. We compared Missouri's program and structure to Missouri's eight contiguous states – Arkansas, Illinois, Iowa, Kansas, Kentucky, Nebraska, Oklahoma, and Tennessee. We also contacted an official from the Kansas City Area Transportation Authority Share-A-Fare Program to discuss public transportation and that organization's involvement and participation in the NEMT program.

To evaluate DME and NEMT providers registration status, which is required to conduct state business and receive state funding, we traced a random sample of 120 providers to the Secretary of State's registration listing. To evaluate DME provider and program integrity, we reviewed the claim authorization process to determine whether an effective process had been established. We compared the listing of recipients sampled to the division's death records to ensure that the clients were not deceased at the date of the delivery-of-service. We then analyzed the accuracy of sample claim reimbursements by comparing to source documents, verifying medical prescription terms to the unit-of-service, then quantifying the unit-of-service and comparing to the division's on-line DME billing manual. In addition, we evaluated the standard fixed, and variable DME program reimbursement rate structures.

Our audit relies significantly on the division's DME and NEMT reimbursement database. In order to gain assurance as to the accuracy of that data, we performed data validation procedures. We encountered difficulties obtaining a complete NEMT database from the division. The first database was incomplete, the second database duplicated details for one month and was missing one month of audit period data, and the third database included transactions for all months of the audit period, but accumulated the detail in a different format than the second database. We traced a sample of DME and NEMT (second database) claims from the database files to hardcopies to ensure that the claim amounts and detail postings agreed. We determined that the database was sufficiently reliable for the purposes of this report.

We requested comments on a draft of our report from the Director of the Department of Social Services, and those comments are reprinted in Appendix IV. We conducted our work between April 2004 and May 2005.

Potential Exists to Reduce DME Program Costs

Opportunities exist to reduce costs of Missouri's DME program by (1) obtaining competitive bids from contractors to provide selected DME services, and (2) adjusting the rates paid for DME services to match rates paid by surrounding states. In addition, DME program funding has been spent on out-of-state providers resulting in the loss of approximately \$4.8 million in economic benefit to Missouri's economy. The division needs to better educate program recipients and stress the benefit of obtaining DME goods and services from in-state providers whenever possible.

Competitive Bid Contracts Can Offer Lower DME Costs

The division could potentially reduce DME annual program costs by \$5.4 million based on demonstration projects conducted by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid, which showed savings could be achieved through competitive bid contracts. However, the division had not taken action to initiate competitive bid contracts as of May 2005.

The Centers for Medicare and Medicaid conducted projects in Florida and Texas on the feasibility and effectiveness of establishing competitively bid Medicare fees for DME supplies. The projects demonstrated an estimated 17 to 22 percent reduction in Medicare DME program costs could be achieved, with no discernible reductions in beneficiaries' access to DME products or quality of products provided.¹ The 2003 amendments to the Social Security Act require the Centers for Medicare and Medicaid to establish competitively bid DME Medicare fees nationwide beginning in 2007.² In addition, at the time of this review, California and Texas had been evaluating whether to request competitive bids on DME products.³

Division has not initiated competitive bidding

Division officials told us that they have considered competitively bidding and contracting DME providers for goods and services, however, the division had not requested competitive bids for DME services, as of May 2005. Rationale for not requesting competitive bids included:

- Recipients cannot be limited to a restricted number of DME providers. By law, recipients have the discretion and freedom of choice in obtaining delivery of services.

¹ Evaluation of Medicare's Competitive Bidding for DME Purchase of Services, Final Evaluation Report, November 2003.

² The Medicare Prescription, Improvement, and Modernization Act of 2003.

³ The state of California includes negotiated rates for exclusive contracts with drug and equipment manufacturers for DME. California has estimated annual program savings of over \$7 million. This estimate is based on 15 percent savings on items competitively bid.

-
- Reducing the existing statewide network of registered providers would have negative impacts on service delivery.
 - The division does not have sufficient staffing to adequately monitor and provide the necessary oversight of such a statewide contract.

The Social Security Act, however, allows states to request waivers to restrict recipients to selected providers. States in applying for a waiver are required to document and maintain data regarding cost-effectiveness of the project, effect on recipients regarding their access to care and quality of services, and projected impact of the program.

The division could not provide studies or documentation to support its latter two reasons why it has not taken any steps to obtain competitive bids for DME services.

Surrounding states reimburse less for DME

Comparison of Missouri's DME reimbursement rates to the eight contiguous states' rate schedules showed the state frequently paid more for DME services than surrounding states. Our analysis of costs for 1,139 DME items, from the state's fiscal year 2003 fee-for-service rate schedule, showed Missouri's DME rates exceeded the average rates reimbursed by surrounding states⁴ for about 41 percent of these items. In addition, our analysis showed variances up to 25 percent existed among specific DME supply allowances. For example, Missouri had an allowable reimbursement rate of \$2,440 for one prosthetic device, while four of eight states allowed only \$1,830 for the same device, a \$610 or 25 percent difference.

State regulations⁵ authorize the division to determine the structure and reimbursement rates for all DME program benefits. The regulations prescribe that rates be a reasonable fee, consistent with efficiency, economy, and quality of care. Division officials told us the current DME rates are based on deliberation by the department's Budget and Finance section, supported by a sub-committee composed of division staff and industry professionals. The rates are reviewed and adjusted annually with possible interim adjustments subject to available budget funding. Division officials also told us historically, they have typically set the allowable reimbursement rates equivalent to the rates set by Medicare, or at cost plus twenty percent.

⁴ At the time of this audit, fiscal year 2003 represented the most recent published rate data.

⁵ 13 CSR 70-60.010(1) and (3).

DME Funds Paid To Non-Missouri Providers

We found approximately \$4.8 million had been paid to non-Missouri DME providers during the audit period (See Appendix II). Division policy allows Missouri Medicaid recipients to obtain services from bordering state DME providers. As such, Medicaid recipients are not required to justify procurements from out-of-state providers.

Division officials told us states bordering Missouri are viewed the same as Missouri providers. Restrictions of choice cannot be placed upon Medicaid recipients. The Medicaid program allows recipients freedom of choice for delivery of DME goods and services. However, state law⁶ requires purchase preference be given to Missouri products and firms when quality is equal or better and the delivered price is the same or less.

Analysis of reimbursed claims from the audit period showed reimbursements had been made to non-Missouri providers for goods and services that could have been purchased from providers within the state. Examples include; parental nutrition products, diabetic supplies, wheelchair batteries, oxygen refills and equipment.

Conclusions

Missouri's DME providers are reimbursed at comparatively higher rates than many surrounding states' programs. Establishing competitive bid contracts to provide DME goods and services should offer significant cost savings for the program. Other states and federal entities have chosen to explore a competition based type of program structure and have seen savings as high as 17 to 22 percent with no reported adverse effects on recipients to the program. In addition, properly educating and stressing the importance to participants of the program to "buy Missouri" when possible, offers economic benefits not only to the state, but ultimately to the program itself.

Recommendations

We recommend the Director of the Department of Social Services:

- 2.1 Contract for the purchase of selected durable medical equipment (both goods and services) by competitive bid.
- 2.2 Periodically review DME rates used by surrounding states to evaluate Missouri's rates.
- 2.3 Encourage qualifying program recipients to obtain DME from Missouri based providers.

⁶ Sections 34.070 and 34.100, RSMo.

Agency Comments

See Appendix IV for agency comments.

Increased Oversight Needed on NEMT Program to Reduce Costs

State officials were in the process of rebidding the NEMT contract when the Commissioner of Administration announced the state's plan to cancel the current contract; however, program costs may not have decreased under the new contract. This situation has occurred because (1) historically high rates from the current contract have been used to establish a new rate structure, and (2) the division has not ensured recipients always used the lowest cost and most appropriate NEMT. In addition, the division has not ensured all scheduled and reimbursed NEMT trips have been based on a valid medical need.

Contract Proposal May Not Have Resulted in Lower Costs

In June 2005, the Commissioner of Administration announced the state's intention to cancel the statewide NEMT contract. The Commissioner cited cost as the primary reason for canceling the contract.

Under terms of the contract bid proposal at the time of the planned cancellation, NEMT rates were to be based on a flat monthly (capitation) rate, rather than reimbursing claims based on a fee-for-service basis. The new contractor would have been responsible for providing transportation services for recipients based on a fixed monthly rate regardless of the number of trips actually taken. The division used a private consultant to develop potential capitation rates based on 2002, 2003, and 2004 NEMT costs. The capitation rates would have been all inclusive including public transportation services, taxis, wheelchair vans, and mileage reimbursement. The consultant's methodology included projecting historical cost data to the contract period, adjusting for trend and programmatic changes, and includes allowance for administrative as well as referral fees.⁷

The division used historically high cost data to develop capitation rates for the contract bid proposal. This situation has occurred because the division did not adequately monitor NEMT services provided by the contractor, to ensure the lowest cost NEMT services have been used when appropriate, and because of high rates paid to the contractor for mileage reimbursement. See page 10 for additional contract information and the lack of oversight by the division.

Other states have reduced costs using capitation rates

Other states have awarded NEMT contracts using capitation rates. As they have converted to capitation rate reimbursement structures, they have increased monitoring procedures, implemented better recipient education

⁷ A trend factor is necessary to estimate the expense of providing services in a future period. The trend factor(s) will be based on National Indices which include the Consumer Price Index, Producer Price Index, and Data Resource, Incorporated information. Consideration will also be given to trends observed in other NEMT Medicaid programs.

and expanded the availability of public transportation or alternative transportation resources. These changes have reduced the volume of trips and the associated costs. One state reported it evaluated and adjusted capitation rates on a quarterly basis based on actual costs incurred. Missouri's bid proposal did not have similar provisions.

Division Did Not Adequately Monitor Contract

Since 2002, the division did not conduct reviews to determine whether the contractor had been arranging low-cost, and the most appropriate, transportation under the NEMT contract requirements.

That contract required the contractor to arrange for recipients' NEMT services in the following order (1) free transportation sources within the recipients community; (2) public entities (cities/counties) participating in a cooperative agreement with the division; and (3) through direct service providers such as public transit buses, mileage reimbursement for using their own vehicles, volunteers, and taxis. For the latter category, the contract stated when bus transportation is available, it is considered the most appropriate means of transportation.⁸

The contract also required the division to review the types of transportation services arranged by the contractor to ensure the appropriateness of NEMT services provided to recipients.

Contractor provided high profits under contract

Our review of division payments to the contractor disclosed the division paid the contractor about \$44.1 million over a 15-month period. Of that amount, the contractor paid direct service NEMT subcontractors at least \$21.5 million, and realized a gross profit of at least \$19 million during that period. During the same period, the contractor paid recipients at least \$830,645 under the mileage reimbursement program, and had been reimbursed by the division at least \$6.3 million, for a gross profit of at least \$5.4 million (87 percent).⁹

Division officials said although the contractor realized a large profit under the mileage reimbursement program, the contractor incurred losses when recipients had been required to take long distance round trip taxi rides to

⁸ Bus transportation is not considered appropriate under the following circumstances: high risk pregnancy, pregnancy after the 8th month, high risk cardiac conditions, severe breathing problems, extreme weather conditions, more than a three block walk to the bus stop, and the medical provider is not accessible to the bus route.

⁹ Difficulties in obtaining complete NEMT data from the division as discussed in the methodology prevented us from determining the information reported in this paragraph for one month during the audit period. As a result, these amounts are based on the data that was available.

Use of taxi or mileage reimbursement benefited contractor

visit medical providers. We found the contractor did realize some losses on long distance taxi trips. However, our analysis showed the contractor still realized a gross profit of about \$7.5 million (39 percent) on all taxi trips it arranged during the 15-month audit period.

The contractor realized higher gross profit margins by arranging transportation through its network of taxi subcontractors or by encouraging recipients to drive their own vehicles and be reimbursed for mileage, rather than determining if the recipient could take public transportation, as illustrated in the following two examples.

- When a contractor arranged a trip using public transportation system or other free assistance programs, the contractor received a referral fee of \$2.80. If the contractor arranged the trip through a taxi subcontractor, the contractor would have been paid a \$9.30 administrative fee plus a minimum of \$25.60 for the transportation charge, for a total cost to the state of \$34.90.¹⁰
- A contractor determined the recipient wanted to provide his/her own transportation and use the mileage reimbursement program. The recipient traveled 24 miles round trip, and the contractor reimbursed the recipient 15 cents a mile for a total of \$3.60. The state reimbursed the contractor \$98.44 for administrative services.

Division did not ensure validity of all NEMT travel

The division has not ensured all NEMT travel represented valid trips to visit medical providers. This situation has occurred because the division has relied on the contractor to ensure all NEMT trips had been to visit medical providers. However, the division has not conducted any analyses of contractor reported data on claims to determine the validity of those claims.

Our analysis of NEMT paid claims and all Medicaid provider paid claims for a 3-month period showed over 14,500 NEMT claims representing about \$6 million in reimbursements had no corresponding medical claims. Division officials told us the NEMT contract did not require the NEMT client to be taken to a Medicaid provider, therefore there would not be a medical claim in all instances. The officials said services may be to a non-Medicaid provider, if the service is provided free and the services would otherwise be covered by Medicaid.

¹⁰ The highest trip fixed costs could be \$9.30 plus \$82.25, or \$91.55 depending on the region and type of transportation service (based on one-way transportation).

According to a division official, the division relies on the contractor to ensure all NEMT trips had been to visit medical providers. The contractor submits monthly summary reports showing the number of clients and trips taken for medical purposes. According to this official, the division has not conducted any audits or reviews of data submitted by the contractor because of reductions in staff and prior audits did not result in significant findings.

Conclusions

Although the Commissioner of Administration decided to cancel the contract for NEMT services, the costs of NEMT services may not have been reduced by a new contract because (1) historically high rates have been used to establish the new rate structure, (2) the division has not ensured recipients have always used the lowest cost and most appropriate NEMT services, and (3) new contract provisions did not allow adjustments of the capitation rates. The division did not adequately monitor NEMT services under the prior contract and as a result, it did not ensure recipients always used the lowest cost and most appropriate means of transportation. The state's structuring of the prior contract allowed the contractor to achieve high profit margins and allowed the contractor to select the method of transportation which enhanced the profit to the contractor. Closer oversight of contractor operations could have ensured appropriate use of NEMT services and potentially reduced program costs. In addition, the division has not ensured all NEMT travel represented valid Medicaid covered services.

Recommendations

We recommend the Director of the Department of Social Services:

- 3.1 Increase NEMT program monitoring procedures to identify unnecessary or qualifying usage of the program, and stress to recipients the need to use less costly transportation alternatives available to them when possible.
- 3.2 Structure future NEMT contracts to allow for periodic capitation rate cost evaluation and adjustment as necessary.

Agency Comments

See Appendix IV for agency comments.

Significant DME Expenditure Categories

Table I.1 identifies notable DME expenditures by category during the 15-month period ended March 31, 2004.

Table I.1: Notable DME Expenditures by Category

General category	Description	Expenditure amount
Wheelchairs and/or supplies	Motorized and/or manual, supplies, parts	\$15,179,397
Oxygen equipment and supplies	Concentrators, ventilators, compressors, pumps, and oxygen refills	15,096,853
Diabetic supplies	Infusion pump, test/reagent strips, glucose monitor, miscellaneous	5,058,354
Healthy children supplies	Nutrition and antibiotic supplies, miscellaneous	4,500,442
Prosthetics	miscellaneous	2,637,536
Parental nutrition	Miscellaneous. supplies	1,306,430
Hospital beds	Standard, semi-electric	644,360
Incontinence garment	Adult/child diapers	611,292
3-Wheel power operated vehicles	Motorized scooter	542,827
Augmentative communication devices	Communication aide	354,020
Walker	Pickup or wheeled	302,011
Phototherapy	Miscellaneous	159,722
Patient lift - hydraulic	Seat or sling	144,119
Orthopedic footwear	Ladies/mens inlay	112,863
Commode chair	Stationary/fixed	81,264
Bath chair	Stationary/fixed	65,657
Crutches	Other than wood; adjustable or fixed	54,539
Exception and miscellaneous	Miscellaneous supplies	\$1,369,583

Source: SAO analysis of DME paid claims.

Out-of-State DME Procurement

Table II.1 lists DME expenditures to providers in states bordering Missouri during the 15-month period ended March 31, 2004. It also reflects the number of providers paid.

Table II.1: DME Expenditures to Providers in States Bordering Missouri

State	Number of providers	Expenditure amount
Kansas	26	\$3,057,521
Illinois	15	544,353
Arkansas	17	158,148
Nebraska	2	99,845
Oklahoma	2	44,007
Iowa	9	31,731
Tennessee	3	27,883
Unknown	9	878,677
Total		\$4,842,165

Source: SAO analysis of paid claims data.

Significant NEMT Expenditure Categories Summarized


Table III.1 shows NEMT expenditures by categories during the 15-month period ended March 31, 2004.

Table III.1: NEMT Expenditures by Category

General category	Description	Expenditure amount
Taxi service	NEMT taxi service	\$19,878,681
Wheelchair van service	NEMT wheelchair van	10,515,559
Gasoline reimbursement	Individual recipient	6,411,872
Ambulance service	NEMT transportation and miscellaneous	5,295,050
Transportation - mileage	Ground mileage and support	1,956,159
Bus service	NEMT inter-/intra-state carrier system	125,203
Meals - ancillary	NEMT escort transportation	101,803

Source: SAO analysis of NEMT paid claims.

Agency Comments

 MISSOURI DEPARTMENT OF SOCIAL SERVICES P. O. BOX 1527 BROADWAY STATE OFFICE BUILDING JEFFERSON CITY 65102-1527 TELEPHONE: 573-751-4815, FAX: 573-751-3203	Matt Blunt GOVERNOR K. Gary Sherman DIRECTOR	RELAY MISSOURI <i>for hearing and speech impaired</i> TEXT TELEPHONE 1-800-735-2986 VOICE 1-800-735-2466
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July 14, 2005

Jon Halwes, CPA, CGFM
Assistant Director of Performance Audits
Office of the State Auditor
State Capitol, Room 224
Jefferson City, MO 65101


Dear Mr. Halwes:

Pursuant to your request, enclosed is the Department of Social Services response to your June 22, 2005 draft report titled "Medicaid – Controlling Costs for Medical Equipment and Transportation." As the Director of the Department of Social Services, I am committed to improving the efficiency and effectiveness of the work of our divisions. Under Governor Blunt's leadership, quality improvement efforts are central to strengthening service delivery to citizens of this state.

Rising health care costs and program expansions have more than doubled Medicaid expenditures in just six years. Senate Bill 539 passed during the 93rd General Assembly session established the "Medicaid Reform Commission" to study and review the current Medicaid program and make recommendations for reforms. Recommendations put forth in this report will be reviewed and given consideration as we move forward in reforming the current Medicaid program. One of my goals is to ensure taxpayers that their tax dollars are expended in the most efficient manner. We are committed to taking aggressive action to control spending increases to the Medicaid program.

We have been working hard over the last several months to meet our commitment to enhance the quality of life by improving access to, and the affordability of, quality health care. We take seriously our obligations to the neediest Missouri citizens.

We will continue our review of Medicaid services to determine where efficiencies can be made. Thank you for the opportunity to respond to the draft audit document.

Sincerely,

K. Gary Sherman
Director

KGS:jez
Enclosure

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER
services provided on a nondiscriminatory basis

Appendix IV

Agency Comments

Department of Social Services Response to Missouri State Auditor Draft Report Medicaid – Controlling Costs for Medical Equipment and Transportation

Potential Exists to Reduce DME Program Costs

Recommendation 2.1: Contract for the purchase of selected durable medical equipment (both goods and services) by competitive bid.

Response: Governor Blunt has demanded that all state agencies are to be persistent in rooting out ineffective practices. The Division of Medical Services (DMS) will evaluate competitively bidding DME goods and services and will pursue this approach if a cost/benefit analysis indicates it is appropriate and cost effective.

Recommendation 2.2: Periodically review DME rates used by surrounding states to evaluate Missouri's rates.

Response: DMS agrees with the recommendation. DMS staff has been working since February 2005 to establish reimbursement rates for DME goods and services currently being manually priced by the state agency's medical consultant. Fee schedules from Medicare, neighboring states, and other states with similar populations to Missouri were used to arrive at a reimbursement price. DMS will continue this same process to review all prices on the DME fee schedule over the next year to determine if the most cost effective rates are in place.

Recommendation 2.3: Encourage qualifying program recipients to obtain DME from Missouri based providers.

Response: DMS agrees with the recommendation. DMS will encourage the use of Missouri based Medicaid providers by Medicaid recipients. Recipients inquiring into the availability of a Medicaid provider shall not be directed to out of state providers if a Missouri based provider is reasonably accessible to the recipient.

Increased Oversight Needed on NEMT Program To Reduce Costs

Recommendation 3.1: Increase NEMT program monitoring procedures to identify unnecessary or qualifying usage of the program, and stress to recipients the need to use less costly transportation alternatives available to them when possible.

Response: DMS agrees with the recommendation. Commissioner of Administration Mike Keathley announced the state's intention to terminate its current contract for Medicaid transportation services to allow the state to explore other service delivery options or new contractual arrangements to provide this service at the best value to the Missouri taxpayer. This contract has been in effect since 2000. The current contract is for the period August 14, 2000 to June 30, 2001. It has been periodically renewed until termination date.

Recommendation 3.2: Structure future NEMT contracts to allow for periodic capitation rate cost evaluation and adjustment as necessary.

Response: If, in the future, transportation services are reimbursed on a capitated rate basis, DMS will establish and maintain actuarially sound capitated rates in a manner consistent with the Centers for Medicare and Medicaid Services (CMS) guidelines.



Claire McCaskill

Missouri State Auditor

September 2005

Webster County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Webster, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Webster County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Webster County's General Revenue fund has been experiencing a declining cash balance since December 31, 2002. While receipts have increased each year, they have not kept pace with the increase in disbursements, and based on 2005 projections the county does not anticipate the financial condition of the General Revenue fund to improve during the current year. Some of the increases in disbursements appear to be unavoidable, such as increases in statutory salaries and insurance costs. Other factors include costs related to the purchase and sale of land for a judicial center, and the untimely filing of grant reimbursement requests. Additionally, approximately \$28,900 is due from the General Revenue fund and the Assessment fund to local school districts because of an error in computing property tax distributions, and a significant liability of approximately \$49,000 exists in accumulated employee compensatory time balances. The Commission is aware of the financial condition of the County and has had meetings with various county officials informing them of the status of the General Revenue fund cash balance.
- The county lost \$17,110 on the purchase and subsequent sale of 10 acres purchased for the potential site of a new judicial center. Additionally, the county did not adequately evaluate the details of an agreement with the buyer of the land that exchanged topsoil for the rebuilding of a fence. As a result, it is unclear if the county received an equitable exchange of goods and services.
- Controls and procedures over county expenditures need improvement. Credit card transaction limits can be circumvented, and adequate documentation is not always retained for credit card purchases. In addition, some expenditures appear questionable, and written agreements were not obtained in some instances.

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YELLOW SHEET

- County budgets and financial reporting need improvement. The Road and Bridge fund annual budget prepared by the County Clerk and approved by the County Commission for 2004 did not include \$959,425 the county had received in Public Assistance Grants. Additionally, disbursements were made in excess of the approved budgets for several funds.
- The Sheriff's department did not properly complete the grant reimbursement request process for claims totaling approximately \$31,000. One claim form was prepared but not filed with the federal government, while another claim form was filed but the county neglected to request the funds be deposited into their bank account.
- The Sheriff did not compare invoices to the written agreement for legal services, resulting in \$834 more being paid for those services than agreed upon. Further, the Sheriff paid a consulting firm \$2,321 without obtaining a written agreement.
- Controls over receipts and disbursements of the Sheriff's Department need improvement. Additionally, seized property records are not always updated timely, and duties are not adequately segregated.
- Errors were noted in amounts reported on the Collector's annual settlement and in withholdings made from school taxes. Further, bank account balances are not reconciled to liabilities, outstanding checks are not routinely followed up on, duties are not adequately segregated, and controls over property tax receipts need improvement.
- Deficiencies were noted in the internal control and accounting procedures used by the Prosecuting Attorney's office. Monies are not deposited timely and are not always recorded in the bad check system. Also, numerous errors were identified in the calculation of the checkbook balance, and monthly listings of open items (liabilities) are not prepared and consequently, are not agreed to the reconciled bank balance.
- Records and procedures of the Associate Circuit Division need improvement. Bank reconciliations are not prepared monthly, receipts are not deposited timely, and procedures for surety bond forfeiture need improvement. Additionally, an interest fund ledger is not maintained, and the fund is not budgeted in accordance with state statute.
- The Emergency 911 Board overspent the 2004 budget and the 2005 budget was not properly prepared. Additionally, improvements are needed in documenting the board's approval of invoices, soliciting bids, and documenting employee time.

Also included in the audit recommendations related to the schedule of federal awards, closed meetings, payroll, a road maintenance plan, and capital assets. The audit also suggested improvements in the procedures of the Public Administrator, Circuit Clerk, and the Health Center Board.

All reports are available on our website: www.auditor.mo.gov

WEBSTER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Webster County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Webster County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with

accounting principles generally accepted in the United States of America, the financial position of Webster County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Webster County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 14, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Webster County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker
Audit Staff:	Rachel A. Simons, CPA
	Monte Davault



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Webster County, Missouri

We have audited the financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Webster County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Webster County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Webster County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 14, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

WEBSTER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 300,642	2,531,788	2,692,214	140,216
Special Road and Bridge	1,200,456	2,763,839	3,945,709	18,586
Assessment	35,133	206,125	219,276	21,982
Law Enforcement Training	2,527	3,583	2,565	3,545
Prosecuting Attorney Training	232	902	393	741
Capital Improvement Sales Tax	23,944	1,117,012	1,122,771	18,185
DARE	2,656	353	2,300	709
Prosecuting Attorney Delinquent Tax	35	62	0	97
Recorder User Fee	22,529	22,796	10,887	34,438
Recorder Equipment	21,520	12,347	10,153	23,714
Peace Officers Standards Training	0	1,750	1,750	0
Sheriff	15,035	51,244	55,784	10,495
Election Services	5,057	3,007	4,941	3,123
Children's Trust	4,935	1,545	0	6,480
Tax Maintenance	7,141	26,744	21,423	12,462
Health Center	88,566	768,488	723,054	134,000
Senate Bill 40 Board	48,921	211,195	208,401	51,715
Emergency 911	472,527	527,511	511,630	488,408
Prosecuting Attorney Bad Check	0	22,100	16,732	5,368
Sheriff's Revolving	768	8,694	3,271	6,191
Local Emergency Planning Commission	11,804	3,229	2,919	12,114
Help America Vote Act	0	15,000	0	15,000
Law Library	19,652	16,617	13,410	22,859
Circuit Clerk Interest	6,663	1,734	6,087	2,310
Associate Circuit Division Interest	4,086	490	0	4,576
Total	\$ 2,294,829	8,318,155	9,575,670	1,037,314

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WEBSTER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 412,497	2,416,042	2,527,897	300,642
Special Road and Bridge	373,935	3,212,454	2,385,933	1,200,456
Assessment	25,595	225,462	215,924	35,133
Law Enforcement Training	826	2,973	1,272	2,527
Prosecuting Attorney Training	260	877	905	232
Capital Improvement Sales Tax	92,051	1,425,925	1,494,032	23,944
DARE	5,039	3,730	6,113	2,656
Prosecuting Attorney Delinquent Tax	34	1	0	35
Recorder User Fee	16,498	25,261	19,230	22,529
Recorder Equipment	16,190	14,178	8,848	21,520
Peace Officers Standards Training	0	1,251	1,251	0
Sheriff	12,110	50,907	47,982	15,035
Elections Services	4,279	3,293	2,515	5,057
Children's Trust	3,630	1,505	200	4,935
Tax Maintenance	1,779	32,417	27,055	7,141
Health Center	205,338	751,530	868,302	88,566
Senate Bill 40 Board	36,400	198,018	185,497	48,921
Emergency 911	519,206	441,251	487,930	472,527
Sheriff Equipment	1,030	30	1,060	0
Sheriff Revolving	0	1,402	634	768
Local Emergency Planning Commission	8,442	7,437	4,075	11,804
Law Library	17,458	16,397	14,203	19,652
Circuit Clerk Interest	6,003	855	195	6,663
Associate Circuit Division Interest	3,527	559	0	4,086
Total	\$ 1,762,127	8,833,755	8,301,053	2,294,829

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 10,450,834	8,284,314	(2,166,520)	14,459,285	8,814,542	(5,644,743)
DISBURSEMENTS	10,596,018	9,556,173	1,039,845	14,569,337	8,286,021	6,283,316
RECEIPTS OVER (UNDER) DISBURSEMENTS	(145,184)	(1,271,859)	(1,126,675)	(110,052)	528,521	638,573
CASH, JANUARY 1	1,299,287	2,264,428	965,141	1,735,139	1,735,139	0
CASH, DECEMBER 31	1,154,103	992,569	(161,534)	1,625,087	2,263,660	638,573
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	110,297	135,086	24,789	137,672	136,439	(1,233)
Sales taxes	1,111,488	1,111,001	(487)	1,067,927	1,068,738	811
Intergovernmental	350,122	330,421	(19,701)	246,024	265,003	18,979
Charges for services	855,754	862,382	6,628	900,198	862,768	(37,430)
Interest	20,000	5,177	(14,823)	21,000	19,240	(1,760)
Other	289,700	72,721	(216,979)	204,325	47,354	(156,971)
Transfers in	50,000	15,000	(35,000)	76,500	16,500	(60,000)
Total Receipts	2,787,361	2,531,788	(255,573)	2,653,646	2,416,042	(237,604)
DISBURSEMENTS						
County Commissioner	86,820	86,777	43	87,120	86,360	760
County Clerk	87,026	90,725	(3,699)	88,126	88,098	28
Elections	97,500	131,458	(33,958)	34,000	33,974	26
Buildings and grounds	156,032	164,888	(8,856)	109,082	102,722	6,360
Employee fringe benefit	217,750	207,319	10,431	199,275	214,494	(15,219)
County Treasurer	34,829	33,689	1,140	35,815	34,726	1,089
County Collector	90,565	89,809	756	90,565	92,987	(2,422)
Recorder of Deeds	83,640	81,591	2,049	77,220	76,226	994
Circuit Clerk	11,956	11,765	191	14,100	13,742	358
Associate Circuit Court	62,709	56,967	5,742	62,400	56,050	6,350
Court administration	38,115	58,463	(20,348)	31,220	40,760	(9,540)
Public Administrator	53,837	60,134	(6,297)	52,661	51,150	1,511
Sheriff	501,851	509,261	(7,410)	462,473	520,792	(58,319)
Jail	230,500	282,357	(51,857)	163,081	279,938	(116,857)
Prosecuting Attorney	208,194	212,768	(4,574)	236,795	233,518	3,277
Juvenile Officer	36,698	24,536	12,162	43,650	22,417	21,233
County Coroner	18,475	21,528	(3,053)	18,475	17,987	488
Circuit Judge	12,129	3,334	8,795	12,129	3,098	9,031
Communications	284,033	263,407	20,626	273,500	275,581	(2,081)
Recycling	17,150	17,362	(212)	46,342	50,240	(3,898)
Purchasing agent	10,000	8,738	1,262	10,200	9,884	316
Emergency management	3,000	30,171	(27,171)	12,625	13,522	(897)
Public health and welfare service	1,000	0	1,000	1,000	0	1,000
Debt service	85,000	4,626	80,374	140,375	5,835	134,540
Other	283,833	236,541	47,292	231,035	174,598	56,437
Transfers out	30,000	4,000	26,000	29,350	29,198	152
Emergency Fund	84,000	0	84,000	80,400	0	80,400
Total Disbursements	2,826,642	2,692,214	134,428	2,643,014	2,527,897	115,117
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,281)	(160,426)	(121,145)	10,632	(111,855)	(122,487)
CASH, JANUARY 1	300,642	300,642	0	412,497	412,497	0
CASH, DECEMBER 31	261,361	140,216	(121,145)	423,129	300,642	(122,487)

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	379,065	455,512	76,447	362,575	424,800	62,225
Intergovernmental	3,366,552	1,794,257	(1,572,295)	5,434,092	2,635,725	(2,798,367)
Charges for services	120,000	61,904	(58,096)	250,000	114,463	(135,537)
Interest	10,000	7,946	(2,054)	22,000	8,385	(13,615)
Sale of equipment	0	442,048	442,048	0	0	0
Other	0	2,172	2,172	4,500	29,081	24,581
Transfers in	959,425	0	(959,425)	0	0	0
Total Receipts	4,835,042	2,763,839	(2,071,203)	6,073,167	3,212,454	(2,860,713)
DISBURSEMENTS						
Salaries	625,000	577,322	47,678	600,000	530,642	69,358
Employee fringe benefit	162,875	126,681	36,194	158,500	126,790	31,710
Supplies	58,850	46,879	11,971	31,250	57,131	(25,881)
Insurance	42,000	44,393	(2,393)	35,000	30,963	4,037
Road and bridge materials	1,675,000	1,098,222	576,778	165,000	140,583	24,417
Equipment repairs	150,000	136,755	13,245	150,000	128,248	21,752
Rentals	17,500	1,726	15,774	17,500	12,728	4,772
Equipment purchases	706,000	728,305	(22,305)	57,000	60,611	(3,611)
Construction, repair, and maintenance	1,167,500	1,003,142	164,358	1,525,000	760,622	764,378
Distribution to special road district	150,000	147,144	2,856	145,000	144,611	389
Other	33,000	20,140	12,860	25,500	26,267	(767)
Transfers out	35,000	15,000	20,000	3,060,000	366,737	2,693,263
Total Disbursements	4,822,725	3,945,709	877,016	5,969,750	2,385,933	3,583,817
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,317	(1,181,870)	(1,194,187)	103,417	826,521	723,104
CASH, JANUARY 1	241,031	1,200,456	959,425	373,935	373,935	0
CASH, DECEMBER 31	253,348	18,586	(234,762)	477,352	1,200,456	723,104
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	173,875	201,275	27,400	161,077	192,282	31,205
Interest	2,300	3,850	1,550	2,500	3,748	1,248
Other	2,100	1,000	(1,100)	2,800	2,082	(718)
Transfers in	25,000	0	(25,000)	27,350	27,350	0
Total Receipts	203,275	206,125	2,850	193,727	225,462	31,735
DISBURSEMENTS						
Assessor	232,553	219,276	13,277	211,609	215,924	(4,315)
Total Disbursements	232,553	219,276	13,277	211,609	215,924	(4,315)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,278)	(13,151)	16,127	(17,882)	9,538	27,420
CASH, JANUARY 1	35,133	35,133	0	25,595	25,595	0
CASH, DECEMBER 31	5,855	21,982	16,127	7,713	35,133	27,420

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,900	3,515	615	3,250	2,923	(327)
Interest	50	68	18	50	50	0
Total Receipts	2,950	3,583	633	3,300	2,973	(327)
DISBURSEMENTS						
Sheriff	2,950	2,565	385	4,000	1,272	2,728
Total Disbursements	2,950	2,565	385	4,000	1,272	2,728
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,018	1,018	(700)	1,701	2,401
CASH, JANUARY 1	2,527	2,527	0	826	826	0
CASH, DECEMBER 31	2,527	3,545	1,018	126	2,527	2,401
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	900	891	(9)	810	867	57
Interest	9	11	2	11	10	(1)
Total Receipts	909	902	(7)	821	877	56
DISBURSEMENTS						
Prosecuting Attorney	900	393	507	1,081	905	176
Total Disbursements	900	393	507	1,081	905	176
RECEIPTS OVER (UNDER) DISBURSEMENTS	9	509	500	(260)	(28)	232
CASH, JANUARY 1	232	232	0	260	260	0
CASH, DECEMBER 31	241	741	500	0	232	232
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	1,111,488	1,110,999	(489)	1,057,577	1,068,735	11,158
Interest	4,500	5,349	849	3,500	5,449	1,949
Other	0	664	664	500	4	(496)
Transfers in	0	0	0	3,000,000	351,737	(2,648,263)
Total Receipts	1,115,988	1,117,012	1,024	4,061,577	1,425,925	(2,635,652)
DISBURSEMENTS						
Road and bridge materials	920,000	947,566	(27,566)	3,075,000	1,274,499	1,800,501
Equipment	0	0	0	798,000	47,053	750,947
Distribution to special road distric	175,000	175,205	(205)	167,000	168,480	(1,480)
Transfers out	15,000	0	15,000	15,000	4,000	11,000
Total Disbursements	1,110,000	1,122,771	(12,771)	4,055,000	1,494,032	2,560,968
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,988	(5,759)	(11,747)	6,577	(68,107)	(74,684)
CASH, JANUARY 1	23,944	23,944	0	92,051	92,051	0
CASH, DECEMBER 31	29,932	18,185	(11,747)	98,628	23,944	(74,684)

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DARE FUND</u>						
RECEIPTS						
Interest	150	45	(105)	240	154	(86)
Other	7,750	308	(7,442)	3,600	3,576	(24)
Total Receipts	7,900	353	(7,547)	3,840	3,730	(110)
DISBURSEMENTS						
Sheriff	7,750	2,300	5,450	8,834	6,113	2,721
Total Disbursements	7,750	2,300	5,450	8,834	6,113	2,721
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	(1,947)	(2,097)	(4,994)	(2,383)	2,611
CASH, JANUARY 1	2,656	2,656	0	5,039	5,039	0
CASH, DECEMBER 31	2,806	709	(2,097)	45	2,656	2,611
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,000	60	(940)	990	0	(990)
Interest	0	2	2	10	1	(9)
Total Receipts	1,000	62	(938)	1,000	1	(999)
DISBURSEMENTS						
Prosecuting Attorney	1,000	0	1,000	1,032	0	1,032
Total Disbursements	1,000	0	1,000	1,032	0	1,032
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	62	62	(32)	1	33
CASH, JANUARY 1	35	35	0	34	34	0
CASH, DECEMBER 31	35	97	62	2	35	33
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	21,000	22,027	1,027	25,400	24,188	(1,212)
Interest	480	769	289	1,000	1,071	71
Other	0	0	0	0	2	2
Total Receipts	21,480	22,796	1,316	26,400	25,261	(1,139)
DISBURSEMENTS						
Recorder of Deeds	21,690	10,887	10,803	29,900	19,230	10,670
Total Disbursements	21,690	10,887	10,803	29,900	19,230	10,670
RECEIPTS OVER (UNDER) DISBURSEMENTS	(210)	11,909	12,119	(3,500)	6,031	9,531
CASH, JANUARY 1	22,529	22,529	0	16,498	16,498	0
CASH, DECEMBER 31	22,319	34,438	12,119	12,998	22,529	9,531

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER EQUIPMENT FUND</u>						
RECEIPTS						
Charges for services	11,300	11,771	471	14,000	13,274	(726)
Interest	350	576	226	800	865	65
Other	0	0	0	0	39	39
Total Receipts	11,650	12,347	697	14,800	14,178	(622)
DISBURSEMENTS						
Recorder of Deeds	32,000	10,153	21,847	12,000	8,848	3,152
Total Disbursements	32,000	10,153	21,847	12,000	8,848	3,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,350)	2,194	22,544	2,800	5,330	2,530
CASH, JANUARY 1	21,520	21,520	0	16,190	16,190	0
CASH, DECEMBER 31	1,170	23,714	22,544	18,990	21,520	2,530
<u>PEACE OFFICERS STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,400	1,750	(650)	2,423	1,251	(1,172)
Total Receipts	2,400	1,750	(650)	2,423	1,251	(1,172)
DISBURSEMENTS						
Sheriff	2,400	1,750	650	2,400	1,251	1,149
Total Disbursements	2,400	1,750	650	2,400	1,251	1,149
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	23	0	(23)
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	23	0	(23)
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	44,000	50,582	6,582	37,000	42,583	5,583
Interest	600	472	(128)	700	595	(105)
Other	2,400	190	(2,210)	0	3,669	3,669
Transfers in	0	0	0	0	4,060	4,060
Total Receipts	47,000	51,244	4,244	37,700	50,907	13,207
DISBURSEMENTS						
Sheriff	46,000	55,784	(9,784)	49,260	47,982	1,278
Total Disbursements	46,000	55,784	(9,784)	49,260	47,982	1,278
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	(4,540)	(5,540)	(11,560)	2,925	14,485
CASH, JANUARY 1	15,035	15,035	0	12,110	12,110	0
CASH, DECEMBER 31	16,035	10,495	(5,540)	550	15,035	14,485

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	2,000	2,857	857	4,500	1,157	(3,343)
Interest	250	140	(110)	200	288	88
Other	0	10	10	0	0	0
Transfers in	0	0	0	0	1,848	1,848
Total Receipts	2,250	3,007	757	4,700	3,293	(1,407)
DISBURSEMENTS						
Election services	7,000	4,941	2,059	8,750	2,515	6,235
Total Disbursements	7,000	4,941	2,059	8,750	2,515	6,235
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,750)	(1,934)	2,816	(4,050)	778	4,828
CASH, JANUARY 1	5,057	5,057	0	4,279	4,279	0
CASH, DECEMBER 31	307	3,123	2,816	229	5,057	4,828
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	1,300	1,395	95	1,300	1,315	15
Interest	190	150	(40)	300	190	(110)
Total Receipts	1,490	1,545	55	1,600	1,505	(95)
DISBURSEMENTS						
Domestic violence shelter	0	0	0	200	200	0
Total Disbursements	0	0	0	200	200	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,490	1,545	55	1,400	1,305	(95)
CASH, JANUARY 1	4,935	4,935	0	3,630	3,630	0
CASH, DECEMBER 31	6,425	6,480	55	5,030	4,935	(95)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	27,900	26,611	(1,289)	29,000	32,288	3,288
Interest	0	133	133	0	129	129
Total Receipts	27,900	26,744	(1,156)	29,000	32,417	3,417
DISBURSEMENTS						
Collector	24,640	21,423	3,217	22,126	27,055	(4,929)
Total Disbursements	24,640	21,423	3,217	22,126	27,055	(4,929)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,260	5,321	2,061	6,874	5,362	(1,512)
CASH, JANUARY 1	1,425	7,141	5,716	1,779	1,779	0
CASH, DECEMBER 31	4,685	12,462	7,777	8,653	7,141	(1,512)

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	330,814	362,859	32,045	313,380	337,552	24,172
Intergovernmental	247,977	286,304	38,327	322,530	299,821	(22,709)
Charges for services	117,717	113,761	(3,956)	89,530	107,679	18,149
Interest	4,000	5,564	1,564	4,000	6,478	2,478
Total Receipts	700,508	768,488	67,980	729,440	751,530	22,090
DISBURSEMENTS						
Salaries	563,053	573,410	(10,357)	549,534	559,059	(9,525)
Mileage and training	13,640	12,744	896	15,800	13,624	2,176
Office expenditures	17,665	16,256	1,409	19,395	17,518	1,877
Medical expenditures	126,000	113,765	12,235	103,267	115,809	(12,542)
Equipment	4,650	6,879	(2,229)	16,000	5,921	10,079
Debt service	0	0	0	156,323	156,371	(48)
Total Disbursements	725,008	723,054	1,954	860,319	868,302	(7,983)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,500)	45,434	69,934	(130,879)	(116,772)	14,107
CASH, JANUARY 1	88,566	88,566	0	205,338	205,338	0
CASH, DECEMBER 31	64,066	134,000	69,934	74,459	88,566	14,107
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	195,306	191,035	(4,271)	187,454	176,198	(11,256)
Intergovernmental	0	18,046	18,046	0	18,349	18,349
Interest	0	2,114	2,114	0	3,471	3,471
Total Receipts	195,306	211,195	15,889	187,454	198,018	10,564
DISBURSEMENTS						
Contractual services	215,800	208,401	7,399	185,547	185,497	50
Total Disbursements	215,800	208,401	7,399	185,547	185,497	50
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,494)	2,794	23,288	1,907	12,521	10,614
CASH, JANUARY 1	48,921	48,921	0	36,400	36,400	0
CASH, DECEMBER 31	28,427	51,715	23,288	38,307	48,921	10,614
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	440,325	444,383	4,058	427,165	427,496	331
Interest	9,100	8,789	(311)	1,600	12,362	10,762
Other	1,200	74,339	73,139	900	1,393	493
Total Receipts	450,625	527,511	76,886	429,665	441,251	11,586
DISBURSEMENTS						
Salaries	109,935	114,756	(4,821)	100,800	97,258	3,542
Office expenditures	19,460	20,313	(853)	18,995	18,255	740
Equipment	3,320	4,966	(1,646)	3,110	2,577	533
Contractual services	326,010	358,527	(32,517)	359,420	362,247	(2,827)
Mileage and training	11,735	6,477	5,258	8,990	5,714	3,276
Other	5,500	6,591	(1,091)	0	1,879	(1,879)
Total Disbursements	475,960	511,630	(35,670)	491,315	487,930	3,385
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,335)	15,881	41,216	(61,650)	(46,679)	14,971
CASH, JANUARY 1	472,527	472,527	0	519,206	519,206	0
CASH, DECEMBER 31	447,192	488,408	41,216	457,556	472,527	14,971

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	5,000	2,937	(2,063)	4,650	7,055	2,405
Interest	250	292	42	275	382	107
Total Receipts	5,250	3,229	(2,021)	4,925	7,437	2,512
DISBURSEMENTS						
Emergency planning	15,450	2,919	12,531	12,200	2,575	9,625
Transfers out	0	0	0	0	1,500	(1,500)
Total Disbursements	15,450	2,919	12,531	12,200	4,075	8,125
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,200)	310	10,510	(7,275)	3,362	10,637
CASH, JANUARY 1	11,804	11,804	0	8,442	8,442	0
CASH, DECEMBER 31	1,604	12,114	10,510	1,167	11,804	10,637
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	20,000	18,100	(1,900)			
Interest	50	0	(50)			
Transfers in	0	4,000	4,000			
Total Receipts	20,050	22,100	2,050			
DISBURSEMENTS						
Prosecuting Attorney	14,550	16,732	(2,182)			
Total Disbursements	14,550	16,732	(2,182)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,500	5,368	(132)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	5,500	5,368	(132)			
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	10,450	8,600	(1,850)			
Interest	50	94	44			
Total Receipts	10,500	8,694	(1,806)			
DISBURSEMENTS						
Sheriff	11,000	3,271	7,729			
Total Disbursements	11,000	3,271	7,729			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	5,423	5,923			
CASH, JANUARY 1	768	768	0			
CASH, DECEMBER 31	268	6,191	5,923			

Exhibit B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF EQUIPMENT FUND</u>						
RECEIPTS						
Interest				100	30	(70)
Total Receipts				100	30	(70)
DISBURSEMENTS						
Sheriff				0	1,000	(1,000)
Transfers out				1,000	60	940
Total Disbursements				1,000	1,060	(60)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(900)	(1,030)	(130)
CASH, JANUARY 1				1,030	1,030	0
CASH, DECEMBER 31				130	0	(130)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WEBSTER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Webster County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Revolving Fund	2003
HAVA Fund	2004
Law Library Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Division Interest Fund	2004 and 2003

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2003
Capital Improvement Sales Tax Fund	2004
Sheriff Fund	2004
Tax Maintenance Fund	2003
Health Center Fund	2003
Emergency 911 Fund	2004
Prosecuting Attorney Bad Check Fund	2004
Sheriff Equipment Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2004 and 2003, did not include the Law Library, Circuit Clerk Interest, and Associate Circuit Division Interest Funds. The Health Center Board and the Emergency 911 Board published their financial statements separately from the county.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the Health Center Board's, the Senate Bill 40 Board's, and the Emergency 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The Associate Circuit Division Interest's cash balance at January 1, 2003, as previously stated has been decreased by \$444 to agree to the cash balance of the Associate Circuit Division.

Supplementary Schedule

Schedule

WEBSTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5213	\$ 26,495	0
		ERS045-4213	82,844	28,998
		ERS045-3213W	0	86,726
	Program Total		<u>109,339</u>	<u>115,724</u>
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.607	Bullet Proof Vest Partnership Program	N/A	734	0
16.710	Public Safety Partnership and Community Policing Grant	2004SHWX0018	14,475	0
	Passed through:			
	Cape Girardeau County -			
16.580	Edward Bryne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	0	45,736
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	389	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	0	6,905
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	929	0
39.011	Help America Vote Act	N/A	3,922	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.562	State and Local All Hazards Emergency Operation Planning	EMK-2003-GR-2540	0	3,300

Schedule

WEBSTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF EDUCATION				
	Passed through state			
	Department of Elementary and Secondary Education			
84.126	Rehabilitation Grants - Vocational Rehabilitation Grants to State	N/A	83	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A	66,395	0
		N/A	2,405	0
		PGA064-3213A	0	6,300
		N/A	0	5,290
		N/A	0	46,241
	Program Total		68,800	57,831
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022028	7,239	0
		ERS161-40032	12,843	0
		ERS161-30058	0	12,958
		DH030370001	0	6,700
	Program Total		20,082	19,658
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	51,396	46,543
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5213C	240	0
		PGA067-4213C	1,900	70
		PGA067-3213C	0	1,120
		PGA067-5213S	815	0
		PGA067-4213S	1,630	375
		PGA067-3213S	0	1,320
	Program Total		4,585	2,885
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5213M	6,601	0
		ERS146-3213M	0	13,248
		N/A	0	482
		ERS175-3082F	0	6,770
	Program Total		6,601	20,500

Schedule

WEBSTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state			
	Department of Public Safety -			
97.004	State Homeland Security Grant	2004-GE-T4-0049	24,662	0
97.036	Public Assistance Grants *	FEMA-1412-DR-MO	1,230,854	1,090,031
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	4,800	6,699
	Total Expenditures of Federal Award:		\$ <u>1,541,651</u>	<u>1,415,812</u>

* These expenditures included awards made under CFDA number 83.544 and CFDA number 97.03

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

WEBSTER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Webster County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Webster County, Missouri

Compliance

We have audited the compliance of Webster County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Webster County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Webster County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-1 to be a material weakness.

This report is intended for the information and use of the management of Webster County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 14, 2005 (fieldwork completion date)

Schedule

WEBSTER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weakness identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
97.036, 83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.

Schedule of Expenditures of Federal Awards

Federal Grantor:	Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Numbers:	97.036, 83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have specific procedures in place to track federal awards for the preparation of the SEFA, and as a result, the county's SEFA contained several errors and omissions. For example, expenditures relating to several federal grants were overstated including the Public Assistance Grants (CFDA 97.036), which was overstated by \$1,632,660 in 2004. Other federal grants were not included on the schedules. These errors resulted in total expenditures reported on the SEFA to be overstated by \$1,480,754 and \$147,594 in 2004 and 2003, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The only purpose of the SEFA is to establish if agencies within the county received a total amount of federal funding in excess of a certain threshold. If that dollar amount is exceeded, the county is subject to more rigorous audit standards.

Given the number of agencies involved, and the fact that the County Clerk does not have nor desire the authority to compel other departments to alter their revenue tracking procedures, a certain amount of estimation is required. This same difficulty exists in every county in the State.

In keeping with the purpose of the SEFA schedule, the decision was made to err on the side of caution (i.e., overestimate revenues) in the years cited. However, greater attention will be dedicated to the process in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WEBSTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WEBSTER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings-Two Years Ended December 31, 2002

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BR0-112(3)
Award Year:	2002
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

Findings-Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-Through Entity	
Identifying Number:	97-ED-10
Award Year:	1999
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WEBSTER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 14, 2005. We also have audited the compliance of Webster County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 14, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Webster County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if

applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
-----------	----------------------------

The General Revenue fund has been experiencing a declining cash balance since December 31, 2002. While receipts have increased each year, they have not kept pace with the increase in disbursements. Additionally, based on 2005 projections, the county does not anticipate the financial condition of the General Revenue fund to improve during the current year. The following chart shows the General Revenue fund receipts, disbursements, and cash balances for the three years ending December 31, 2004, and the projected cash balance for the year ending December 31, 2005.

General Revenue Fund	<u>Projected</u> 2005	<u>2004</u>	<u>2003</u>	<u>2002</u>
January 1,	\$140,216	\$300,642	\$412,497	\$247,100
Receipts	2,667,308	2,531,788	2,416,042	2,338,861
Disbursements	2,667,285	2,692,214	2,527,897	2,173,464
December 31,	\$140,239	\$140,216	\$300,642	\$412,497

Some of the increases in disbursements appear to be unavoidable, such as increases in statutory salaries and insurance costs. For example, in 2003 the Prosecuting Attorney became full time and the Circuit Clerk separated from the Recorder's office, resulting in a newly elected county official. Insurance costs have increased from \$116,000 in 1999 to \$361,000 in 2004. A significant portion of the increase was caused by a change in the county's insurance coverage for liability. The current company discontinued covering local governments in 2003; however, offered a one year rider for a premium of \$58,000. This premium was in addition to the annual premium of approximately \$124,000 for the 2004 coverage with the new insurance carrier. Further, the county's law enforcement deductible increased to \$25,000 increasing the county's potential financial liability.

Numerous other factors have contributed to, or will have an effect on the financial condition of the General Revenue fund.

- In 2002 the county borrowed \$140,000 to purchase land for a judicial center in anticipation of the passage of a law enforcement sales tax. The issue failed, and the county's General Revenue fund has incurred approximately \$17,110 in interest and other costs related to the purchase and subsequent sale of the land. (See MAR finding number 2.A.).

- The county does not have procedures in place to ensure all revenues are received timely. State grant reimbursements totaling approximately \$31,000 for the Sheriff's department have not been claimed and received, and some funds may have been lost for failing to file timely reimbursement requests. (See MAR finding number 3.D.)
- Approximately \$28,900 is due from the General Revenue fund (\$15,800) and the Assessment fund (\$13,100) to local school districts because of an error by the County Collector when computing property tax distributions. Because the Assessment fund is financially supported by the General Revenue fund, this will have a significant impact on the financial condition of the General Revenue fund. (See MAR finding number 9)
- Approximately \$49,000 (4,720 hours) has accumulated in employee compensatory time balances, which could be a significant liability to the county. (See MAR finding number 4.A. and 8.E.)

Other funds have also experienced a declining cash balance. Some county funds did not have monies available to pay invoices and, as a result, invoices were held until the following year. For example, rock invoices totaling \$35,490 for November 2004 were not paid from the county's Special Road and Bridge fund until February 2005 resulting in a late charge of \$532. At December 31, 2004 the Special Road and Bridge fund had a cash balance of only \$18,586.

The County Commission is aware of the financial condition of the County and has had meetings with the various county officials informing them of the status of the General Revenue fund receipts, disbursements and cash balance. The County Commission should continue to review discretionary disbursements to ensure available county resources are used efficiently and effectively to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

WE RECOMMEND the County Commission closely monitor the county's financial condition and consider various alternatives of increasing receipts and/or reducing disbursements. In addition, pay expenditures timely to avoid incurring late charges.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The Commission agrees with the description of the county's declining financial health. Further, we do not dispute that missteps have been made along the way. However, the factors cited (land purchase, Sheriff's tardiness in seeking reimbursement, one time error by the Collector, and accumulated compensatory time by employees) did not contribute significantly to the overall problem. The \$532 late charge mentioned in paragraph eight has now been refunded. Answers to the other citations are found elsewhere in this report.

While there is always room for improvement, the factors contributing most to the county's overall decline are: increases in fixed costs (primarily insurance); increases in law enforcement costs, and other factors that have been largely outside the Commission's control. The Commission will continue to monitor receipts and disbursements, and work with other officeholders to make the best use of the tax dollars entrusted to us.

2. County Expenditures

The controls and procedures over county expenditures need improvement. The county lost \$17,110 on the purchase and subsequent sale of land purchased for the potential site of the judicial center, and an employee appears to have circumvented the county credit card limits. Additionally, some expenditures appear questionable, and written agreements were not obtained in some instances.

- A. The county lost \$17,110 on the purchase and subsequent sale of 10 acres purchased in September 2002 for the potential site of a new judicial center. The County Commission did not obtain a formal appraisal on the property, but indicated they did compare the purchase price to land previously sold in the same area. No documentation was maintained of this comparison.

The county financed the land purchase with an annual renewable loan of \$140,000 with the intentions of paying off the loan with law enforcement sales tax revenue. However, after the November 2002 law enforcement sales tax ballot issue failed, the county was unable to pay the balance of the loan and put the land up for sale. The county continued to pay the required annual interest on the loan. The land was sold in July 2005 for the original purchase price of \$140,000; however, the county had paid \$12,405 in interest on the loan and an additional \$4,705 for environmental testing, land maintenance and other incidental costs. As a result, the county lost at least \$17,110 on the sale of the land. Additionally, the County Commission did not adequately document their evaluation of the financing arrangements, funds available, and interest costs associated with the loan.

Further, the county exchanged services with the buyer of the land without properly evaluating the value of the services. The buyer agreed to rebuild a property line fence that was relocated with the construction of a county road. In exchange, the county gave the buyers the topsoil removed from the county road construction site. The county has not evaluated whether they received an equitable exchange of goods and services.

- B. Credit card transaction limits can be circumvented and adequate documentation is not always retained for credit card purchases. The county has credit cards assigned to various personnel in each office with individual transaction limits ranging from \$500 to \$2,000, and monthly cycle limits of \$1,000 to \$5,000 as an avenue to control employee purchases. However, we noted one instance where a Sheriff's employee

with a monthly cycle limit of \$2,500 and an individual transaction limit of \$1,000 purchased night vision goggles costing almost \$3,000 that was split into 4 smaller dollar amounts to circumvent the limits of the credit card. When the monthly credit card bill was reviewed for payment, this purchase in excess of the employees' monthly cycle limit went undetected.

Additionally, credit card expenditures were not always supported by adequate documentation. Payments made for credit card purchases were not always supported by the individual credit card slips or supporting invoices. Further, credit card expenditures for meals purchased by the Sheriff's department were not supported by a complete listing of all individuals whose meals were charged. Credit card purchases totaled approximately \$26,000 during 2004.

To ensure the validity and propriety of expenditures, officials should enforce current procedures related to spending limits, and ensure all expenditures are supported by paid receipts or vendor invoices which provide sufficient detail of goods or services being purchased. In addition, meal expenditures should be supported by adequate documentation of those receiving the meals.

- C. A written agreement was not prepared to specify the details of a rental agreement between the County Commission and the Prosecuting Attorney. During 2003 the County Commission paid the Prosecuting Attorney \$4,800 for the reimbursement of rent of her office space until renovations were completed in the courthouse. In 2004, the Prosecuting Attorney's office moved into the courthouse. Additionally, the County Commission provides office space to the County Surveyor to conduct personal and county business; however, a written agreement has not been prepared to specify the details of the arrangement. Section 432.070, RSMo, requires the county to have all contracts in writing.

It is important for the county to document the adequacy of the financial arrangements with the Prosecuting Attorney and the County Surveyor to avoid the appearance of an inappropriate use of public resources.

- D. In 2005, the County donated \$3,000 and provided an interest-free loan of \$2,000 to the Sesquicentennial Committee for the purposes of organizing a 150th anniversary celebration for the county. The county does not have a written agreement and did not receive any documentation from this organization detailing the use of the monies and the repayment of the loan. Further, the county has paid a total of \$1,200 to rent a facility for the annual employee picnic for the last 3 years.

Considering the financial condition of the county, it is questionable if these expenditures are a reasonable and a prudent use of public funds. The County should ensure funds are spent only on items which are necessary and beneficial to county residents. In addition, written agreements are necessary to quantify the services to be performed and the consideration to be paid for the services, provide a means for the

county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. Further, Section 432.070, RSMo, requires all contracts to be in writing.

- E. The County Commission approved some payments to vendors without requiring the officeholder or an employee to acknowledge the receipt of goods or services. For example, we noted one purchase for rock hauling (\$5,052) that was paid without any indication of receipt of the goods. Other examples include communication equipment (\$10,156) and a forklift (\$4,000). As a result, the county does not always have adequate assurance it is paying for actual goods and services received.
- F. Written contracts were not obtained for the distribution of county aid road trust (CART) monies and capital improvement sales tax (CIST) monies to the Seymour Special Road District. During the two years ended December 31, 2004, approximately \$291,755 of CART monies and \$343,685 of CIST monies were distributed to the special road district based on the district's share of miles within the county. While the county requested and received financial information from the special road district regarding the use of the monies, there were no written contracts.

The County Commission indicated in the previous audit that they would meet with representatives of the Special Road District to discuss obtaining a written contract; however, a written contract was not obtained.

Section 432.070, RSMo, requires all county contracts to be in writing. The County Commission should obtain written contracts with the special road district which document the specific services to be provided for the use of these monies.

WE RECOMMEND the County Commission:

- A. Maintain adequate documentation to ensure the county receives fair value in exchange for the goods and services provided.
- B. Ensure current procedures related to credit card limits are enforced and adequate supporting documentation is retained for all credit card purchases.
- C. Ensure all contracts are in writing.
- D. Ensure all expenditures are a necessary and prudent use of public funds and obtain written agreements detailing the services to be provided and compensation to be paid.
- E. Require acknowledgment of receipt of goods and/or services prior to payment.
- F. Obtain written agreements with the Seymour Special Road District documenting the services to be provided and the use of county CART and CIST monies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The story of the land sale is a well-known part of the county's past. The public has already spoken on the Commission's decision to purchase property for a justice center. Since that proposal's failure, the Commission has done its best to comply with public sentiment. The property was sold at the earliest possible opportunity for the best possible price.*

The silver lining of this otherwise dark chapter is the purchase of the land did enable the county to obtain an easement to assist the City of Marshfield with road improvements in accordance with the City's comprehensive plan. The loss involved in interest expenses and other maintenance costs could be considered somewhat lessened by the value to the public of these improvements.

- B. *The Commission is currently reviewing a new policy regarding credit card use to address these weaknesses.*

C, D

- &F. The County does make its best effort to obtain written contracts where necessary. The proliferation of these agreements has been so great as to become a burden on limited staff resources. The Commission will continue to obtain written documentation to the greatest degree practical.*

- E. *The Commission is considering procedural changes to require all officeholders and department heads to sign all invoices to signify that goods and services were received.*

The Prosecuting Attorney provided the following response:

- C. *The lease for the office was by written bid and the terms of the lease are outlined in the written bid sheet and thus serves as a written contract between the parties.*

3. County Budgets and Procedures

Approximately \$959,425 was not properly reported on the Road and Bridge fund budget, and some budgets were overspent by the County Commission and other elected officials. Decisions made in closed session meetings were not always disclosed during regular session. In addition, the Sheriff's department did not properly complete the grant reimbursement request process for claims totaling approximately \$31,000.

- A. The Road and Bridge fund annual budget prepared by the County Clerk, and approved by the County Commission for 2004 did not include \$959,425 the county had received in Public Assistance Grants in 2003. The funds were omitted from the 2004 beginning cash balance on the budget, and omitted from revenues in the 2003

actual data. As a result, amounts reported on the Road and Bridge fund budget did not agree with amounts reported in the county's published financial statement and the County Treasurer's annual settlement.

Chapter 50, RSMo, requires the budget present a complete financial plan for the ensuing year. Documenting a complete summary of available resources, a cash reconciliation, and accurate actual data from preceding years is necessary to present a complete financial plan. In addition, for the budget documents to be of maximum assistance to the county and to adequately inform county residents of the road and bridge operations and current financial position, the budget documents should be accurate.

- B. Disbursements were made in excess of the approved budgets in the following funds during the two years ended December 31, 2004, as follows:

Fund	Year Ended December 31,	
	2004	2003
Assessment	\$ N/A	4,315
Capital Improvement Sales Tax	12,771	N/A
Sheriff	9,784	N/A
Tax Maintenance	N/A	4,929
Prosecuting Attorney Bad Check	2,182	N/A
Sheriff Equipment	N/A	60

While the County Clerk prepared budget to actual expenditure comparison reports, the county's procedures and reports are not resulting in effective monitoring of the various budgets. It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. Although closed meeting minutes are prepared to document matters discussed in closed meetings, some open meeting minutes do not document the final disposition of matters discussed in closed meetings. For example, the County Commission held five closed sessions in March 2005, and while the regular meeting minutes did disclose the reason for entering into closed session, the regular session minutes did not disclose the final disposition of matters discussed in four of the closed sessions regarding personnel and litigation issues. Section 610.021, RSMo, allows the County Commission to close meetings to the extent they relate to certain specified subjects,

including litigation, real estate transactions, and personnel issues. Section 610.021, RSMo, requires certain matters discussed in closed meetings to be made public upon final disposition.

- D. The Sheriff's department did not properly complete the grant reimbursement request process for claims totaling approximately \$31,000. The Sheriff's department is responsible for submitting grant reimbursement claim forms for the School Resource Officer Grant awarded to the county in 2004 for a three year period totaling approximately \$217,000. The grant funds reimburse the county for costs associated with three School Resource Officers employed by the county.

While a claim form was prepared for the fourth quarter of 2004 totaling approximately \$16,500, the claim was not filed timely with the federal government and, some information on the claim form appears to be inaccurate. According to the grant guidelines, claim forms that are not submitted within 45 days of the end of the quarter will not be paid. Additionally, a claim form totaling approximately \$14,500 was prepared and filed electronically for the first quarter of 2005; however the county has neglected to request the available grant funds be deposited into the county's bank account.

By not filing the quarterly claim forms timely, the county risks losing funds. Considering the county's financial condition, all efforts should be made to file grant claim forms correctly and timely, and procedures should be established to ensure reimbursement is received for the amount claimed.

WE RECOMMEND the County Commission:

- A. Ensure the budget document contains accurate financial information.
- B. Ensure the county and applicable officials do not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended.
- C. Ensure the final disposition of matters discussed in closed meetings is made public as required by state law.
- D. And the Sheriff investigate and resolve unpaid reimbursement claims and ensure future claims are submitted correctly and timely.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In 2003, the county received an advance payment for storm damage repairs considered "small projects" by the Federal Emergency Management Agency. The Commission,*

Treasurer, and Clerk agreed at that time to segregate those funds from the rest of the Road & Bridge Fund until the work was complete. Therefore, those funds were not included in the budget. The following year, the funds remaining were documented as “set aside” in the budget document.

- B. Most of the funds listed are not under Commission supervision. Also, the expenditure amounts are relatively small, and most would have occurred late in the year without opportunity for normal review. However, greater attention is currently being given to minimize such occurrences in the future.*
- C. For most if not all of the incidents cited, there was no vote taken nor decision made. Therefore, “not disclosing the final disposition of matters” merely means failing to write in the open minutes that “no decision was made”. Those facts are stated in a very complete set of closed session minutes. However, it will also state such in the open minutes in the future.*
- D. We have discussed this situation with the Sheriff at length, and have implemented procedures to notify the Treasurer of expected revenues as a check and balance.*

The Sheriff provided the following response:

- D. The grant coordinator for the Sheriff’s office has filed all required paperwork. In July the County Commission brought to the attention of the grant coordinator (who was out on medical leave) that no reimbursements had been made to the county for expenditures for the last quarter of 2004 and the first two quarters of 2005. Grant monies often go directly to the county treasury leaving the grantee department unaware of these transactions.*

Upon returning to work on the first of August the grant coordinator made many phone calls and conducted much research until it was discovered that even though the paperwork had been filed properly, an automated payment system had not been used to declare the reimbursement. At that time a request was submitted using the automated system and funds for all three quarter have been received. Payment reached the designated account during the month of August in the amount of \$43,046.

4. Payroll

The county has allowed compensatory balances to accumulate creating a significant potential liability to the county, and time sheets or other records of actual time worked was not maintained by the Assistant Prosecuting Attorney.

- A. Compensatory balances for county employees have accumulated and could potentially be a significant liability to the county. The Fair Labor Standards Act (FLSA) states that overtime will be given at the rate of time and a half, and that covered employees may accumulate a maximum of 240 hours (480 for law enforcement personnel) of compensatory time. Hours in excess of this maximum are

to be paid or be taken as time off by the employee in the next pay period. Further, upon an employee's termination, total accumulated compensatory time will be paid out.

Upon our request, the County Clerk's office prepared totals of accumulated compensatory hours and the potential liability those hours could create for the county. At December 31, 2004, county employees had accumulated 4,720 hours of compensatory time valued at approximately \$49,000, which is a significant potential liability to the county. Several road and bridge and sheriff department employees were at or near the maximum balance. Although the County Clerk monitors and pays out accumulated compensatory balances in excess of the maximum, county officials continue to approve the compensatory time worked for employees causing compensatory balances to continue to accrue over the maximum for some employees.

Proper controls over the management of compensatory time balances require the county to evaluate balances for reasonableness, review the reasons for large or increasing balances, and provide solutions to prevent excessive balances. Excessive compensatory time represents a large liability for the county which could require significant cash resources upon payment.

- B. Time sheets or other records of actual time worked are not maintained by the assistant prosecuting attorney. As a result, the County Commission has no documentation to support these payroll expenditures. The Prosecuting Attorney maintains leave records for the assistant prosecuting attorney; however, these records are not submitted to the County Clerk to be filed with the leave records of all other county employees. Time sheets should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

WE RECOMMEND the County Commission:

- A. Closely monitor county employees' compensatory time to limit potential county liabilities.
- B. Require all county employees to prepare time sheets which reflect actual time worked and leave taken. These time sheets should be filed with the County Clerk.

AUDITEE'S RESPONSE

The County Commission provided the following response:

A&B. The Commission has already worked to address these issues.

The Sheriff provided the following response:

A. All overtime will be monitored daily by supervisors, as well as with monthly time balances. Those employees with time nearing or over the maximum time allowed have made the effort to take time off to bring balances well below the maximum.

The Prosecuting Attorney provided the following response:

B. With all due respect, the Prosecuting Attorney disagrees with the State Auditor's interpretation regarding the Fair Labor Standards Act. For professional employees, who are exempt from over-time provisions, time sheets are not required. This is because a professional employee is not entitled to over-time compensation no matter how many hours they work. The concept of "compensatory time" is not applicable to a salaried professional employee. If the recommendations of the State Auditor's Office were followed, this would jeopardize the exempt status of the assistant Prosecutor and the County could be liable to pay him time and a half for the many weeks he worked more than forty hours. Please see 29 CFR 516.3 and related sections. Please know that there is a record kept of my Assistant's sick leave and vacation time which is permissible under the FLSA.

5.

Road Maintenance Plan

A formal maintenance plan for county roads and bridges has not been prepared annually. While the County Commission indicated that they discuss road maintenance annually when preparing the budget, no plan is documented. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan could be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition,

the county commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The County Commission provided the following response:

While this is a desirable goal, the county has never required a formal maintenance plan document (complete with public hearings, etc.) – nor has the State indicated its necessity – to conduct business. This type of planning is customarily done in conjunction with the budget process. Public input is allowed at that time, as at all other times during the year. Nonetheless, the Commission will consider the implementation of this recommendation, within the limits of staff resources.

6. Capital Assets

While most county offices prepare a complete capital asset listing, the listing for the Sheriff's department lacks the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Further, several assets purchased by the Sheriff's department during the years ended December 31, 2004 and 2003 were not added to the listing, including two defibrillators (\$4,298), two VCRs (\$740) and jail software (\$599). Also, property items were not always properly numbered, tagged, or otherwise identified.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission and the Sheriff ensure a detailed property listing is maintained in accordance with state statute.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Clerk does not have the ability to maintain (nor the authority to require other officeholders to maintain) records of property purchased with "side funds" outside of Commission review. However, the Clerk and Commission will work to ensure other officeholders are aware of these requirements.

The Sheriff provided the following response:

It has always been county policy to report to the County Clerk's Office the acquisition of new equipment. However, due to inadequate staffing, some items may have been overlooked during inventory. Every effort will be made to accurately report inventory as it comes in.

7. Sheriff Fund Expenditures

The Sheriff did not compare invoices to the written agreement for legal services resulting in more paid than agreed upon, a written agreement was not obtained for consulting services, and bids were not always solicited in accordance with state law. The Sheriff's civil fees are deposited into the Sheriff fund held by the County Treasurer and funds are expended at the Sheriff's discretion.

- A. The Sheriff entered into a written agreement with a law firm for legal representation in a lawsuit attempting to remove him from office. These legal services were paid with Sheriff fund monies totaling \$14,948. The Sheriff paid the invoices as submitted; however, the invoices did not accurately reflect the hourly billing rate agreed upon in the written agreement. As a result, \$834 more was paid for these services than agreed upon.

Further, the Sheriff paid a consulting firm \$2,321 without obtaining a written agreement. While the Sheriff indicated the consulting firm was hired to review his departmental standard operation procedures, it is not clear what services were provided, or if the rates paid were appropriate.

The overpayment went undetected because the Sheriff did not ensure the hourly billing rate on the invoice agreed to the amount outlined in the contract. The Sheriff should seek reimbursement for the \$834 overpayment. Further, written agreements are necessary to quantify the services to be performed and the consideration to be paid for these services, provide a means for the county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires all contracts to be in writing.

- B. Bids were not solicited as required for the installation of dispatch telephone equipment totaling \$9,195, of which \$5,000 was paid from the Sheriff fund and \$4,195 from General Revenue fund. Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help ensure the county receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

WE RECOMMEND the Sheriff:

- A. Seek reimbursement for the \$834 overpayment to the law firm, and ensure hourly billing rates agree to contract amounts on all invoices. Additionally, written agreements should be prepared which specifically address the services to be provided and compensation to be paid.
- B. And the County Commission solicit bids for all purchases in accordance with state law.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

- A. *The Sheriff's Office will request a refund in the amount of \$834 for overpayment of attorney's fees. The contract with this attorney provided for the use of an outside investigative firm.*
- B. *The vendor for telephone maintenance is contracted with the county to do all work needed by the county including the Sheriff's Office.*

The County Commission provided the following response:

- B. *The telephone services/equipment ordered by the Commission were below the \$4,500 bid threshold. Therefore, this purchase on its own was in compliance with State law. We were not aware that the Sheriff had also ordered services/equipment from the same vendor from a fund outside the Commission review. The purchase by the Sheriff was of sufficient value that bids should have been solicited, and for that violation we can only say that we will remind all officeholders to take care to comply with state statutes when making purchases with public funds not subject to Commission review.*

8. Sheriff Accounting Controls and Procedures
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Control weaknesses in the Sheriff's department include monies are not always deposited timely, some monies are not properly recorded and deposited, and disbursements are not always made timely. Further, seized property records are not always updated timely, and duties are not adequately segregated. The Sheriff's department handled receipts totaling approximately \$107,000 and \$75,000 during the years ending December 31, 2004 and 2003, respectively.

- A. Fees and bond monies are not always deposited timely, and some monies received are not recorded and deposited. For example, civil and criminal receipts dating back to August 26, 2004 and totaling \$2,990 were not deposited until September 10, 2004.

In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made.

Further, when a person posting a bond does not have the correct change, the jailer will accept an amount in excess of the established bond amount because a change fund is not maintained. A receipt slip is then issued for only the established bond amount and there is no record of the excess cash collected. When the cash bond is deposited, a money order is obtained to refund the excess cash and mailed to the person posting bond. Because not all cash received is recorded and deposited, it is unclear how much excess bond money is collected. Also, there is no documentation to ensure the money orders were properly distributed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt. Additionally, all bond monies should be recorded and deposited and any overages should be refunded in the form of a check.

- B. Disbursements to the County Treasurer are not always made monthly. For example, February and March 2004 civil fees totaling \$4,018 were not transmitted to the Treasurer until April 12, 2004. State law requires that all fees collected by the Sheriff be distributed monthly to the County Treasurer. The timely disbursement of fees collected is necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.
- C. Bank reconciliations and listings of open items (liabilities) are prepared monthly; however, they are not compared to ensure all liabilities are identified. Small differences existed between the reconciled bank balances and the open items listings; however, these differences were not detected and corrected by the Sheriff's office manager.

Monthly reconciliations of the cash balances to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

- D. The seized property listing is not updated timely and, as a result, is not accurate or complete. The Sheriff's office manager is responsible for maintaining the inventory listing of seized property. When property is seized, a property record sheet is filled out by the deputy and given to the office manager to be posted to the seized property listing. Although seized property entries are generally posted monthly, no entries were made from May 20, 2004 to September 22, 2004, approximately four months.

As a result of not posting to the seized property listing timely, we noted at least one example where property items were released prior to being entered onto the property listing.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. These controls include the timely posting of property items to an accurate record of all seized property items.

- E. The Sheriff's office manager is responsible for most all clerical and office related duties including, depositing and disbursing money, reconciling bank accounts, preparing the monthly report of fees, logging seized property, and preparing civil process papers. Other duties include preparing prisoner board and extradition billings, managing the carry and conceal application process, administering state and federal grants, and reviewing employee timesheets, departmental purchases, and deputy fuel and mileage logs. Due to the office manager's load of duties, some of these operations often fall behind and controls over accounting duties are weakened, as noted in points A through D. Further, the county frequently pays the office manager for accumulated compensatory time that exceeds the maximum carrying balance of 240 hours. Payment for compensatory time is at a rate of one and a half times the regular pay. For example, excess compensatory hours of 10.5 and 44.25, were paid for February and March 2005, respectively.

Given the internal control weaknesses discussed above related to the accounting records, it is questionable that all of these duties and responsibilities are being adequately performed. To ensure all transactions are accounted for properly and assets are adequately safeguarded, duties should be properly segregated.

Conditions similar to Parts A. and E. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Deposit receipts daily or when accumulated receipts exceed \$100 and all checks should be restrictively endorsed immediately upon receipt. All monies should be recorded and deposited, and any refunds should be made by check.
- B. Transmit fees to the County Treasurer monthly.
- C. Reconcile liabilities to the cash balances on a monthly basis and investigate any differences.
- D. Ensure seized property items are posted timely to a record of all seized property items.

- E. Review the job duties of office personnel to ensure all office duties are being performed timely and adequately and attempt to segregate duties and reduce the compensatory time paid to the office manager.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

For the last three years the Sheriff's Office has requested the County Commission to approve a budget for additional personnel. Each year the County Commission has attempted to cut personnel from the budget for this office. The lack of adequate staffing has left all employees of the Sheriff's office with more responsibility than is necessary.

Duties of the office manager have been delegated evenly within the administrative staff. Evidence (seized property) has been moved to more adequate storage space with additional personnel assigned to manage the influx of property. This will free the office manager to spend more time with office staff to ensure that the weaknesses noted will be corrected, namely, grants management, deposits, liability reports, and other related issues.

9. Collector and Property Tax System

Errors were noted in amounts reported on the Collector's annual settlements and in withholdings made from school taxes. Additionally, bank account balances are not reconciled to liabilities, outstanding checks are not routinely followed up on, and duties are not adequately segregated. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2005 and 2004, the County Collector collected property taxes totaling approximately \$11.4 million and \$10.8 million, respectively.

- A. The County Collector's annual settlement contained errors in amounts reported which caused differences between total collections and distributions. For the year ended February 28, 2004, monies distributed for private car tax and the tax maintenance fund totaling \$28,494 and \$28,200, respectively, were omitted from the annual settlement. For the year ended February 28, 2005 collections reported on the annual settlement exceeded distributions by an unidentified amount of \$1,909. Additionally, the County Clerk does not maintain an account book with the County Collector, or verify the current and back tax books for accuracy. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be used to help verify the accuracy of the Collector's annual settlements. Further, failure to perform adequate reviews of the tax books could also result in errors and irregularities going undetected.

Section 139.160, RSMo states that "...the collector shall...settle his accounts of all monies received by him on account of taxes and other sources of revenue..." By incorrectly reporting distributions, the County Collector has not provided the County Commission with an accurate and complete settlement. Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlements. Section 140.500, RSMo, requires the County Clerk to make the back tax book and charge the County Collector with the amounts contained in the back tax books.

- B. The County Collector incorrectly calculated the 1.5 and 1.25 percent withholdings from school collections paid to the General Revenue and Assessment funds, respectively, for November 2004. As a result, the General Revenue fund was overpaid \$15,754 and the Assessment fund was overpaid \$13,128, which is due to the various school districts. These errors may have been detected had an adequate review of the monthly settlements and distribution records been performed, as these distributions were significantly more than the preceding year. These records should be reviewed for possible irregularities and significant fluctuations over time that would identify possible inaccuracies in distribution calculations.
- C. The County Collector does not compare the reconciled bank account balances to existing liabilities. The County Collector maintains four bank accounts for the deposit of property tax collections, protested taxes, partial payments, and bankruptcy collections. Collections are distributed monthly, except for interest earnings and surtax which are distributed annually. At our request, open items listings were prepared which showed an excess of \$550 at May 30, 2005 in the property tax bank account. Liabilities agreed to the reconciled bank balances of the other three bank accounts.

Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded. To provide this assurance, book balances should be properly identified to appropriate liabilities and other reconciling items. The County Collector should attempt to determine the proper disposition of the \$550. If a proper disposition cannot be determined, the funds should be disposed of in accordance with state law.

- D. At February 28, 2005, the Collector's bank accounts had \$2,442 in outstanding checks that were over one year old. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- E. Controls over property tax receipts need improvement.

- Composition of property tax receipts is not reconciled to the composition of deposits. The property tax system prints a register report indicating cash and checks received; however, the composition of the tax receipts is not reconciled to the composition of the register report or deposits. Only the total collections are reconciled to the totals on the daily abstract.
- A manual paid stamp used for the payment of merchant licenses is not adequately controlled. The stamp appears to have been inappropriately used to stamp a real estate tax statement as paid rather than validating the tax statement through the property tax system. As a result, it appears approximately \$396 was received but not deposited.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the composition of receipts should be reconciled to the composition of deposits. Further, the manual stamp should be adequately controlled.

- F. Accounting duties are not adequately segregated. The deputy collector receives and records monies, prepares deposits, and reconciles the bank account. No one independent of these duties compares the deposits to the daily abstracts of collections or to any other record of receipts to ensure that all monies received are deposited. Further, the Collector does not review the bank reconciliations prepared for the four bank accounts maintained.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing monies and reconciling the bank accounts. If duties cannot be adequately segregated, at a minimum, the County Collector should compare the daily abstract reports to deposits and also perform periodic documented reviews of all the accounting records to ensure their accuracy. Failure to adequately segregate duties or provide adequate supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- G. The County Collector did not solicit bids as required. The Collector receives a 2% fee on all delinquent tax collections for additional administration and operation costs of the office. These funds are deposited into a Tax Maintenance fund, held by the Collector, and expended at the Collector's discretion. In 2003, the Collector spent \$11,000 from the Tax Maintenance fund for the purchase of computer hardware to update the property tax system without soliciting for bids. Section 50.660, RSMo, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

- H. The county has a computer system, which is utilized by the County Collector and the County Assessor. Passwords which restrict employee access to computer files are used by the Collector's and Assessor's office; however they are not unique to each employee. A unique password should be assigned to each user of the system, and these passwords should be kept confidential and changed periodically to prevent unauthorized access to computer files.

Conditions similar to Parts A, C, and H. were noted in our prior report.

WE RECOMMEND the County Collector:

- A. File complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate. Further, the County Clerk should formally verify the accuracy of the tax books.
- B. Withhold \$15,754 and \$13,128 from the General Revenue and Assessment funds, respectively, and pay the amounts to the various school districts. Further, ensure adequate reviews of the monthly settlements and monthly distributions are performed.
- C. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Reconcile total cash, checks, and money orders received to bank deposits and to the paid tax bills or daily abstract. Further, adequately control the use of the manual paid stamp.
- F. Adequately segregate accounting duties. If duties cannot be adequately segregated, at a minimum, the County Collector should compare monies received with deposits and should perform periodic documented reviews of all the accounting records to ensure their accuracy.
- G. Solicit bids for all purchases in accordance with state law.
- H. And Assessor ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *All private car tax was turned over to the county treasurer's office and was disbursed as required by state statute, but was not included in the annual settlement report in error. I will make certain that it is included in future annual settlement reports.*
- B, F
&G. *I will follow the auditor's recommendations.*
- C. *We have reconciled the amounts in all accounts and do so every month. The auditor has recommended that we document each liability. We are doing this now. We balance each month with the bank statement by checking off the checks that have cleared and we know which ones are outstanding.*
- D. *We have tried to notify everyone that has a refund due them but have not heard back from everyone yet. We have heard from some of them and refunds have been made. Any money that cannot be refunded will be turned over to the state's unclaimed funds.*
- E. *We have computerized cash drawers that require that we punch in cash check or charge on the keyboard. Sometimes it is entered incorrectly...cash for check...or vice versa, but at the end of the day we always balance with the correct amount of collections for the statements paid. Myself and everyone that works in this office will try to be certain that we key in cash or check correctly. The manual stamp will be done away with as we now have a new software program and all merchant licenses will be stamped paid by the validating machine. The \$396 has been transferred from the Collector's Tax Maintenance Fund.*

The County Collector and County Assessor provided the following response:

- H. *The Assessor's office has 9 workstations and the collector's office has 7 workstations. People in the assessor's office do not have access to the computers in the collector's office and vice versa. Everyone in both offices is required to work on all computers in their office. It is not possible to make any changes of any kind in the collector's office, all we can do is inquire and take payments, we cannot change anyone's assessment or property description. Also the cost would be high as the passwords have to be changed by our software provider who charges \$95 an hour with a minimum one hour service charge for anything he does. We agree that it would be an additional safeguard, but not an easy one to implement.*

The County Clerk provided the following response:

- A. *I will review procedures in other counties to implement an effective system as recommended.*

Several deficiencies were noted in the internal controls and accounting procedures used by the Prosecuting Attorney's office. For example, monies are not deposited timely, monies are not always recorded in the bad check system, numerous errors were identified in the calculation of the checkbook balance, and monthly listings of open items (liabilities) are not prepared. The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2004 and 2003 of approximately \$182,000 and \$148,000, respectively.

A. Controls over bad check collections need improvement:

- Bad check receipts are not always deposited timely with deposits frequently totaling over \$2,000. For example, a cash count identified \$6,663 of bad check receipts on hand dating back to February 11, 2005, but were not deposited until February 22, 2005.
- Some monies received are not recorded, and deposits are not reconciled to receipts recorded in the bad check system. Our review of August, September, and October 2004 deposits identified six money orders totaling \$1,101 that were deposited, but not receipted in the bad check system. Additionally, we noted receipts recorded during these months that had been deposited several months earlier. Further, the February 22, 2005 deposit, noted above, exceeded recorded receipts by \$70.
- Occasionally reversals and adjustments to receipts and disbursements are required in the bad check system to correct errors. We noted several reversals and adjustments posted to the system that did not have adequate documentation explaining why the entries were made to ensure they were proper.
- Although the bad check system assigns a receipt number as a transaction is entered into the system, the numerical sequence of the receipt numbers are not accounted for properly. To adequately account for all transactions, the numerical sequence of receipt slips should be accounted for properly.

The bad check system has the capability to print a receipt report; however, this report is not printed. This report would help reconcile receipts to deposits and ensure the numerical sequence of computerized receipts are accounted for properly. Without adequate controls, the misappropriation of funds could go undetected.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, to ensure receipts are accounted for properly and deposited

intact, the composition of recorded receipts should be reconciled to the composition of bank deposits. Further, to ensure reversals and adjustments to payments are valid, adequate documentation should be retained to support the corrections.

- B. There were numerous errors in the calculation of the checkbook balance at December 31, 2004 including several old outstanding checks that had been voided, but the amount of the checks had not been added back to the checkbook balance. These checks totaled \$967 and had been outstanding for over one year. Additionally, a July 2003 deposit of \$1,715 was not recorded in the check register. We also noted numerous addition and subtraction errors when computing the checkbook balance. While the bad check clerk attempted to perform a bank reconciliation, the amounts did not reconcile to the checkbook balance, and while submitted to the Prosecuting Attorney for review, the errors went undetected.

Without maintaining accurate records of the bank account balance and preparing accurate monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. Further, old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- C. Monthly listings of open items (liabilities) are not prepared and, consequently, are not agreed to the reconciled bank balance. At our request, an open items listing was prepared as of April 30, 2005. This listing totaled \$6,753, while the reconciled bank balance at April 30, 2005 totaled \$8,773. We identified additional open items totaling \$351 that were not included on the listing prepared by the Prosecuting Attorney's office. As a result, the Prosecuting Attorney has \$1,669 that is due to various victims, but remains unidentified.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, differences noted when performing monthly reconciliations should be promptly investigated and resolved. Various statutory provisions provide for the disposition of unclaimed and unidentified monies.

- D. While the bad check system prints a receipt slip when payment of a bad check is entered into the system, a manual, prenumbered receipt slip is often issued if a payment is received in the office. A reconciliation of manual receipt slips to the amounts posted to the bad check system is not always performed. In addition, voided manual receipt slips were not always retained and some receipt slips were not issued in numerical sequence.

To adequately account for bad check and restitution monies, manual receipt slips should be reconciled to the bad check system to ensure all manual receipts are posted to the system. To properly account for the numerical sequence of receipt slips, voided receipt slips should be retained and receipt slips should be issued in numerical sequence.

Conditions similar to Parts A, B and C. were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100 and reconcile deposits to the bad check receipt reports. In addition, retain adequate supporting documentation for all error corrections in the bad check system, and account for the numerical sequence of receipts.
- B. Prepare complete and accurate bank reconciliations monthly and ensure the check register balance is accurate and reconciles to the bank balance. Further, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- D. Issue manual receipt slips only for official business, reconcile manual receipt slips to the bad check system, retain all copies of voided receipt slips, and issue receipt slips in numerical sequence.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Since I took office in January of 2003, this office has disbursed nearly \$500,000 in restitution and bad checks. All monies brought in by this office have been appropriately accounted for and disbursed with the exception of six cents. We suspect that this is an overpayment by a defendant. There is no missing money. Unfortunately, due to time constraints of the Prosecutor's Office and the work load of office personnel, we have not made deposits daily. We are doing our best to comply with this suggestion of the State Auditor.*
- B. *The bank statement has been reconciled within six cents. The office has disbursed nearly half of a million dollars to merchants and victims. The Prosecutor's Office has been responsible for a large amount of money. The Auditor makes no suggestion that there has been any mishandling of funds. All of the money is accounted except for six cents out of*

nearly \$500,000. In regard to the payees whom have not cashed their checks and thus are outstanding items, once a year, this office attempts to locate payees of old outstanding checks by publishing the names of payees in the newspaper. Our local papers have been quite good about this. My office does its best to find those individuals. If we cannot find them, we turn the money over as unclaimed property to the State of Missouri. This has been our policy and continues to be our policy.

- C. *Both B. and C. recommendations by the Auditor are substantially the same. Specifically, that is that the office needs to reconcile the bank statements more frequently. Unfortunately, due to time constraints, the bad check clerk has not done this monthly. Even so, now, this has been done. The Auditor's Office was notified of our progress as we continued to make progress. Now, all outstanding items, with the exception of six cents, have been identified and that list was forwarded to the State Auditor's Office. I do acknowledge the need to more frequently reconcile the bank statements and I have implemented a mandate that this be done monthly. Additionally, the bad check clerk's duties have been cut back to make her better able to comply with the mandates of the State Auditor.*
- D. *Upon taking over the office, I made it a priority to improve the procedures of the bad check department. I contacted the State Auditor and solicited suggestions as to how I might improve the department. They had helpful advice and I followed their advice. I began computerizing all of the files and implementing multiple checks and balances in our bad check system. For example, we do not accept cash, only money orders. Additionally, I require receipts for every transaction and those receipts are to be reviewed on a daily basis. The money orders are to be completed before they are given to the clerk and they are to be immediately stamped for deposit only. These changes have been effective and have resulted in nearly one half million dollars returned to the merchants and crime victims. The Auditor's Office, in this report, suggests additional checks and balances and my office has gladly implemented the same.*

11. Associate Circuit Division's Records and Procedures
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Bank reconciliations are not prepared monthly, receipts are not deposited timely, and procedures for surety bond forfeiture are inadequate. In addition, an interest fund ledger is not maintained, and the fund is not budgeted in accordance with statute. The Associate Circuit Division handled receipts totaling approximately \$535,000 and \$454,000 for the two years ending December 31, 2004 and 2003, respectively.

- A. Monthly bank reconciliations are not completed timely. For example, the reconciliation for December 31, 2004 and December 31, 2003 were attempted but not completed until March 2005 and December 2004, respectively, when the Office of State Courts Administrator (OSCA) came to provide assistance in reconciling. As a result of not preparing bank reconciliations timely, at least ten checks totaling approximately \$837 have been outstanding for over a year without adequate follow up.

Bank reconciliations are an essential element in determining if transactions are properly recorded and discovering errors or omissions in a timely manner. In addition, an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- B. Receipts are not deposited on a timely basis. Fines and costs are generally received each business day; however, deposits are only made if one of the two clerks authorized to make deposits is available to make the deposit. We noted fines and costs deposited on March 21, 2005, totaling \$5,376, (including cash of \$580) which represents three business days of receipts not deposited timely. To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- C. The criminal division does not follow up on cases where surety bonds have been posted and the defendants failed to make the required court appearances. Section 374.770, RSMo, provides for the court to declare a bond forfeiture after the bail bond agent has been given an opportunity to return the defendant to court. It is the court's procedure to notify the bail bond agent in writing that the defendant failed to appear in court and they have 30 days to return the defendant or the Prosecuting Attorney will set a bond forfeiture hearing.

Five of ten cases reviewed did not have a letter to the bail bond agent indicating the defendant failed to appear. Additionally, no bond forfeiture hearing had been set for any of the ten cases. If the court does not order bond forfeitures as provided by statute, the bond companies have no incentive for making sure defendants show up for court appearances. The court and the Prosecuting Attorney should ensure procedures are in place for bond forfeiture proceedings.

- D. The Associate Circuit Division does not maintain an adequate interest ledger to summarize interest receipts, disbursements, and the balance. Interest monies are earned on the Associate Circuit Division bank account, and state law allows the interest funds to be used for expenditures for the court. Interest earned can be recorded on the Associate Circuit Division's computer software; however the interest activity was not properly posted into the system. OSCA was contacted to determine an interest balance for the court. In addition, the Associate Circuit Division does not prepare a budget or provide any information to the County Commission regarding the interest fund balance or the planned use of these monies. Interest monies held by the court at December 31, 2004, totaled \$4,575.

An interest ledger is necessary to track the current balance of interest monies and ensure interest income and expenditures are accounted for properly. Further, Chapter 50, RSMo, requires the preparation of annual budgets for all funds.

Similar conditions were noted in our prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Reconcile the bank accounts monthly, and attempt to contact the payees of the old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- B. Require monies to be deposited daily or when accumulated receipts exceed \$100.
- C. And the Prosecuting Attorney, ensure procedures are in place for bond forfeiture proceedings.
- D. Maintain an interest ledger to record interest earned and expenditures of the interest fund monies. The ledger should be reconciled to the available cash balance monthly. In addition, the Associate Circuit Division should ensure a budget is prepared and submitted to the County Clerk yearly, as required by state law.

AUDITEE'S RESPONSE

Associate Circuit Judges Knust and Thompson provided the following responses:

- A&B. We have fewer clerks than we had a quarter of a century ago, and they are not permitted to work overtime. Frequently, they must choose between processing court cases or accounting, and less urgent accounting tasks have been delayed until their case processing is caught up. All bank statements are currently reconciled, and we are reconciling all statements on a monthly basis. There is no money missing. We do the best we can.*
- C. The bail bond statutes operate as follows: (1) If a defendant fails to appear as ordered, the Judge announces in open court that the defendant fails to appear, bond forfeited, and warrant issued (usually with a higher bond), (2) the prosecuting attorney, who is required to be present at all criminal proceedings, files a Petition for Bond Forfeiture, (3) the court notifies the bondsperson of a hearing date and (4) the court, on said hearing date, conducts a hearing and, if indicated, enters a Judgment on Bond Forfeiture. Bondspersons can be present in court or can use Casenet (on the internet) to determine if any defendant, for whom they have written a bond, failed to appear as ordered.*

When a defendant fails to appear as ordered, our practice has been to send letters to the bondspersons and to the prosecuting attorney advising them of such. These letters are not required by law and were done as a courtesy.

Your audit caused us to realize that the prosecuting attorney was relying on said letters to initiate remedies against bondspersons. For the reasons stated in A & B of our above response, we have ceased writing said letters and have advised bondspersons and the prosecuting attorney of our said decision. The prosecuting attorney does an outstanding job of tracking her cases and will have no difficulty with this change.

We appreciate that your audit caused us to re-evaluate and improve this area of our case processing. We do not anticipate future problems.

- D. *You're right: we should prepare an annual budget for our interest money and submit it to the County Clerk. We've assigned this task to a deputy clerk.*

The Prosecuting Attorney provided the following response:

- C. *The procedure followed since I became Prosecutor has been for the Court to notify a bondsman that a defendant failed to appear. If the bondsman fails to produce the defendant, the Court provides notice to my office. Upon receipt of that notice, this office responds by filing a Motion to Forfeit Bond. Since I took office in 2003, the Prosecuting Attorney's Office has followed this procedure which has resulted in the forfeiture of numerous bonds resulting in substantial payments to the Court. I am not aware of a single incident that the Prosecutor failed to file a Motion when notified. Nevertheless, if the Prosecuting Attorney's Office is not notified in accordance with the established procedure, then the Prosecuting Attorney would not know to file a Motion for Bond Forfeiture. Additionally, if there are outstanding cases where the Defendant did not appear, this office will take action to forfeit the bond, if properly notified. The Prosecutor intends to meet with the Court to determine their preferred procedure in forfeiting bonds and the Prosecutor will follow that procedure.*

12. Public Administrator

Annual settlements are not always filed timely, and a documented supervisory review is not performed of the work performed by the Public Administrator's clerk. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2004, the Public Administrator handled approximately 100 cases.

- A. The Public Administrator did not always file annual settlements and inventories and appraisals for her estates in a timely manner. For example, an annual settlement due in December 2004 had not been filed as of July 2005. We also noted an inventory and appraisal due in November 2004 that had not been filed as of July 2005.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely annual settlements are necessary to allow the court to properly oversee the administration of these estates. In addition, Section 473.233, RSMo, states that the personal representative shall prepare an inventory and appraisal of all property of the decedent within thirty days after letters are granted.

- B. The Public Administrator's clerk assists in the accounting duties for the estates; however, the Public Administrator does not perform a documented supervisory review of her clerk's work.

The Public Administrator should periodically document a supervisory review of the accounting records and bank reconciliations to ensure records appear accurate. Failure to adequately segregate duties or provide a documented supervisory review increases the risk that error and irregularities will not be detected in a timely manner.

WE RECOMMEND:

- A. The Associate Circuit Judge require the Public Administrator to file inventories and appraisals within statutory time frames for all cases, and to file the annual settlements in a timely manner.
- B. The Public Administrator perform and document supervisory reviews of the accounting records and bank reconciliations prepared by her clerk.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *The particular example noted was a unique situation that occurred with the switching of a successor guardian. I'm actively tracking the annual settlements on a monthly basis and filing settlements and inventories timely.*
- B. *The office assistant work has always been reviewed. I will implement the recommendation effective immediately by initialing my review.*

Associate Circuit Judges Knust and Thompson provided the following response:

- A. *We do.*

13. Circuit Clerk

Formal budgets were not prepared for the Circuit Clerk Interest and the Law Library funds for the years ended December 31, 2004 and 2003. The Circuit Clerk maintains custody of the Circuit Clerk Interest and the Law Library funds which are under the authority of the Circuit Judge. Chapter 50, RSMo, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By obtaining budgets for all county funds, and activities, the County Commission is able to more effectively evaluate all county financial resources.

WE RECOMMEND the Circuit Clerk ensure budgets are prepared and submitted to the County Clerk yearly as required by state law.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

I only write the checks for bills that have been approved by the Judge that is in charge of the Law Library and our interest so I have no way of knowing what will be spent in the coming year. I will attempt to prepare a budget using what has been spent in the past as a guideline.

14. Health Center Board Closed Minutes

Minutes are not maintained for the closed portion of Health Center Board meetings. Further, the regular meeting minutes did not disclose the reason for entering into closed session and it is not evident that the final disposition of matters discussed in closed meetings is made public. Section 610.021, RSMo, allows the Health Center Board to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and Section 610.022, RSMo requires the matters discussed in closed meetings to be made public upon final disposition. Minutes constitute the official record of proceedings of the Health Center Board of Trustees. Without adequate minutes, the Health Center Board of Trustees cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

WE RECOMMEND the Health Center Board ensure closed meetings are conducted according to state law.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following response:

Closed meetings will be conducted in accordance with state law.

15. Emergency 911 Board

The Emergency 911 Board overspent the 2004 budget and the 2005 budget was not properly prepared. Improvements are needed in documenting the board's approval of invoices, soliciting bids, and documenting employee time. Additionally, the regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings.

- A. Actual expenditures exceeded budgeted amounts in 2004, and a reconciliation of beginning cash balances, receipts, disbursements, and ending cash balances for the prior year was not included in the 2005 budget. The Board does not have sufficient

procedures in place to adequately monitor the budget and, as a result, expenditures exceeded budget amounts by \$13,835 during the year ended December 31, 2004.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget. Further, Chapter 50 requires the budget present a complete financial plan for the ensuing year, which would include completion of the cash reconciliation section of the budget.

- B. The Board's approval of invoices for payment is not adequately documented. According to the operations manager a listing of disbursements is provided to the board for approval; however, board minutes only indicate the approval of total expenditures for payment. A listing of disbursements does not accompany the minutes and is not signed by a board member indicating approval.

Expenditures made from Emergency 911 funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the Emergency 911 operations. To adequately document the Board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval, and retained with the official minutes.

- C. Bids were not solicited for dispatching software totaling \$47,375. The operations manager indicated the software was only available from one vendor because it was an upgrade of existing software; however, documentation of sole source procurement was not maintained or recorded in the board minutes. Further, the Board spent \$5,255 for the mailing of an informational pamphlet to taxpayers regarding a ballot issue to increase the Emergency 911 sales tax from one-fifth cent to one-third cent. The Board did solicit bids; however, the low bidder was not selected and the reason for awarding the contract to a company other than the low bidder was not documented in the board minutes.

Section 50.660, RSMo, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the board that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate

in county business. Documentation of bids should always be retained as evidence that the county's established purchasing procedures, as well as statutory requirements, are followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice if applicable, a copy of all bids received, and a summary of the basis and justification for awarding the bid.

- D. The former director and the operations manager used a calendar to record their hours worked and leave or comp time earned and used; however, this calendar was not reviewed and approved.

Time sheets and leave records are necessary to document hours actually worked, substantiate payroll expenditures, and provide the Board with a method to monitor hours worked and leave taken. The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the payroll records.

- E. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. In addition, it is unclear how some items discussed by the Board during closed meetings are allowed under the provisions of the Sunshine law. For example, meetings were closed to discuss training for employees, a retirement plan for the administrator, job descriptions, and potential changes if the Emergency 911 Board took over the dispatch center. Further, regular board meeting minutes are taken by the Board Treasurer and typed by the operations manager; however, the minutes are not signed by the Board Chairperson to document the board's approval.

Section 610.021, RSMo, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote. In addition, the minutes should be signed by the chairperson upon approval by the Board to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.

WE RECOMMEND the Emergency 911 Board:

- A. Ensure expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the

budgets properly amended. In addition, ensure budgets are prepared in accordance with state law.

- B. Review and approve all expenditures of Emergency 911 funds, and the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the Board minutes.
- C. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the circumstances should be documented.
- D. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the payroll records.
- E. Ensure board minutes document the reasons for closing the meeting, publicly disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law. Also, ensure board minutes are signed by the board chairperson to attest to their completeness and accuracy.

AUDITEE'S RESPONSE

The 911 Emergency Services Director provided the following responses:

- A. *The 2004 actual expenditures exceeded the budgeted amounts due to an oversight to amend the budget upon the unexpected award of a grant of \$71,753 and expenditures of those grant funds of \$57,805. Therefore, expenditures were under revenues by \$13,984. The 2006 budget will include a beginning cash balance, receipts, disbursements and ending cash balance as recommended. The budget is prepared and approved before December 31 which precludes the beginning fund balance from being reconciled since we use a cash basis method of accounting. All efforts will be made to estimate the beginning fund balance accurately.*

In 2005, accounting software was purchased and placed in service to facilitate complete and accurate budget and invoice reporting for Board review as well as prepare payroll. Invoices are available for Board review at each meeting. In the 4th quarter of 2005, budget reports will be presented monthly for Board review. Budget adjustments will be made quarterly if necessary. A review of Chapter 50 will be made to ensure the 2006 budget is prepared in accordance with state law.

- B. *A listing of invoices approved to be paid is now included with Board minutes and signed by the Board Treasurer after Board approval.*
- C. *The proper bidding procedures will be followed and adequately documented in the minutes in the future.*

- D. *The current director prepares a timesheet that will be reviewed by the Board Chair effective immediately. Supervisors review and approve timesheets of subordinates. The Director reviews and approves all timesheets and requests for leave. Timesheets are filed in personnel employment record files.*
- E. *Regular board meeting minutes and agendas now specify the reason for closing meetings. The minutes reflect what was discussed and votes are reported in the regular meeting minutes if applicable and discussion is limited to only those subjects allowed by statute. Closed meeting minutes are approved by the Board with regular meeting minutes. Board minutes are taken by the Board Secretary (or by the Director in his absence), typed by the Administrative Manager, and reviewed by the Director for accuracy and completeness before distribution to the Board and public. The Board Secretary signs minutes after they are approved.*

Follow-Up on Prior Audit Findings

WEBSTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Webster County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. The county did not maintain documentation to support the reason for not selecting the lowest bid.
- B. The County Commission did not obtain a written contract that documented the services to be provided from the Seymour Special Road District.
- C. The County Commissioner's approval of expenditures was not always documented and a county employee's signature indicating receipt of goods or services was not evident on most expenditure documentation reviewed.
- D. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,120 for the two years ended December 31, 2000 were unconstitutional and should be repaid.

Recommendation:

The County Commission:

- A. Maintain complete and adequate documentation of bidding decisions and solicit bids for all items in accordance with state law.
- B. Obtain written agreements with the Seymour Special Road District documenting the services to be provided and review financial information regarding the use of county CART and CIST monies.
- C. Document their approval of expenditures, and ensure all invoices contain an indication of receipt of goods or services.
- D. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

A. Implemented.

B&C. Not implemented. See MAR finding number 2.

D. Not implemented. The County Commission has not documented its review of the impact of the Supreme Court decision, but has indicated it does not plan to take any action to obtain repayment from the Associate Commissioners. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Budgetary Procedures and Financial Statements

A. Actual expenditures exceeded budgeted amounts. The county and Senate Bill 40 Board did not adequately monitor budgeted amounts to actual results.

B. Numerous inaccuracies were noted in the county's budget documents for 2000 and 1999 and numerous adjustments were made to the amounts presented in the financial statements.

C. The county's annual published financial statements did not reflect the financial activity for some county funds.

Recommendation:

The County Commission:

A. And the Senate Bill 40 Board implement procedures to ensure budgets are properly amended if necessary, and expenditures are kept within budgetary limits.

B. Ensure budget documents contain complete, accurate, and reasonable information about the county's finances. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.

C. Ensure financial information as provided for by law is properly presented in the published financial statements for all county funds.

Status:

A. Partially implemented. Expenditures for the Senate Bill 40 Board were kept within budgeted amounts for the two years ended December 31, 2004. Although the County Commission has amended budgets, expenditures are not always kept within budgetary limits. See MAR finding number 3.

- B. Not implemented. See MAR finding number 3.
- C. Not implemented. The County Commission does not include the Circuit Clerk Interest, the Law Library, and the Associate Circuit Division Interest funds. Although not repeated in our current MAR, our recommendation remains as stated above.

3. Personnel Policies and Procedures

- A. The county had not established a formal policy regarding donated leave time for county employees.
- B. Sheriff's deputies serving as guards for transports did not report the time worked on their timesheets. The set fee for guard duty was not reported on the deputies W-2 forms.

Recommendation:

The County Commission:

- A. Expand the county's leave policy to address the issue of donated leave time.
- B. And the Sheriff ensure deputies who serve as guards are paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

Status:

A&B. Implemented.

4. Property Tax System and Computer Controls

- A. Controls over property tax additions and abatements were not adequate.
- B. The County Clerk did not verify the current and back tax books for accuracy.
- C. Passwords were not unique to each employee nor changed periodically.
- D. The backup disks of the county financial and payroll information were not stored at an off-site location.

Recommendation:

- A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.

- B. The County Clerk formally verify the accuracy of the tax books.
- C. The County Collector and County Assessor ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.
- D. The County Clerk ensure backup disks are prepared and stored in a secure, offsite location.

Status:

A&D. Implemented.

B&C. Not implemented. See MAR finding number 9.

5. County Procedures

- A. The county did not adequately disburse the Children's Trust Fund monies to a domestic violence shelter.
- B. Employees with access to monies were not adequately bonded.
- C. The County Clerk did not prepare minutes of the closed session meetings of the County Commission.

Recommendation:

The County Commission:

- A. Ensure Domestic Violence Fund monies are disbursed to qualifying shelters in a timely manner.
- B. Obtain adequate bond coverage for all employees with access to monies.
- C. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed at in closed meetings is made public as required by state law.

Status:

A&B. Implemented.

- C. Partially implemented. The county clerk prepares closed session minutes; however he does not always include the final disposition of the closed session discussions in the regular session minutes. See MAR finding number 3.

6. County Collector's Records and Procedures

- A. The County Collector did not reconcile his cash balance to existing liabilities. Due to the lack of proper reconciliations, non-sufficient funds (NSF) checks were not tracked. An NSF check was received and subsequently paid; however, the NSF check payment received was recorded as an overpayment. The County Collector erroneously issued two refund checks for \$159 each to a taxpayer, resulting in \$318 still owed.
- B. Partial payment on taxes and other fees were held in cash in the County Collector's vault and not deposited.
- C. The method of payment was not always clearly indicated on some tax receipts, and the composition and the amount of tax monies received was not compared to bank deposits.

Recommendation:

The County Collector:

- A. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved. In addition, properly track NSF checks, and attempt to recover the \$318.
- B. Discontinue the practice of holding partial payments in cash, and review whether the \$10 non-sufficient fund check fee should be collected. In addition, duplicate tax fees should be remitted to the County Treasurer monthly and all office supplies should be purchased through the county expenditure process.
- C. Indicate the method of payment received, and reconcile the composition of receipts to the composition of bank deposits.

Status:

- A. Not implemented. See MAR finding number 9.
- B. Partially implemented. Duplicate tax fees are remitted to the County Treasurer and office supplies are purchased through the county expenditures process or the tax maintenance fund. Additionally, partial payments are no longer held in cash; however, the \$10 non-sufficient fund check fee is collected and remitted to the

County Treasurer. Although not repeated in our current MAR, our recommendation remains as stated above.

- C. Partially implemented. The method of payment is indicated when payment is received; however, the composition of receipts is not reconciled to the composition of deposits. See MAR finding number 9.

7. Prosecuting Attorney's Records and Procedures

- A. Accounting duties were not adequately segregated, and the Prosecuting Attorney signed checks, but a documented supervisory review of accounting records was not performed.
- B. An adequate ledger or other record was not maintained to account for all bad checks filed with the Prosecuting Attorney and the ultimate disposition.
- C. Monthly bank reconciliations were not accurately prepared and the check register balance has not been adjusted for errors noted during prior audits.
- D. Monthly listings of open items (liabilities) were not prepared and were not agreed to the reconciled bank balance.
- E. Monies were not receipted and deposited on a timely basis. Money orders were not restrictively endorsed when received. Receipt slips were not always issued in numerical order.
- F. Bad check fees received were not always turned over to the County Treasurer on a timely basis.
- G. Bad checks received were not processed on a timely basis.

Recommendation:

The Prosecuting Attorney:

- A. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared.
- B. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.
- C. Prepare complete and accurate monthly bank reconciliations, and ensure the check register balance is accurate, and reconciles to the bank balance. Further, attempt to

locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

- D. Ensure case fee sheets reflect the open item balance, and a monthly listing of open items should be prepared and reconciled to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- E. Record and deposit receipts intact daily, and issue receipt slips in numerical order. In addition, money orders should be restrictively endorsed immediately upon receipt.
- F. Remit fees received to the county treasurer on a monthly basis.
- G. Ensure bad check complaints are processed on a timely manner.

Status:

A. Partially implemented. The Prosecuting Attorney reviews and initials the bank reconciliations; however, the reconciliations were inaccurate. See MAR finding number 10.

B. Implemented. A new computer software system was purchased that tracks all bad checks received and the disposition of the checks.

C&D. Not implemented. See MAR finding number 10.

E. Partially implemented. Receipts are restrictively endorsed immediately upon receipt; however, receipts are not deposited intact daily and receipt slips were not always issued in numerical sequence. See MAR finding number 10.

F&G. Implemented.

8. Associate Circuit Division's Records and Procedures

A. Accounting duties were not adequately segregated.

B. The criminal, civil, traffic, and small claims divisions did not deposit receipts on a timely basis. In addition, the criminal and civil divisions did not restrictively endorse checks immediately upon receipt.

C. The criminal division did not always issue receipt slips when money was received.

D. Monthly bank reconciliations procedures were inadequate for all five divisions.

E. The criminal division did not follow up on cases where surety bonds had been posted and the defendants failed to make the required court appearances.

- F. The differences between monthly open-items listings and cash balances were not compared or investigated.
- G. The criminal division did not maintain an adequate monthly listing of open items (liabilities).
- H. Manual receipt slips used by the criminal division were not prenumbered.
- I. The old criminal and civil bank accounts prior to 1998 remained opened but inactive.
- J. The criminal and civil divisions did not maintain adequate interest ledgers to summarize interest receipts, disbursements, and the balance.
- K. The criminal division's monthly cash control reports of receipts and disbursement were not always accurate. In addition, some reports could not be located.

Recommendation:

The Associate Circuit Judge:

- A. Adequately segregate the responsibility of depositing, distributing, and reconciling the bank account or provide for adequate review of the reconciliation of the bank account.
- B. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, all checks should be restrictively endorsed immediately upon receipt.
- C. Issue receipt slips immediately upon receipt for all monies.
- D. Reconcile the bank accounts monthly and investigate and resolve the differences between bank records and internal accounting records. In addition, the court should maintain a checkbook balance for the civil division account. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- E. Implement adequate procedures to forfeit surety bonds when appropriate.
- F. Reconcile the cash balances of the traffic division to the monthly open-items listing and investigate and resolve any differences.
- G. Ensure monthly open-items listings for the criminal division are prepared and reconciled to the cash balances. Unidentified differences should be investigated and resolved.

- H. Utilize official prenumbered receipt slips.
- I. Close the old accounts and attempt to identify the individuals to whom the unidentified cash balance is due and make appropriate disbursements. Amounts remaining unidentified should be appropriately disposed of through the applicable statutory provisions.
- J. Maintain an interest ledger to record interest earned and expenditures of interest fund monies for all accounts. The ledger should be reconciled to the available cash balance monthly.
- K. Prepare accurate cash control reports and reconcile to accounting records. In addition, retain records in accordance with applicable retention requirements.

Status:

A, C,
F-I,
&K. Implemented.

B,
D&E. Not implemented. See MAR finding number 11.

J. Partially implemented. The Associate Court's computer system can be used to maintain an interest ledger; however, the interest activity is not posted to the system. See MAR finding number 11.

9. Sheriff's Records and Procedures

- A. Accounting duties were not adequately segregated.
- B. Civil process fees were not recorded and deposited until the related process papers were served.
- C. Voided receipt slips were not always retained and some receipt slips were not issued in numerical sequence.
- D. The method of payment received (cash, check, or money order) was not always reconciled to the amount deposited and deposits were not made on a timely basis. In addition, some bond money receipt slips issued did not reflect the actual amount received.
- E. Bank reconciliations were not prepared.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
- C. Retain all copies of voided receipt slips, and issue receipt slips in numerical sequence.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100, issue receipt slips for the actual amounts received, and reconcile the composition of receipt slips to the composition of bank deposits.
- E. Prepare and document monthly bank reconciliations. In addition, old outstanding checks should be followed-up on, and unidentified balances should be investigated and resolved.

Status:

A&D. Not implemented. See MAR finding number 8.

B&E. Implemented.

- C. Partially implemented. Receipt slips are issued in numerical sequence; however, some receipt slips were voided and not all copies were retained. Although not repeated in our current MAR, our recommendation remains as stated above.

10. Health Center

- A. The interest rate on the lease/purchase agreement for the health center building appeared unreasonable.
- B.1. The health center did not accept the lowest bid for the employee health insurance and no documentation was maintained to support the reasons for selecting the higher bid.
 - 2. Checks were sometimes signed in advance.
 - 3. Some expenditures did not appear to be prudent use of health center funds.
 - 4. A health department employee's signature indicating receipt of goods or services was not evident on most expenditure documentation.

- C. The budgets prepared by the Health Center Board of Trustees were not accurate and complete.
- D. Deposits were not made on a timely basis.
- E. Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client was not periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

- A. Evaluate the cost savings associated with refinancing the lease-purchase agreement and/or continue making extra payments.
- B.1. Maintain documentation of and justification for bid awards.
 - 2. Discontinue the practice of signing checks in advance.
 - 3. Ensure expenditures are limited to those necessary to properly administer and maintain the Health Center.
 - 4. Ensure all invoices contain an indication of receipt of goods or services.
- C. Ensure budgets are accurate and complete.
- D. Deposit receipts daily, or when accumulated receipts exceed \$100.
- E. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

- A. Implemented. In 2002, the Health Center obtained a lower interest rate and paid the loan off two years early with a lump sum payment of \$156,000. As of January 2003, the loan was paid in full with a savings to the Health Center of approximately \$7,800.
- B,
C&E. Implemented.
- D. Not implemented. Deposits are made once or twice weekly. Although not repeated in our current MAR, our recommendation remains as stated above.

11. Emergency 911 Board

- A. The Emergency 911 Board had not documented the specific plans for the significant accumulated reserve.
- B. Checks were sometimes signed in advance by the board treasurer.
- C. Mileage or usage logs did not include the purpose or destination of each trip.
- D. The budgets prepared by the Emergency 911 Board were not complete for 2000 and 1999.

Recommendation:

The Emergency 911 Board:

- A. Review the cash balance and consider reducing the sales tax rate. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
- B. Discontinue the practice of signing checks in advance.
- C. Require a mileage log be maintained that reflects purpose and destination of each trip and review this log periodically for reasonableness.
- D. Ensure budget documents contain complete information about the board's finances.

Status:

- A. In 2004 Webster County voters approved an increase in the Emergency 911 sales tax from 1/5 cent to 1/3 cent. The Emergency 911 Board is using the increased revenue to fund the 911 dispatch center.

B&C. Implemented.

- D. Not implemented. See MAR finding number 15.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WEBSTER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Webster was named after Daniel Webster. Webster County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Marshfield.

Webster County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 741 miles of county roads and 67 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 20,414 in 1980 and 31,045 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	179.1	170.3	162.2	154.5	71.6 26.6
Personal property		60.0	57.9	55.3	52.5	17.4 9.2
Railroad and utilities		16.4	16.2	17.1	16.9	6.4 6.9
Total	\$	255.5	244.4	234.6	223.9	95.4 42.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Webster County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.0425	.0477	.0522	.0340
Special Road and Bridge Fund		.1900	.1900	.1900	.1900
Health Center Fund		.1400	.1400	.1400	.1400
Senate Bill 40 Board Fund		.0800	.0800	.0800	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	77,715	75,235	71,390	68,414
General Revenue Fund		125,190	133,594	134,314	98,764
Special Road and Bridge Fund		513,116	496,136	470,453	450,311
Assessment Fund		137,105	94,792	88,028	83,209
Health Center Fund		360,897	349,351	331,384	317,709
Senate Bill 40 Board Fund		207,988	201,364	191,080	183,098
School districts		8,270,994	7,824,693	7,277,832	6,963,330
Library district		299,259	287,492	272,363	260,961
Fire protection districts		262,108	238,690	216,077	182,580
Junior college		292,896	279,915	266,280	254,123
Nursing home district		5,950	5,855	5,592	5,226
Cities		534,976	470,031	376,868	352,068
County Clerk		15,525	13,627	10,646	10,004
County Employees' Retirement		84,570	85,924	78,003	79,790
Tax Maintenance Fund		27,242	28,200	14,485	0
Commissions and fees:					
General Revenue Fund		190,940	166,440	155,819	148,317
County Collector-city commissions		10,718	9,593	7,478	6,769
Total	\$	11,417,189	10,760,932	9,968,092	9,464,673

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	93.1	92.6	91.9	91.8 %
Personal property	89.1	88.3	87.7	87.5
Railroad and utilities	100.0	100.0	100.0	100.0

Webster County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road capital improvements	.0050	2007	None	
Emergency 911*	.0020	None	None	

*In August 2004 voters approved to increase the Emergency 911 sales tax rate to .0033. The new rate became effective in January 2005.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Paul Ipock, Presiding Commissioner		29,390	29,390	29,390	29,390
Tom Byrd, Associate Commissioner		27,390	27,390	27,390	27,390
Randy Clair, Associate Commissioner		27,390	27,390	27,390	27,390
Stacy Atkison, Recorder of Deeds (1)		41,500	41,500	N/A	N/A
Stan Whitehurst, County Clerk		41,500	41,500	41,500	41,500
Cynthia R. Black, Prosecuting Attorney (2)		96,000	96,000	N/A	N/A
Donald G. Cheever, Prosecuting Attorney		N/A	N/A	51,000	51,000
John Walker, Sheriff		11,750	N/A	N/A	N/A
Ronald O. Worsham, Sheriff		35,250	47,000	47,000	47,000
David Young, County Collector (3), year ended February 28 (29),	52,218	51,093	48,978	48,269	
Jim Jones, County Assessor (4), year ended August 31,		42,265	42,400	42,400	42,400
Sally Marlin, County Treasurer		30,710	30,710	30,710	30,710
Dr. J. Edward Blinn, County Coroner		14,000	14,000	14,000	14,000
Donna Hannah, Public Administrator (5)		47,212	40,953	44,409	43,969
Dennis Amsinger, County Surveyor (6)		N/A	N/A	N/A	N/A

- (1) The Webster County Commission approved separating the offices of the Recorder of Deeds and the Circuit Clerk. The newly elected Recorder of Deeds took office in January 2003.
- (2) The prosecuting attorney became a full-time position on January 1, 2003.
- (3) Includes \$10,718, \$9,593, \$7,478 and \$6,769 of commissions earned for collecting city property taxes for the years ending February 2005, 2004, 2003, and 2002.
- (4) Includes \$765 in annual compensation received from the state in 2004. Includes \$900 annual compensation received from the state in 2003, 2002, and 2001.
- (5) Includes fees received from probate cases.
- (6) Compensation on a fee basis.

State-Paid Officials:

Nancy Wester, Circuit Clerk	47,900	47,300	47,300	47,300
Daniel Max Knust, Associate Circuit Judge	96,000	96,000	96,000	96,000
Kenneth Thompson, Associate Circuit Judge (7)	96,000	96,000	96,263	28,000

- (7) In 2001, another Associate Circuit Judge was added to the 30th Judicial Circuit for Webster County.



Claire McCaskill

Missouri State Auditor

September 2005

Crawford County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor Of
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Crawford, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Crawford County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- While the county is optimistic regarding the future financial condition of the General Revenue Fund, officials need to ensure they closely monitor the financial activity of both the General Revenue Fund and the County Jail Project Fund. The passage of a one-half of one percent sales tax in April 2001 has provided additional funding for the construction and operation of a new county jail, and the General Revenue Fund has not had to subsidize jail operations as much as initially planned. As a result, monies have been available in the General Revenue Fund to decrease the county's outstanding debt. However, while the General Revenue Fund's cash balance increased to \$181,126 at December 31, 2004, tax anticipation notes totaling \$162,437 were still payable at December 31, 2004. In addition, jail operations for 2004 exceeded budgeted amounts by \$74,504 indicating that while the General Revenue Fund may have additional monies available at the present time, the new jail is also costing more than estimated.
- Discrepancies totaling \$1,304 were noted in the County Clerk's office between receipts and amounts transmitted to the County Treasurer. Receipt slips are not obtained from the County Treasurer when transmitting monies, a reconciliation between receipt slips written and amounts recorded in the receipt ledger is not performed, receipt slips were not issued for some monies received, some receipt slips were not posted to the receipts ledger, and monies were not transmitted to the County Treasurer intact. Receipts are not transmitted to the County Treasurer in a timely manner, checks are not restrictively endorsed immediately upon receipt, and no inventory records are maintained for plat books.
- Professional appraisals were not obtained prior to real estate purchases, bids were not always solicited or advertised, and adequate documentation was not always obtained and reviewed.

(over)

YELLOW SHEET

- Missing monies were noted or detected in the Circuit Clerk's office, the County Collector's office, and the Senate Bill 40 Board. The county or board has worked with law enforcement authorities regarding any criminal prosecution and restitution of the missing monies.
- The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds.
- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). Total federal expenditures were both understated and overstated for the years ended December 31, 2004 and 2003, respectively, as several federal grants were reported incorrectly or not included on the schedules. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.
- Tax anticipation notes are not being repaid within one year of issuance. The county has not had the funds to completely pay off the tax anticipation notes in one year, rather, the notes have just been extended for longer time periods.
- General revenue property tax revenues have not been sufficiently reduced by 50 percent of sales tax revenues and as a result, reductions will need to be made in future years to the property tax levy to adjust for the \$18,620 excess property taxes collected in prior years. While estimates have helped reduce the excess, calculations based on actual amounts are not performed.
- No procedures are performed by the Sheriff's office to follow up on outstanding checks, or to monitor and follow up on past due paper service fees. In addition, for the commissary account, accounting duties are not adequately segregated, the method of payment is not identified on all receipt slips, receipts are not deposited in a timely manner, bank reconciliations are not adequate, monthly listings of open items are not prepared, and checks have been outstanding for a considerable time.
- Actual disbursements of the Emergency 911 Board exceeded budgeted amounts, financial statements were not published, written authorization was not maintained to support the current position and pay for employees, and capital asset records were not maintained.

Also included in the audit were recommendations related to county expenditures, budgetary practices and financial statements, officials' salaries, bonding, payroll procedures, and general capital assets and vehicles. The audit also suggested improvements in the controls and procedures of the Prosecuting Attorney, Nursing Service, and Senior Citizens' Services Board.

All reports are available on our website: www.auditor.mo.gov

CRAWFORD COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Crawford County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Crawford County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Crawford County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years then ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 9, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Crawford County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 9, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Keri Wright
	Cindy Hentges
	Angela Shelby
	James Samek



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Crawford County, Missouri

We have audited the financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Crawford County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Crawford County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Crawford County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 9, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

CRAWFORD COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 51,975	2,458,148	2,328,997	181,126
Special Road and Bridge	950,885	2,017,519	1,882,108	1,086,296
Assessment	50,107	188,556	180,414	58,249
Children's Trust	665	981	1,000	646
Family Access	1,134	0	0	1,134
Records Preservation	11,816	15,367	9,836	17,347
Law Enforcement Training	10,356	6,712	6,294	10,774
Prosecuting Attorney Bad Check	8,129	20,676	30,463	(1,658)
Prosecuting Attorney Training	970	1,131	1,315	786
Prosecuting Attorney Delinquent Tax	1,471	1,112	778	1,805
Courthouse and Jail Capital Improvement	305,187	177,812	246,729	236,270
Law Enforcement Equipment	8,995	34,450	22,016	21,429
Special Law Enforcement	6	0	0	6
ADA Capital Improvement	60,757	3,723	1,984	62,496
Sheriff's Special	23,543	48,721	44,039	28,225
County Jail Project	434,959	1,290,592	1,415,371	310,180
County Jail Bond Project	204	13	0	217
Emergency 911	224,549	415,761	439,995	200,315
Senior Citizens' Services	31,226	97,465	97,225	31,466
Records for Technology	19,893	8,972	14,500	14,365
Election Service	15	15,122	0	15,137
Homeland Security Grant	500	406	906	0
Inmate Security	0	780	0	780
Law Enforcement Restitution	0	5,312	0	5,312
Sheriff's Revolving	0	6,880	69	6,811
CDBG Project 2001-PF-13	0	1,390	1,390	0
Circuit Clerk Interest	1,380	2,004	1,617	1,767
Associate Circuit Interest	10,965	4,070	7,399	7,636
Law Library	27,208	13,947	8,201	32,954
Tax Maintenance	20,499	31,088	20,437	31,150
Total	\$ 2,257,394	6,868,710	6,763,083	2,363,021

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CRAWFORD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 30,114	2,319,735	2,297,874	51,975
Special Road and Bridge	463,528	2,835,857	2,348,500	950,885
Assessment	43,024	184,355	177,272	50,107
Children's Trust	816	849	1,000	665
Family Access	1,134	0	0	1,134
Records Preservation	16,225	17,308	21,717	11,816
Law Enforcement Training	8,874	6,790	5,308	10,356
Prosecuting Attorney Bad Check	13,515	18,101	23,487	8,129
Prosecuting Attorney Training	2,274	1,131	2,435	970
Prosecuting Attorney Delinquent Tax	1,376	95	0	1,471
Courthouse and Jail Capital Improvement	229,297	137,959	62,069	305,187
Law Enforcement Equipment	5,731	13,320	10,056	8,995
Special Law Enforcement	157	3	154	6
ADA Capital Improvement	67,310	3,785	10,338	60,757
Sheriff's Special	29,360	50,014	55,831	23,543
County Jail Project	298,611	833,262	696,914	434,959
County Jail Bond Project	192	12	0	204
Emergency 911	214,486	412,511	402,448	224,549
Senior Citizens' Services	43,012	93,567	105,353	31,226
Records for Technology	11,712	9,688	1,507	19,893
Election Service	11	4	0	15
Homeland Security Grant	0	1,000	500	500
Handicap	0	438	438	0
Missouri Department of Conservation	7,730	0	7,730	0
CDBG Project 2001-PF-13	0	133,836	133,836	0
Circuit Clerk Interest	4,609	1,578	4,807	1,380
Associate Circuit Interest	9,796	5,894	4,725	10,965
Law Library	21,329	13,307	7,428	27,208
Tax Maintenance	2,364	30,674	12,539	20,499
Total	\$ 1,526,587	7,125,073	6,394,266	2,257,394

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,998,467	6,803,239	(195,228)	6,496,531	6,938,784	442,253
DISBURSEMENTS	7,273,591	6,723,970	549,621	6,260,574	6,222,701	37,873
RECEIPTS OVER (UNDER) DISBURSEMENTS	(275,124)	79,269	354,393	235,957	716,083	480,126
CASH, JANUARY 1	2,195,115	2,197,342	2,227	1,480,802	1,480,759	(43)
CASH, DECEMBER 31	1,919,991	2,276,611	356,620	1,716,759	2,196,842	480,083
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	189,000	177,777	(11,223)	221,041	174,049	(46,992)
Sales taxes	921,969	898,232	(23,737)	875,000	888,970	13,970
Intergovernmental	747,413	715,488	(31,925)	621,767	609,596	(12,171)
Charges for services	606,000	552,120	(53,880)	565,540	554,972	(10,568)
Interest	6,000	12,417	6,417	8,000	5,490	(2,510)
Other	57,857	62,114	4,257	58,314	46,658	(11,656)
Transfers in	40,000	40,000	0	40,000	40,000	0
Total Receipts	2,568,239	2,458,148	(110,091)	2,389,662	2,319,735	(69,927)
DISBURSEMENTS						
County Commissioner	94,798	91,256	3,542	90,534	90,155	379
County Clerk	81,598	80,681	917	80,430	79,784	646
Elections	88,171	108,028	(19,857)	52,242	54,767	(2,525)
Buildings and grounds	71,550	74,700	(3,150)	71,536	66,583	4,953
Employee fringe benefit	4,000	3,267	733	9,500	191	9,309
County Treasurer	34,517	33,356	1,161	34,110	33,110	1,000
County Collector	103,469	106,560	(3,091)	103,885	104,709	(824)
Ex Officio Recorder of Deed	52,435	52,376	59	47,868	48,629	(761)
Circuit Clerk	11,150	7,801	3,349	7,000	8,037	(1,037)
Associate Circuit Court	14,813	14,080	733	7,600	10,174	(2,574)
Court administration	9,750	12,036	(2,286)	8,750	6,444	2,306
Public Administrator	43,604	50,169	(6,565)	43,121	43,162	(41)
Sheriff	435,634	409,339	26,295	442,046	438,767	3,279
Jail	0	0	0	450,953	436,697	14,256
Prosecuting Attorney	194,415	193,783	632	199,913	192,736	7,177
Juvenile Officer	50,051	50,791	(740)	50,051	52,159	(2,108)
County Coroner	29,375	39,953	(10,578)	24,557	22,871	1,686
Child support	113,646	120,311	(6,665)	110,679	115,084	(4,405)
Public Defender	4,685	3,996	689	3,190	3,133	57
Court Reporter	825	837	(12)	825	822	3
Public health and welfare service	308,297	304,364	3,933	300,017	308,701	(8,684)
Debt service	54,000	96,780	(42,780)	8,000	3,983	4,017
Administration	179,500	175,533	3,967	154,599	177,176	(22,577)
Transfers out	530,000	299,000	231,000	0	0	0
Emergency Fund	76,988	0	76,988	71,000	0	71,000
Total Disbursements	2,587,271	2,328,997	258,274	2,372,406	2,297,874	74,532
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,032)	129,151	148,183	17,256	21,861	4,605
CASH, JANUARY 1	51,975	51,975	0	30,114	30,114	0
CASH, DECEMBER 31	32,943	181,126	148,183	47,370	51,975	4,605

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	460,500	440,843	(19,657)	447,551	423,221	(24,330)
Sales taxes	710,000	701,137	(8,863)	680,000	694,966	14,966
Intergovernmental	772,000	789,828	17,828	1,256,526	1,428,730	172,204
Charges for services	1,810	3,856	2,046	2,000	1,805	(195)
Interest	59,000	72,435	13,435	40,000	62,163	22,163
Other	53,590	8,394	(45,196)	62,780	94,972	32,192
Transfers in	0	1,026	1,026	0	130,000	130,000
Total Receipts	2,056,900	2,017,519	(39,381)	2,488,857	2,835,857	347,000
DISBURSEMENTS						
Salaries	610,000	607,290	2,710	600,000	562,285	37,715
Employee fringe benefit	110,100	96,436	13,664	111,000	91,299	19,701
Supplies	175,000	188,942	(13,942)	165,000	161,863	3,137
Insurance	17,000	17,936	(936)	14,000	15,137	(1,137)
Road and bridge materials	847,000	600,700	246,300	650,000	590,110	59,890
Equipment repairs	60,000	73,372	(13,372)	60,000	60,191	(191)
Rentals	16,000	0	16,000	12,000	10,000	2,000
Equipment purchases	130,000	183,026	(53,026)	410,000	326,387	83,613
Construction, repair, and maintenance	122,000	4,893	117,107	268,000	417,758	(149,758)
Other	196,900	69,513	127,387	198,500	73,470	125,030
Transfers out	40,000	40,000	0	40,000	40,000	0
Total Disbursements	2,324,000	1,882,108	441,892	2,528,500	2,348,500	180,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(267,100)	135,411	402,511	(39,643)	487,357	527,000
CASH, JANUARY 1	950,885	950,885	0	463,528	463,528	0
CASH, DECEMBER 31	683,785	1,086,296	402,511	423,885	950,885	527,000
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	181,000	183,234	2,234	162,500	178,098	15,598
Charges for services	2,000	0	(2,000)	1,800	1,470	(330)
Interest	5,000	5,322	322	3,500	4,705	1,205
Other	0	0	0	400	82	(318)
Total Receipts	188,000	188,556	556	168,200	184,355	16,155
DISBURSEMENTS						
Assessor	187,655	180,414	7,241	181,023	177,272	3,751
Total Disbursements	187,655	180,414	7,241	181,023	177,272	3,751
RECEIPTS OVER (UNDER) DISBURSEMENTS	345	8,142	7,797	(12,823)	7,083	19,906
CASH, JANUARY 1	50,107	50,107	0	43,024	43,024	0
CASH, DECEMBER 31	50,452	58,249	7,797	30,201	50,107	19,906

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	800	932	132	1,000	801	(199)
Interest	45	49	4	100	48	(52)
Total Receipts	845	981	136	1,100	849	(251)
DISBURSEMENTS						
Payments to shelter	1,000	1,000	0	1,000	1,000	0
Total Disbursements	1,000	1,000	0	1,000	1,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(155)	(19)	136	100	(151)	(251)
CASH, JANUARY 1	665	665	0	816	816	0
CASH, DECEMBER 31	510	646	136	916	665	(251)
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Charges for services	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	1,134	1,134	0	1,134	1,134	0
CASH, DECEMBER 31	1,134	1,134	0	1,134	1,134	0
<u>RECORDS PRESERVATION FUND</u>						
RECEIPTS						
Charges for services	17,000	14,518	(2,482)	18,000	16,467	(1,533)
Interest	500	849	349	900	841	(59)
Total Receipts	17,500	15,367	(2,133)	18,900	17,308	(1,592)
DISBURSEMENTS						
Salaries and fringe benefit	10,750	8,052	2,698	21,826	10,421	11,405
Office expense	10,000	1,784	8,216	0	11,296	(11,296)
Total Disbursements	20,750	9,836	10,914	21,826	21,717	109
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,250)	5,531	8,781	(2,926)	(4,409)	(1,483)
CASH, JANUARY 1	11,816	11,816	0	16,225	16,225	0
CASH, DECEMBER 31	8,566	17,347	8,781	13,299	11,816	(1,483)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,300	2,230	(70)	0	2,228	2,228
Charges for services	4,700	4,482	(218)	9,600	4,562	(5,038)
Total Receipts	7,000	6,712	(288)	9,600	6,790	(2,810)
DISBURSEMENTS						
Sheriff	7,300	6,294	1,006	8,000	5,308	2,692
Total Disbursements	7,300	6,294	1,006	8,000	5,308	2,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	418	718	1,600	1,482	(118)
CASH, JANUARY 1	10,356	10,356	0	8,874	8,874	0
CASH, DECEMBER 31	10,056	10,774	718	10,474	10,356	(118)

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	17,500	20,250	2,750	19,000	17,399	(1,601)
Interest	500	426	(74)	300	702	402
Total Receipts	18,000	20,676	2,676	19,300	18,101	(1,199)
DISBURSEMENTS						
Salaries and fringe benefit:	13,500	21,943	(8,443)	10,500	10,847	(347)
Office expense:	4,000	8,520	(4,520)	4,000	12,640	(8,640)
Total Disbursements	17,500	30,463	(12,963)	14,500	23,487	(8,987)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(9,787)	(10,287)	4,800	(5,386)	(10,186)
CASH, JANUARY 1	8,129	8,129	0	13,515	13,515	0
CASH, DECEMBER 31	8,629	(1,658)	(10,287)	18,315	8,129	(10,186)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,090	1,131	(959)	1,400	1,122	(278)
Interest	8	0	(8)	0	9	9
Total Receipts	2,098	1,131	(967)	1,400	1,131	(269)
DISBURSEMENTS						
Prosecuting Attorney	2,500	1,315	1,185	1,200	2,435	(1,235)
Total Disbursements	2,500	1,315	1,185	1,200	2,435	(1,235)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(402)	(184)	218	200	(1,304)	(1,504)
CASH, JANUARY 1	970	970	0	2,274	2,274	0
CASH, DECEMBER 31	568	786	218	2,474	970	(1,504)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	0	1,023	1,023	0	9	9
Interest	80	89	9	75	86	11
Total Receipts	80	1,112	1,032	75	95	20
DISBURSEMENTS						
Prosecuting Attorney	1,000	778	222	1,000	0	1,000
Total Disbursements	1,000	778	222	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(920)	334	1,254	(925)	95	1,020
CASH, JANUARY 1	1,471	1,471	0	1,376	1,376	0
CASH, DECEMBER 31	551	1,805	1,254	451	1,471	1,020

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COURTHOUSE AND JAIL CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	125,000	123,730	(1,270)	120,000	122,641	2,641
Intergovernmental	0	16,480	16,480	0	0	0
Interest	10,000	17,552	7,552	10,000	15,318	5,318
Other	0	20,050	20,050	0	0	0
Total Receipts	135,000	177,812	42,812	130,000	137,959	7,959
DISBURSEMENTS						
Buildings and grounds	42,000	71,003	(29,003)	96,000	18,772	77,228
Real estate purchase	45,000	107,627	(62,627)	0	0	0
Equipment	20,000	66,524	(46,524)	30,000	9,234	20,766
Computer expense	35,000	1,575	33,425	0	16,081	(16,081)
Other	20,000	0	20,000	25,000	17,982	7,018
Total Disbursements	162,000	246,729	(84,729)	151,000	62,069	88,931
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,000)	(68,917)	(41,917)	(21,000)	75,890	96,890
CASH, JANUARY 1	305,187	305,187	0	229,297	229,297	0
CASH, DECEMBER 31	278,187	236,270	(41,917)	208,297	305,187	96,890
<u>LAW ENFORCEMENT EQUIPMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	8,757	8,757	0	0	0
Charges for service:	2,000	0	(2,000)	0	0	0
Other	14,700	25,693	10,993	11,900	13,320	1,420
Total Receipts	16,700	34,450	17,750	11,900	13,320	1,420
DISBURSEMENTS						
Sheriff	14,000	22,016	(8,016)	16,000	10,056	5,944
Total Disbursements	14,000	22,016	(8,016)	16,000	10,056	5,944
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,700	12,434	9,734	(4,100)	3,264	7,364
CASH, JANUARY 1	8,995	8,995	0	5,731	5,731	0
CASH, DECEMBER 31	11,695	21,429	9,734	1,631	8,995	7,364
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for service:	0	0	0	350	0	(350)
Interest	0	0	0	150	3	(147)
Total Receipts	0	0	0	500	3	(497)
DISBURSEMENTS						
Salaries and fringe benefit:	0	0	0	0	154	(154)
Office expenses	0	0	0	500	0	500
Total Disbursements	0	0	0	500	154	346
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(151)	(151)
CASH, JANUARY 1	6	6	0	157	157	0
CASH, DECEMBER 31	6	6	0	157	6	(151)

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ADA CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	3,800	3,723	(77)	3,000	3,785	785
Total Receipts	3,800	3,723	(77)	3,000	3,785	785
DISBURSEMENTS						
Buildings and grounds	10,000	1,984	8,016	15,000	10,338	4,662
Total Disbursements	10,000	1,984	8,016	15,000	10,338	4,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,200)	1,739	7,939	(12,000)	(6,553)	5,447
CASH, JANUARY 1	60,757	60,757	0	67,310	67,310	0
CASH, DECEMBER 31	54,557	62,496	7,939	55,310	60,757	5,447
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Charges for services	51,000	46,517	(4,483)	45,000	47,039	2,039
Interest	2,100	2,204	104	1,200	2,015	815
Other	0	0	0	0	960	960
Total Receipts	53,100	48,721	(4,379)	46,200	50,014	3,814
DISBURSEMENTS						
Salaries and fringe benefit	0	386	(386)	0	1,613	(1,613)
Office expense	12,000	11,506	494	0	19,771	(19,771)
Vehicle purchases/leasing	56,147	32,147	24,000	58,000	34,447	23,553
Total Disbursements	68,147	44,039	24,108	58,000	55,831	2,169
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,047)	4,682	19,729	(11,800)	(5,817)	5,983
CASH, JANUARY 1	23,543	23,543	0	29,360	29,360	0
CASH, DECEMBER 31	8,496	28,225	19,729	17,560	23,543	5,983
<u>COUNTY JAIL PROJECT FUND</u>						
RECEIPTS						
Sales taxes	836,233	824,872	(11,361)	700,000	803,233	103,233
Charges for services	0	123,245	123,245	0	0	0
Interest	25,000	22,996	(2,004)	6,000	28,491	22,491
Other	1,000	20,479	19,479	0	1,538	1,538
Transfers in	530,000	299,000	(231,000)	0	0	0
Total Receipts	1,392,233	1,290,592	(101,641)	706,000	833,262	127,262
DISBURSEMENTS						
Salaries and fringe benefit	572,897	575,408	(2,511)	0	202,921	(202,921)
Office supplies	26,000	49,200	(23,200)	0	12,290	(12,290)
Medical costs	33,000	47,744	(14,744)	0	9,461	(9,461)
Insurance	54,632	50,315	4,317	0	13,120	(13,120)
Jail	233,638	249,866	(16,228)	0	43,945	(43,945)
Vehicle expense	10,700	14,153	(3,453)	0	6,286	(6,286)
Debt service	410,000	427,845	(17,845)	410,000	408,891	1,109
Other	0	840	(840)	0	0	0
Total Disbursements	1,340,867	1,415,371	(74,504)	410,000	696,914	(286,914)
RECEIPTS OVER (UNDER) DISBURSEMENTS	51,366	(124,779)	(176,145)	296,000	136,348	(159,652)
CASH, JANUARY 1	434,959	434,959	0	298,611	298,611	0
CASH, DECEMBER 31	486,325	310,180	(176,145)	594,611	434,959	(159,652)

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY JAIL BOND PROJECT FUND</u>						
RECEIPTS						
Interest	10	13	3	11	12	1
Total Receipts	10	13	3	11	12	1
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	13	3	11	12	1
CASH, JANUARY 1	204	204	0	192	192	0
CASH, DECEMBER 31	214	217	3	203	204	1
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	429,521	412,316	(17,205)	396,000	408,227	12,227
Interest	1,807	1,479	(328)	600	1,951	1,351
Other	3,481	1,966	(1,515)	3,206	2,333	(873)
Total Receipts	434,809	415,761	(19,048)	399,806	412,511	12,705
DISBURSEMENTS						
Salaries and fringe benefit:	236,640	231,358	5,282	218,412	241,211	(22,799)
Office expense:	11,645	5,291	6,354	8,070	7,863	207
Rent	5,775	5,293	482	5,775	6,256	(481)
Program expense	134,387	172,172	(37,785)	130,037	114,954	15,083
Insurance	32,300	20,525	11,775	21,600	28,921	(7,321)
Other	12,054	5,356	6,698	14,725	3,243	11,482
Total Disbursements	432,801	439,995	(7,194)	398,619	402,448	(3,829)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,008	(24,234)	(26,242)	1,187	10,063	8,876
CASH, JANUARY 1	222,322	224,549	2,227	214,529	214,486	(43)
CASH, DECEMBER 31	224,330	200,315	(24,015)	215,716	224,549	8,833
<u>SENIOR CITIZENS' SERVICES FUND</u>						
RECEIPTS						
Property taxes	94,000	97,046	3,046	90,000	93,036	3,036
Interest	540	419	(121)	900	531	(369)
Total Receipts	94,540	97,465	2,925	90,900	93,567	2,667
DISBURSEMENTS						
Office expense:	0	725	(725)	0	678	(678)
Payments for senior service	90,000	96,500	(6,500)	80,000	104,675	(24,675)
Total Disbursements	90,000	97,225	(7,225)	80,000	105,353	(25,353)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,540	240	(4,300)	10,900	(11,786)	(22,686)
CASH, JANUARY 1	31,226	31,226	0	43,012	43,012	0
CASH, DECEMBER 31	35,766	31,466	(4,300)	53,912	31,226	(22,686)

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDS FOR TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	8,000	7,935	(65)	10,000	8,764	(1,236)
Interest	400	1,037	637	100	924	824
Total Receipts	8,400	8,972	572	10,100	9,688	(412)
DISBURSEMENTS						
Ex Officio Recorder of Deed	5,300	14,500	(9,200)	1,000	1,507	(507)
Total Disbursements	5,300	14,500	(9,200)	1,000	1,507	(507)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,100	(5,528)	(8,628)	9,100	8,181	(919)
CASH, JANUARY 1	19,893	19,893	0	11,712	11,712	0
CASH, DECEMBER 31	22,993	14,365	(8,628)	20,812	19,893	(919)
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	0	15,000	15,000	0	0	0
Charges for services	1,209	0	(1,209)	1,000	0	(1,000)
Interest	4	122	118	20	4	(16)
Total Receipts	1,213	15,122	13,909	1,020	4	(1,016)
DISBURSEMENTS						
Election supplies	1,000	0	1,000	1,000	0	1,000
Total Disbursements	1,000	0	1,000	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	213	15,122	14,909	20	4	(16)
CASH, JANUARY 1	15	15	0	11	11	0
CASH, DECEMBER 31	228	15,137	14,909	31	15	(16)
<u>HOMELAND SECURITY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	406	406			
Total Receipts	0	406	406			
DISBURSEMENTS						
Office expense:	500	906	(406)			
Total Disbursements	500	906	(406)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0			
CASH, JANUARY 1	500	500	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

CRAWFORD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,					
2004			2003		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HANDICAP FUND					
RECEIPTS					
Interest			0	438	438
Total Receipts			0	438	438
DISBURSEMENTS					
Payment to sheltered workshop			0	438	(438)
Total Disbursements			0	438	(438)
RECEIPTS OVER (UNDER) DISBURSEMENTS			0	0	0
CASH, JANUARY 1			0	0	0
CASH, DECEMBER 31	\$		0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CRAWFORD COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Senior Citizens' Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Project 2001-PF-13 Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Tax Maintenance Fund	2004 and 2003
Inmate Security Fund	2004

Law Enforcement Restitution Fund	2004
Sheriff's Revolving Fund	2004
Homeland Security Grant Fund	2003
Missouri Department of Conservation Fund	2003

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2004 and 2003
County Jail Project Fund	2004 and 2003
Emergency 911 Fund	2004 and 2003
Senior Citizens' Services Fund	2004 and 2003
Records for Technology Fund	2004 and 2003
Courthouse and Jail Capital Improvement Fund	2004
Law Enforcement Equipment Fund	2004
Homeland Security Grant Fund	2004
Prosecuting Attorney Training Fund	2003
Handicap Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Project 2001-PF-13 Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Tax Maintenance Fund	2004 and 2003

In addition, for the Emergency 911 Fund and the Senior Citizens' Services Fund, the county's published financial statements for the years ended December 31, 2004 and 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance, by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Emergency 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name.

The Senior Citizens' Services Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2004, Crawford County collected \$18,620 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Crawford County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustments

The Senior Citizens' Services Fund's cash balance at January 1, 2003, as previously stated has been increased by \$43,012 to reflect monies held by the Board that were not reported previously.

The Circuit Clerk's Interest Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$256 to agree to the cash balance of the Circuit Clerk.

The Associate Circuit Interest Fund's cash balance at January 1, 2003, as previously stated has been increased by \$587 to reflect monies held by the Associate Circuit Court that were not reported previously.

The Tax Maintenance Fund's cash balance of \$2,364 at January 1, 2003, was not previously reported but has been added.

Supplementary Schedule

Schedule

CRAWFORD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5127W ERS045-4127W ERS045-3127W	\$ 72,442	67,422
	Office of Administration			
10.665	Schools and Roads - Grants to States	N/A	94,783	111,080
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Development			
14.228	Community Development Block Grants/State Program	2001-PF-13	1,390	15,449
U.S. DEPARTMENT OF JUSTICE				
	Passed through state Department of Public Safety			
16.592	Local Law Enforcement Block Grants Program	2003-LBG-019	8,757	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-028(5)	0	107,038
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	1,768	1,886
39.011	Election Reform Payment	N/A	1,275	0
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants	FEMA-1412-DR-MO FEMA-1463-DR-MO	0 0	64,681 7,775
	Program Total		<u>0</u>	<u>72,456</u>
83.562	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540	5,700	300
83.564	Community Emergency Response Team	N/A	406	948

Schedule

CRAWFORD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A PGA064-3127A	28,876 0	17,950 1,250
	Program Total		<u>28,876</u>	<u>19,200</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022009 DH030180001	5,691 0	0 9,700
	Program Total		<u>5,691</u>	<u>9,700</u>
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	86,968	83,460
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5127C PGA067-4127C PGA067-3127C PGA067-5220S	2,145 365	1,600 0
	Program Total		<u>2,510</u>	<u>1,600</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-50019 ERS161-46620 ERS161-30022	2,589	3,446
93.994	Maternal and Child Health Services Block Grant to the States	N/A ERS175-3016F ERS146-4127M ERS146-3127M	853 0 21,721	1,013 1,706 20,867
	Program Total		<u>22,574</u>	<u>23,586</u>
	Total Expenditures of Federal Award:		<u>\$ 335,729</u>	<u>517,571</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

CRAWFORD COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Crawford County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Crawford County, Missouri

Compliance

We have audited the compliance of Crawford County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Crawford County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

Internal Control Over Compliance

The management of Crawford County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-2, to be a material weakness.

This report is intended for the information and use of the management of Crawford County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 9, 2005 (fieldwork completion date)

Schedule

CRAWFORD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
20.205	Highway Planning and Construction
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

04-1. Overspending Budgets

The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2004	2003
Prosecuting Attorney Bad Check	\$ 12,963	8,987
Prosecuting Attorney Training	N/A	1,235
Courthouse and Jail Capital Improvement	84,729	N/A
Law Enforcement Equipment	8,016	N/A
County Jail Project	74,504	286,914
Records for Technology	9,200	507
Homeland Security Grant	406	N/A
Handicap	N/A	438

While budget to actual data is generated by the County Clerk's office monthly, it appears that the applicable officials responsible for the county funds in which overspending occurred are not reviewing the budget to actual reports and may not be aware of the legal restrictions established by the budgetary process.

The 2003 County Jail Project Fund included budgeted disbursements of only \$410,000 for debt service payments. After completion of the new county jail in August 2003, all financial activity relating to the operation of the county jail was recorded in the County Jail Project Fund; however the budget was not amended to include disbursements made for items other than debt service. Also, when preparing the 2004 County Jail Project Fund budget, the county included estimates for all disbursements but did not prepare a budget amendment when actual disbursements exceeded budgeted amounts.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public

hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND the County Commission refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they intend to amend budgets when necessary in the future. In addition, they will work with other county officials to ensure budgets are not overspent.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-028(5)
Award Year:	2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement

Pass-Through Entity

Identifying Number:	Not applicable
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. Total federal expenditures were understated by \$70,598 and overstated by approximately \$508,922 for the years ended December 31, 2004 and 2003, respectively. Expenditures relating to several federal grants were reported incorrectly or not included on the schedules. For example, in 2003 the Highway Planning and Construction Program was overstated by \$485,344 because the County Clerk included the actual reimbursement received by the county in January 2003; however, the expenditures had been paid by the county in 2002 and included on the county's 2002 audited SEFA. In addition, expenditures for the Schools and Roads – Grants to States Program totaling \$205,863 for the two years ended December 31, 2004, were omitted from the SEFA. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

This condition was noted in our prior report.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated she will try to prepare a more complete and accurate schedule of expenditures of federal awards. The County Clerk and the County Commission will check with other county officials to ensure all federal awards are identified.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CRAWFORD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Crawford County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2002.

02-1. Segregation of Duties

Segregation of duties were not adequate.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Implemented. The County Treasurer is responsible for receipting and bank reconciliation procedures while the County Clerk's office is responsible for disbursement procedures. To provide oversight, the County Clerk's office also maintains receipt records which are reconciled to the County Treasurer's receipt records. In addition, the County Treasurer maintains disbursement records and prepares bank reconciliations which are reconciled to the County Clerk's disbursement records.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CRAWFORD COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CRAWFORD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 9, 2005. We also have audited the compliance of Crawford County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 9, 2005.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2004, 2003, and 2002.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Crawford County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Financial Condition and Tax Anticipation Notes
--

Monitoring of the General Revenue Fund's financial condition is still needed and tax anticipation notes are not being repaid in one year as required by state law.

- A. The General Revenue Fund's cash balance has increased from \$30,114 at December 31, 2002 to \$181,126 at December 31, 2004. However, tax anticipation notes totaling \$162,437 were still payable at December 31, 2004, as the county is trying to maintain an adequate reserve to subsidize the County Jail Project Fund if necessary.

One reason for the improvement in the county's financial position is due in part, to a one-half of one percent sales tax approved by the voters in April 2001 which has provided additional funding for the construction and operation of a new county jail. This sales tax and the costs for operating the county jail are accounted for in the County Jail Project Fund, and the General Revenue Fund has not had to subsidize jail operations as much as initially planned. For example, during 2004, transfers to the County Jail Project Fund from the General Revenue Fund were \$231,000 less than budgeted.

While the county is optimistic regarding the future financial condition of the General Revenue Fund, officials need to ensure they closely monitor the financial activity of both the General Revenue Fund and the County Jail Project Fund. Jail operations for 2004 exceeded budgeted amounts by \$74,504, as discussed in finding number 04-1. Therefore, while the General Revenue Fund may have additional monies available at the present time, the new jail is also costing more than estimated.

As a result of the General Revenue Fund providing less funding for jail operations, monies have been available to decrease the county's outstanding debt. For example, the 2004 General Revenue Fund budgeted paying \$54,000 in principal and interest payments of outstanding tax anticipation notes but actual payments totaled \$96,780. However, the county did not believe sufficient cash was available at December 31, 2004, to both pay off the county's tax anticipation note and still maintain an adequate cash balance to cover county operations. During 2005, the county paid off the outstanding tax anticipation notes payable, however officials have indicated it may be necessary to borrow monies through tax anticipation notes in the future.

To continue improving the financial condition of the county's General Revenue Fund, the County Commission should review expenditures and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, continue to monitor the costs of the new county jail, and attempt to maximize all revenues in consideration of the General Revenue Fund's financial condition. The County Commission should continue to monitor the activity of the General Revenue Fund and the County Jail Project Fund to ensure sufficient monies are available to fund county operations, to build cash reserves, and to minimize the need for tax anticipation notes.

- B. Tax anticipation notes are not being repaid within one year of issuance. The county has not had the funds to completely pay off the tax anticipation notes in one year, rather, the notes have just been extended for longer time periods.

For example, in July 2004, the first principal payment was made on a \$200,000 tax anticipation note originally issued in February 2001 for the General Revenue Fund. While \$162,437 was still outstanding on this note at December 31, 2004, the county was able to pay off the tax anticipation note during 2005. In addition, a tax anticipation note for \$91,980 was issued for the Sheriff's Special Fund in November 2002 to purchase vehicles for the Sheriff's department, and allows for six semiannual payments of principal and interest, with the final payment of \$16,074 due in December 2005.

Section 50.070, RSMo, provides that tax anticipation notes are to be payable in one year or less from the date of issuance out of current county revenues to be derived from taxes or other revenues of the county of the year in which said notes are issued.

WE RECOMMEND the County Commission:

- A. Continue to monitor the activity of the General Revenue Fund and the County Jail Project Fund to ensure sufficient monies are available to fund county operations, to build cash reserves, and to minimize the need for tax anticipation notes. In addition, the County Commission should continue to consider the various alternatives of increasing revenues and/or reducing expenditures. Also, the County Commission needs to review discretionary expenditures and evaluate management practices to more efficiently use the resources available to the county.
- B. Refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue the pay off of outstanding notes payable.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Have been trying to improve the financial condition of the General Revenue Fund and the County Jail Project Fund and will continue to monitor the financial condition of these funds. In addition, they will consider various alternatives, if necessary, to reduce expenditures or increase revenues and will ensure resources are used efficiently.*
- B. *Were paying off other debt, including outstanding jail board bills due to other counties, prior to paying off the tax anticipation notes, but all debt for the General Revenue Fund has now been paid off. In the future they will refrain from issuing tax anticipation notes that cannot be paid within one year, and they are continuing to pay off the outstanding notes payable for the Sheriff's Special Fund.*

2. County Expenditures

Professional appraisals were not obtained prior to real estate purchases, bids were not always solicited or advertised, some expenditures do not appear to be prudent uses of county funds, and adequate supporting documentation was not always obtained and reviewed for some expenditures.

- A. Professional appraisals were not obtained prior to real estate purchases of \$45,000 and \$125,000. County officials stated a former real estate agent was consulted and indicated that the purchases would be good buys for the county; however, such discussions were not documented. On May 14, 2004, the county paid \$45,000 for the purchase of land across from the courthouse to be used for additional parking space. On December 30, 2004 and April 6, 2005, the county paid \$62,500, totaling \$125,000, for the purchase of a building next to the courthouse to be used for additional office space.

According to the County Assessor's office, the appraised values of the land and the building prior to the county's purchase were only \$18,800 and \$76,700, respectively. Records of the County Assessor's office indicated the land had been revalued in 2000 and the building had been revalued in 2001. The disparity between these amounts and the actual amounts paid demonstrates the benefit of independent appraisals to help establish the market value for real estate purchases.

- B. Bids were not always solicited or advertised by the county. For example, bids could not be provided to support the purchase of Sheriff's department vehicles costing \$91,980.

In addition, the minutes did not adequately document bid information such as reasons for accepting a bid other than the lowest bid. For example, the county accepted a bid

of \$99,500 for a road and bridge shed but did not document why lower bids which ranged from \$90,401 to \$99,340 were not accepted. When discussing this issue with county officials, they indicated the decision to accept the higher bid was based on work quality and the decision to use a local company, however such justification and discussion regarding the bids had not been documented in the county commission meeting minutes.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at minimum, a listing of vendors from whom bids were requested, a copy of the request or proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- C. Our review identified two expenditures that do not appear to be prudent uses of county funds. Three hundred mugs costing \$807 were purchased to promote the new county jail and 13 meals costing \$228 were purchased for an awards banquet with a local planning commission. Although a handwritten note on the invoice supporting the purchase of the mugs indicated that the County Commission viewed this as an unnecessary expense, the invoice was still paid by the county. The 13 meals were provided to two county employees, two county employees' spouses, two award recipients, and seven individuals who are either family or friends of the award recipients. The County Commission should ensure that funds are only spent on items which are necessary and beneficial to county residents.
- D. Adequate supporting documentation was not always obtained and reviewed by the County Commission for some expenditures.
 - 1) The county purchased four motorgraders totaling \$392,908 through a lease purchase agreement; however, adequate documentation to support the total cost of the lease purchase as well as documentation for the payment amounts could not be located.

- 2) A summary statement was used to authorize payment for a brush cutter totaling \$16,550; however, detailed invoices to support the charges on the summary statement were not obtained.

Without obtaining and properly reviewing adequate supporting documentation, the County Commission cannot determine the validity and propriety of the expenditures.

Conditions A and B were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure independent appraisals are obtained for all future real estate purchases.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- C. Ensure all expenditures are reasonable and necessary and prudent uses of public funds.
- D. Ensure adequate supporting documentation is obtained for all expenditures.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Will consider obtaining independent appraisals for all future real estate purchases. In addition, they will better document in the County Commission meeting minutes justification for purchases and purchase costs.*
- B. *Have always tried to obtain bids for all purchases and will continue to do so. They will ensure better documentation of bids and purchases is maintained in the future.*
- C. *Will review all expenditures to ensure they are reasonable, necessary, and prudent uses of public funds, and will refuse payment of some expenditures if necessary.*
- D. *Will ensure better documentation is obtained for all future expenditures.*

3. Budgetary Practices and Financial Statements
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Formal budgets were not prepared for various county funds and published financial statements did not include financial activity of some funds. In addition, expenditures were approved in excess of available monies for the Prosecuting Attorney Bad Check Fund.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2004 and 2003. Some of the unbudgeted funds were new, while other funds were held outside the county treasury and no budgets were obtained or prepared for these funds. The County Clerk indicated she requests a budget from the officials holding funds outside the county treasury but a budget is not provided. Chapter 50, RSMo, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.
- B. The county's annual published financial statements did not include financial activity of some funds as required. Section 50.800, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. In addition, for the Emergency 911 Fund and the Senior Citizens' Services Fund, the published financial statements showed only the amounts passed through the County Treasurer. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

This condition was noted in our prior report.

- C. Expenditures in excess of available monies in the Prosecuting Attorney Bad Check Fund resulted in a deficit fund balance of \$1,658 at December 31, 2004. The County Clerk indicated the Prosecuting Attorney is given monthly budget to actual reports for monitoring actual expenditures to budgeted amounts. In addition, the Prosecuting Attorney is notified by the County Clerk and the County Treasurer when the fund balance is at a deficit.

Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "No county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..." The County Commission and other officials should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. And the Prosecuting Attorney ensure expenditures are not incurred in excess of available monies.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. Will ensure budgets are prepared or obtained for all county funds and will request budgets from other county officials. If the information is not provided, the situation will be documented in the County Commission meeting minutes.*
- B. Will request financial information to be included in the published financial statements. If the information is not provided, the situation will be documented in the County Commission meeting minutes.*
- C. Will ensure expenditures are not incurred in excess of available monies.*

The Prosecuting Attorney indicated:

- C. This will not happen again.*

4. Property Tax Reduction Due to Sales Tax

General revenue property tax revenues have not been sufficiently reduced by 50 percent of sales tax revenues as provided in the ballot issue passed by Crawford County voters under the provisions of Section 67.505, RSMo.

Following are the calculations of the property tax roll back and sales tax collections for the four years ended December 31, 2004, and excess property taxes of prior years:

		Year Ended December 31,			
		2004	2003	2002	2001
ACTUAL SALES					
TAX REVENUES	\$	898,232	888,970	848,957	834,434
Voter-approved reduction rate	X	50%	50%	50%	50%
Required property tax reduction		449,116	444,485	424,479	417,217
Assessed Valuation		206,184,627	199,588,824	195,621,143	186,583,518
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	0.2200	0.2228	0.2200	0.2272
Actual property tax revenue reduction		453,606	444,684	430,367	423,918
REDUCED PROPERTY TAX REVENUES COLLECTED		(4,490)	(199)	(5,888)	(6,701)
Excess property tax revenue collections from prior years		23,110	23,309	29,197	35,898
NET EXCESS	\$	18,620	23,110	23,309	29,197

For 2001 through 2004, the County Clerk increased her estimate of property taxes collected by either \$5,000 or \$10,000 to offset the net excess indicated in the prior audit. While this adjustment has helped to reduce the prior excess amount noted, the resulting effect has not been as much as estimated due to actual sales tax collections and actual assessed valuations exceeding estimated amounts and such differences not being considered by the County Clerk. No calculations based on actual amounts are performed by the County Clerk. Because the estimated amounts were understated when compared to actual amounts, the county would have continued to collect excess property tax revenues if the County Clerk had not made the adjustments for excess amounts from prior years. Additional reductions will need to be made in future years to the property tax levy to fully adjust for the \$18,620 excess property taxes collected in prior years.

Section 67.505.3, RSMo, provides budgeted property taxes are to be reduced by voter-approved percentages of sales tax revenue. This section also provides for actual sales tax revenue of the preceding year that is over or under that year's estimated sales tax revenue to be reflected in the subsequent year's property tax revenues roll back calculation.

This condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission ensure appropriate adjustments are made to the levy in the future to reflect excess property taxes collected in prior years.

AUDITEE'S RESPONSE

The County Commission indicated they concur and will continue to make appropriate adjustments to reduce the amount of excess property taxes collected in prior years.

5. Officials' Salaries, Bonding, and Payroll Procedures

Concerns were noted regarding elected officials' salaries including salary commission minutes not clearly explaining all actions of the salary commission, the County Assessor received a mid-term salary increase, and no documentation from legal counsel supporting the Public Administrator's salary. Also, the County Treasurer's school bond obtained to secure school monies was not in effect the full time the County Treasurer had custody of the school monies. In addition, weaknesses in payroll procedures included errors in calculations of hours worked and leave balances of Sheriff's department employees, and not reporting uniform allowances received by the Sheriff's department employees on employees' W-2 forms.

- A. The salary commission minutes did not always clearly explain the actions of the salary commission and the decisions made. For example, minutes of the meeting held in 2003 appear to indicate that a vote was taken but it is unclear as to what issue the vote pertained to. Future salary commission minutes should clearly document all decisions regarding salary issues.
- B. The County Assessor received a raise, effective January 1, 2001, based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, states the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Assessor received the salary increase prior to his date of incumbency which is September 1. The county should review this situation and consider obtaining reimbursement of \$1,063 in overpayments.
- C. There was no documentation from legal counsel supporting whether the Public Administrator should receive the salary amount provided by state law or if a percentage of the amount is allowable. The Public Administrator, who started a new term in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The Public Administrator's salary was set at 90 percent of this amount to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices.

Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.

- D. The County Treasurer did not properly evaluate when to obtain a school bond. For example, the County Treasurer's school bond of \$1.2 million was effective from November through January. However, approximately \$4 million in school monies received from the County Collector were still in the County Treasurer's account for a few days in February. As a result, the school bond obtained by the County Treasurer had expired before these school monies had been disbursed to the applicable school districts.

Section 54.160, RSMo, requires the County Treasurer to give additional bond for school monies sufficient to secure the monies that come into her hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding her election. The County Treasurer should ensure the school bond obtained to secure school monies is effective during the time period in which collections of school monies are highest to ensure school funds are adequately secured.

- E. For the Sheriff's department overtime/compensatory time, errors were noted in calculations of total hours worked and leave balances.

Timesheets and records of compensatory, vacation, personal, and holiday leave earned (used) are not always accurate. Timesheets prepared are reviewed and approved by the Sheriff. A work schedule is then prepared by the Sheriff for each employee to document the number of hours worked and any leave earned (used) during the period. However, no reconciliations between the work schedules and supporting timesheets are performed to ensure hours worked are correctly calculated. Our review of timesheets prepared for two law enforcement employees noted the following:

- When comparing employee timesheets with the work schedules prepared by the Sheriff, we noted total hours did not agree. Adjustments were made to one employee's timesheet to decrease the number of hours worked; however, no explanation was provided as to the reason for the adjustments. In addition, for both timesheets reviewed, some hours worked were omitted from the Sheriff's work schedule.
- Compensatory, vacation, personal, and holiday leave balances are calculated based on the Sheriff's work schedule. As a result of the discrepancies discussed above between employee timesheets and Sheriff's work schedules, compensatory time and leave balances may not be correct. For example, compensatory time is calculated based on the number of hours worked during the 28 day period. Because some hours worked appear to have been omitted from the Sheriff's work schedule, compensatory time balances may not be accurate. No review of the Sheriff's work schedules and employee timesheets has been conducted to determine if additional compensatory time or leave is due to the employees.

To ensure employees are receiving leave benefits as allowed by law and the county's personnel policy, payroll and leave records should be reviewed for accuracy and a comparison of work schedules with supporting timesheets should be performed. Timesheets and accumulated leave balances should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct and employees receive the proper amount of leave. Work schedules and employee timesheets should be reviewed to determine if additional compensatory time or leave is due to Sheriff's department employees.

- F. Uniform allowances of \$300 are paid to Sheriff's department employees on an annual basis. These allowances totaled approximately \$14,500 and \$7,500 for the years ended December 31, 2004 and 2003, respectively. Employees are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

Internal Revenue Service Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Therefore, these allowances should be considered gross income to the employees. Alternatively, the County Commission could require employees to submit documentation of actual uniform expenses as they are incurred.

WE RECOMMEND the County Commission:

- A. Ensure all salary commission minutes clearly document all decisions made.
- B. Review this situation and consider obtaining repayment of the salary overpayments.
- C. Consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.
- D. And the County Treasurer ensure the school bond covers the period when the County Treasurer actually has the school monies.
- E. And the Sheriff ensure all timesheet and leave records are reviewed for consistency and mathematical accuracy, including an independent reconciliation between work schedules and supporting timesheets. Also, work schedules and employee timesheets should be reviewed to determine if additional compensatory time or leave is due to Sheriff's department employees.
- F. Require the Sheriff's department employees to submit reports of uniform expenses or report these allowances as other income on the employees' W-2 forms.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. They concur and will do a better job of documenting decisions made by the salary commission.*
- B. They will discuss this issue with the County Assessor and will seek reimbursement.*
- C. They will discuss this issue with the Prosecuting Attorney and will request a written legal opinion.*
- D. They will check with the County Treasurer to ensure the school bond covers the period when school monies are received and disbursed.*
- E. The Sheriff has changed procedures to ensure the calculations are correct and are being reviewed; therefore, they will not review past calculations, but will ensure all future calculations are correct.*
- F. They will discuss this with the Sheriff to determine if the uniform expenses will be reported by the employees or included on the employees' W-2 forms.*

The County Treasurer indicated she:

- D. Will talk to the bonding agency on what she should do if she needs to extend her bond coverage. It is possible that December monies will be turned over more timely so that this will no longer be an issue.*

The Sheriff indicated:

- E. Procedures have been implemented to ensure timesheets are calculated correctly and are reviewed for accuracy. A new timesheet is being developed which will provide more detail as to hours worked and leave balances earned and used. He will discuss with the County Commission reviewing previous timesheets and work schedules to determine if adjustments in compensatory time or leave balances are necessary.*

6. General Capital Assets and Vehicle Procedures

The county's records and procedures relating to general capital assets and vehicles are not adequate.

- A. The county has not established a written policy related to the handling and accounting for general capital assets. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county*

property. In addition, Section 49.093, RSMo, provides that the officer or their designee is responsible for performing periodic inventories and inspections.

Currently, the County Clerk maintains all records of capital assets held by county officials. These records consist of computerized spreadsheets which include the description, serial number, date of purchase, cost, and location of the asset. Capital asset purchases are to be identified by the County Clerk's office through the accounts payable process or through notifications from other county officials. Our review of the general capital asset records indicated the following areas where improvements are needed:

- No documentation was maintained to support that annual physical inventories had been conducted on all county owned property.
- The capital asset records do not always include complete information applicable to the item. Information such as serial number, purchase price, and purchase date were not recorded for some items reviewed. In addition, the date and means of disposition were not recorded for assets no longer owned by the county. For example a digital camera costing \$1,117 was purchased by Nursing Services. This camera was added to the capital asset records, however, the purchase date and total purchase cost was not recorded.
- Additions are not always properly tagged and recorded in the property records as they occur, and purchases of capital assets per the disbursement records are not reconciled to additions per the property records. During our review of equipment purchases, we noted five of ten items were not recorded on the capital asset records. These items were purchases of Road and Bridge Department equipment items totaling over \$455,000 and included three motorgraders, one brush cutter, and one single drum roller.
- Written authorization for property disposals is not consistently obtained from the County Commission.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the county needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the capital asset records. These procedures should ensure the method of disposal (e.g., bids, public sale, etc.) allows

for participation by the public and provides the best price for the county. Besides providing guidance on accounting and recordkeeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

- B. The Road and Bridge Department does not maintain vehicle usage logs for any of their vehicles to document how the vehicles are used. According to the county's current property insurance records, the county owns 22 vehicles that are used for road and bridge purposes. Without adequate vehicle usage logs, the county cannot effectively monitor the cost of operating and maintaining the vehicles or ensure that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, and the employee utilizing the vehicle, as well as fuel and maintenance costs for each vehicle.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for general capital assets. In addition to providing guidance on accounting and recordkeeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, annual physical inventories of all county property should be performed, and all items should be tagged or identified as county owned property.
- B. Require usage logs be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will develop a written policy regarding the handling and disposition of general capital assets. In addition, they will ensure annual physical inventories are performed and all items are tagged and recorded on the capital asset records.*
- B. *All Road and Bridge employees are assigned to a specific vehicle and each employee's timesheet records destination of where the employee worked. Therefore, they believe the current procedures are adequate.*

Discrepancies totaling \$1,304 were noted between receipts and amounts transmitted to the County Treasurer. Receipt slips are not obtained from the County Treasurer when transmitting monies and a reconciliation between receipt slips written and amounts recorded in the receipt ledger is not preformed. Receipt slips were not issued for some monies received, some receipt slips were not posted to the receipts ledger, and monies were not transmitted to the County Treasurer intact. Accounting duties are not adequately segregated and no documented supervisory review is performed for all-terrain vehicles (ATV) monies. Receipts are not transmitted to the County Treasurer in a timely manner, checks are not restrictively endorsed immediately upon receipt, and no inventory records are maintained for plat books.

The County Clerk's office accepts cash and checks for payment of various fees, including notary fees, plat books, ATV permits, and other miscellaneous receipts, and then transmits the fees to the County Treasurer. Fees collected by the County Clerk's office during the years ended December 31, 2004 and 2003 totaled approximately \$11,700 and \$10,900, respectively.

- A. When collecting monies for notary fees, plat books, and other miscellaneous receipts, the County Clerk's office procedures are to issue a receipt slip and then record the fees in a receipts ledger. Monthly collection amounts totaled from the receipts ledger are transmitted to the County Treasurer. Discrepancies noted in the records identified concerns regarding the proper safeguarding of county assets from loss, theft, or misuse as \$1,304 in receipts were not transmitted to the County Treasurer.
- 1) Receipts totaling \$1,179 for April 2004 could not be identified with a transmittal to the County Treasurer. When determining the transmittal to the County Treasurer, the County Clerk apparently totals the receipts ledger for the month, and takes cash and checks from the cash box equal to the receipts ledger total. These monies are placed in an envelope and transmitted to the County Treasurer, however, a receipt slip is not obtained at that point or even when one has been written by the County Treasurer. The County Clerk indicated these monies were transmitted to the County Treasurer, but the County Treasurer has no record of receipt.
 - 2) A reconciliation between receipt slips written and amounts recorded in the receipts ledger was not performed. Receipt slips totaling \$187 were not recorded in the receipts ledger and receipt slips were not written for some other receipts that were recorded in the receipts ledger. Since the County Clerk uses the receipts ledger to determine the amount of monies to be transmitted to the County Treasurer, receipt slips that were not recorded in the receipts ledger would appear to be missing.

- 3) Monies received are not transmitted to the County Treasurer intact. Often, checks received in one month were not transmitted with that month's transmittal. As noted above, when transmitting monies to the County Treasurer, the County Clerk takes cash and checks from the cash box equal to the receipts ledger total. The County Clerk does not ensure that the checks taken from the cash box were those collected and recorded during the month for which the transmittal is being prepared. For example, the March 2004 transmittal (prepared in May) included a check received from the County Collector in April.

Also, for September 2004, the total monies transmitted exceeded recorded receipts by \$202 and included checks received in April. As noted above in Part A1, the County Treasurer had no record of receiving monies from the County Clerk for April 2004. The County Clerk indicated that when the transmittal for September was made, she ensured all monies on hand were transmitted. She does not know why there were extra monies available or how the April 2004 checks were available for the September transmittal.

In addition, monies are not transmitted intact as personal checks are cashed by the County Clerk and her employees, and when performing a cash count a \$20 IOU from an employee was noted. Also, the cash/check composition of receipts is not reconciled to the cash/check composition of the transmittal to the County Treasurer. Receipt slips were not written for \$140 transmitted to the County Treasurer and these receipts were not recorded in the receipts ledger. Given how the County Clerk prepared the transmittals, these monies were substituted for other recorded receipts not transmitted.

As a result of control weaknesses in the County Clerk's office procedures, monies could not be accounted for, including \$1,179 in receipts the County Treasurer has no record of receiving, \$187 in receipts not recorded in the receipts ledger, and \$140 in unrecorded receipts. However, one transmittal was \$202 more than recorded receipts which reduces the total monies unaccounted for to \$1,304.

All payments made to the County Clerk's office are accountable fees and should be remitted to the county treasury. To provide assurance all monies received have been properly transmitted to the County Treasurer, prenumbered receipt slips should be issued for all monies received, receipts should be promptly posted to the receipts ledger, all receipts should be transmitted intact, and the composition of monies received should be reconciled to the composition of monies transmitted to the County Treasurer. The County Clerk should also obtain a receipt slip from the County Treasurer at the time of the transmittal. In addition, the County Clerk should discontinue the practices of cashing personal checks for employees and allowing employees to borrow monies from the cash receipts.

- B. The duties of receiving, recording, and transmitting monies relating to ATV receipts are not adequately segregated. One employee is primarily responsible for each of these duties and there is no independent review of the ATV records and the monies transmitted. The County Clerk's office collected \$1,940 and \$1,350 in ATV receipts for the years ended December 31, 2004 and 2003, respectively.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and transmitting receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. Receipts are not transmitted to the County Treasurer on a timely basis and checks are not restrictively endorsed immediately upon receipt. For fees, plat books, and other miscellaneous receipts, the County Clerk's office transmitted monies to the County Treasurer on 9 different dates in 2004 and on 11 different dates in 2003. On several of these dates, receipts collected during two or three months were transmitted at one time. For example, the receipts collected during September, October, and November 2004 were not transmitted to the County Treasurer until December 2, 2004. For ATV permits, we noted receipts were transmitted to the County Treasurer six times during 2004 and three times during 2003. Additionally, the endorsement on checks received is applied at the time the monies are turned over to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be transmitted daily or when accumulated receipts exceed \$100 and checks should be restrictively endorsed immediately upon receipt.

- D. Inventory records are not maintained to account for plat books. The county purchased 900 plat books at an approximate cost of \$22 each during the two years ended December 31, 2004. These plat books were to be sold for \$25. According to County Clerk records, 587 plat books were sold and 55 plat books were given away. There were 205 plat books on hand, resulting in 53 plat books unaccounted for.

A log of plat books given away is maintained. However, this log was misplaced for several months during 2004 and the County Clerk indicated some plat books may have been given away during this time period, but were not recorded on the log.

To ensure all monies collected are accounted for adequately, the County Clerk should reconcile the number of plat books on hand to the total number of plat books sold or given away. Any differences should be investigated.

WE RECOMMEND the County Clerk:

- A. Establish adequate controls to properly safeguard county revenue from loss, theft, or misuse. Issue prenumbered receipt slips for all monies received, post all receipts to

the receipts ledger, reconcile receipt slips to the receipts ledger, and reconcile the cash/check composition of receipts to the cash/check composition of the transmittal to the County Treasurer. Transmit all monies intact and obtain a receipt slip from the County Treasurer at the time of transmittal. Discontinue the practices of allowing employees to cash personal checks and borrow monies from the cash receipts. In addition, action should be taken to recover the missing receipts.

- B. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- C. Transmit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse all checks immediately upon receipt.
- D. Maintain adequate and complete records of the number of plat books sold, given away, or used by the county, and periodically reconcile the number of plat books reported on the inventory to the number of plat books on hand.

AUDITEE'S RESPONSE

The County Clerk indicated she:

- A. *Has implemented some of these already and will implement the other recommendations. She will also discuss this situation with the Prosecuting Attorney.*
- B. *Will incorporate the ATV records into the other records. By doing this, duties will be segregated and monitored.*
- C. *Will transmit monies more frequently and at least weekly if accumulated receipts exceed \$100. In addition, checks will be restrictively endorsed immediately upon receipt.*
- D. *Will do a better job of maintaining plat book records. She will take an inventory of plat books and periodically reconcile the plat book records to the inventory.*

8. Prosecuting Attorney's Accounting Controls and Procedures

Bad check fees and restitution payments are not always processed in a timely manner. In addition, monthly listings of open items are not prepared and checks have been outstanding for a considerable length of time.

The Prosecuting Attorney's office collected fees and restitution on bad checks totaling approximately \$134,600 and \$141,600 during the years ended December 31, 2004 and 2003, respectively.

- A. Bad check fees and restitution payments are not always processed in a timely manner.

- 1) Bad check fees are not always disbursed to the County Treasurer in a timely manner. These fees are deposited by the Prosecuting Attorney's office and are generally disbursed to the County Treasurer on a monthly basis. However, instances were noted when bad check fees for two months were disbursed to the County Treasurer at one time. For example, fees totaling \$2,566 for November and December 2003 were not disbursed to the County Treasurer until January 15, 2004.
- 2) Bad check restitution payments are not transmitted to the merchants in a timely manner. Restitution is generally paid by money orders which are not deposited, and instead are held by the Prosecuting Attorney's office until the following month when the payments are forwarded to the merchants. While the Prosecuting Attorney's office indicated bad check restitution payments are generally transmitted to the merchant on a monthly basis, some restitution was not forwarded until two months after being received. For example, monies received on December 31, 2003 were not transmitted to the merchant until February 11, 2004.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, bad check fees and restitution should be processed in a timely manner. This includes disbursing fees to the County Treasurer monthly and transmitting restitution payments to merchants as monies are received.

B. Monthly bank reconciliations are prepared; however, procedures can be improved as follows.

- 1) Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. While the bank balance is reconciled to the checkbook balance, there is no assurance that the checkbook balance is accurate since no listing of open items is prepared.

At December 31, 2004, the reconciled bank balance was \$2,947 and December bad check fees to be disbursed to the County Treasurer totaled \$1,255 resulting in unidentified monies of \$1,692. The unidentified balance may also include some bad check restitution payments due to merchants. We requested an open items listing be prepared; however, the Prosecuting Attorney's office indicated they had never prepared such a listing. In addition, the Prosecuting Attorney's office indicated there has always been an unidentified balance in the bank account but they do not know the exact amount of this balance.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

Further, the Prosecuting Attorney should attempt to determine the reasons for this difference and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- 2) The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, eleven checks totaling \$294 were over one year old. Four of these checks totaling approximately \$9 have been outstanding for at least eight years.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

WE RECOMMEND the Prosecuting Attorney:

- A. Disburse fees to the County Treasurer monthly and establish procedures to ensure bad check restitution payments are transmitted to merchants in a timely manner.
- B.1. Prepare monthly listings of open items and reconcile the listing to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
2. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *He concurs and fees and restitution payments will be processed more timely.*
- B.1. *This will be done every month from now on. Any unidentified monies will be turned over to Unclaimed Property.*
2. *Within 60 days, old outstanding checks will be reissued if the payees can be located. If the payees cannot be located, the monies will be turned over to Unclaimed Property.*

9.**Sheriff's Accounting Controls and Procedures**

Checks have been outstanding for a considerable length of time, and no procedures are performed to monitor or follow up on past due paper service fees.

The Sheriff's department collected various criminal and civil fees, bonds, gun permits, and reimbursements for boarding and transporting prisoners totaling approximately \$311,700 and \$145,000 for the years ended December 31, 2004 and 2003, respectively.

- A. The Sheriff has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, nine checks totaling \$377 were over one year old. Eight of these checks were issued between 1997 and 2001.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- B. The Sheriff's department frequently serves papers for courts, attorneys, and individuals relating to civil cases. The Sheriff's department collects fees and mileage reimbursements in return for serving papers. For civil paper service fees not received prior to delivery of the papers or during instances when additional costs are incurred, the Sheriff's department will bill the entity once the papers have been served. However, no procedures are performed to monitor outstanding or to follow up on past due paper service fees. The Sheriff's department has not determined the total costs due from other entities for civil paper service fees. By not adequately monitoring unpaid civil paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Sheriff:

- A. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- B. Establish adequate procedures to monitor and collect unpaid paper service fees.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. *Procedures are being developed to follow up on old outstanding checks. If the payees cannot be located, the monies will be distributed in accordance with statutory provisions.*
- B. *Procedures have been developed to monitor unpaid paper service fees and he is in the process of billing and collecting on unpaid paper service fees.*

10. Sheriff's Commissary Accounting Controls and Procedures
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Accounting duties are not adequately segregated, the method of payment is not identified on all receipt slips, and receipts are not deposited in a timely manner. Bank reconciliations are not adequate as a running balance in the checkbook register is not maintained and monthly listings of open items are not prepared. In addition, checks have been outstanding for a considerable time.

The Sheriff maintains a commissary account for the receipt and disbursement of inmates' money and the purchase of commissary items. Deposits to this account totaled approximately \$74,600 and \$52,300 for the years ended December 31, 2004 and 2003, respectively. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system. Any remaining monies are paid to the inmate upon release.

- A. Accounting duties are not adequately segregated. The duties of depositing, disbursing monies, and reconciling the monthly bank statement are performed by the office manager. There is no documentation that an independent review of deposits and accounting records is performed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits, and an independent review of bank reconciliations.

- B. Controls over the receipting and depositing of inmate monies received have not been established. Our review identified the following concerns:
 - 1) While prenumbered receipt slips are generally issued for all monies received from (or for) inmates, the method of payment (i.e., cash, check, or money order) is not consistently indicated on all receipt slips. By not indicating

method of payment, the cash/check composition of receipts cannot be reconciled to the cash/check composition of deposits.

- 2) Receipts are not deposited in a timely manner. For example, receipts totaling \$1,467 collected between June 14 and June 20, 2004, were not deposited until June 22, 2004 even though one receipt for \$805 was received on June 14, 2004.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds and to ensure all receipts are properly handled, the method of payment should be indicated on each receipt slip, the composition of receipts should be reconciled to the composition of deposits, and deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. Adequate monthly bank reconciliations are not being performed on the commissary bank account. Although a monthly reconciled bank balance is determined; no cumulative cash balance exists and no listing of open items is prepared to be reconciled to the bank balance. Monthly bank reconciliation procedures can be improved as follows.

- 1) A running balance in the checkbook register is not maintained. In addition, no report of the cash balance is generated from the computer system which could be reconciled to the cash balance in the bank account.

Without maintaining a cumulative book balance or a checkbook register balance, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

- 2) Monthly listings of open items (liabilities) are not reconciled to cash balances. The reconciled bank balance should agree to the total of the individual inmate balances; however, such a reconciliation is not performed. At our request, a report of inmate balances was generated from the commissary computer system as of February 28, 2005 which identified liabilities of \$6,347. However, the reconciled bank balance was \$8,388 for an overage of \$2,041.

Discrepancies between liabilities and cash balance may also occur due to commissary balances not being refunded upon inmate releases. As a result, some commissary accounts remain active and continue to be liabilities even though the inmates are no longer in the county jail.

Monthly reconciliations of liabilities and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in

agreement with the accounting records and to detect and correct errors on a timely basis.

In addition, an attempt should be made to locate any inmates with unpaid commissary account balances that are no longer prisoners of the county jail. If the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. Also, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

- 3) The Sheriff has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, 163 checks totaling \$933 were over one year old and 81 of these checks were less than \$1.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

WE RECOMMEND the Sheriff:

- A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B.1. Ensure the method of payment is indicated on all receipt slips and reconcile the cash/check composition of receipts to the cash/check composition of deposits.
2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C.1. Maintain a cumulative book balance and reconcile the book balance to the bank balance on a monthly basis.
2. Prepare and reconcile a listing of liabilities, including individual inmate balances, to the reconciled bank balance on a monthly basis. In addition, establish procedures to ensure released inmates receive the balance of their commissary account and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
3. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. Duties have now been segregated and he is also reviewing the monthly bank statements.*
- B.1. Employees have been reminded to indicate the method of payment on all receipt slips and the composition of receipts is being reconciled to the composition of deposits.*
 - 2. Deposits are now being made approximately two to three times a week.*
- C.1. He is attempting to maintain a cumulative book balance to reconcile to the monthly bank balance and reports are being generated from the computer system to help with this process.*
 - 2. A monthly listing of inmate balances is now being generated and reconciled to the bank balance. Procedures have been established to ensure released inmates receive their commissary balance and procedures have also been established to follow up on unclaimed inmate balances.*
 - 3. Procedures are being developed to follow up on old outstanding checks. If the payees cannot be located, the monies will be distributed in accordance with statutory provisions.*

11. Nursing Service's Accounting Controls and Procedures

Receipt slips are not always issued for monies received, the method of payment is not always correctly indicated, and receipts are not transmitted to the County Treasurer in a timely manner.

The Nursing Service collected monies from various state and federal grants, totaling approximately \$189,000 and \$194,600, as well as miscellaneous fees and donations totaling approximately \$45,200 and \$48,400 for the years ended December 31, 2004 and 2003, respectively.

- A. Receipt slips are not always issued for miscellaneous monies received. During our cash count on March 17, 2005, we noted monies on hand totaling \$10 for which receipt slips had not been issued. Additionally, the receipt slips issued do not always indicate the correct method of payment. As a result, the Nursing Service cannot reconcile the composition of receipt slips to the composition of transmittals to the County Treasurer.*

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds and to ensure all receipts are properly handled, prenumbered receipt slips should be issued for all monies received, the method of payment should be accurately recorded

on all receipt slips, and the composition of receipt slips should be reconciled to the composition of transmittals.

- B. Receipts are not transmitted to the County Treasurer in a timely manner. Receipts are transmitted approximately once per week. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds and to provide assurance that all receipts are properly transmitted, receipts should be transmitted on a daily basis or when accumulated receipts exceed \$100.

WE RECOMMEND the Nursing Service:

- A. Issue prenumbered receipt slips for all monies received, indicate the correct method of payment on all receipt slips, and reconcile the composition of receipt slips to the composition of transmittals to the County Treasurer.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Nursing Service Administrator indicated:

- A. *Receipt slips are being issued for all monies received and the method of payment is being indicated on each receipt slip. The composition of receipts per the nursing service records is being reconciled with the County Treasurer's records and any composition differences will be documented.*
- B. *She agrees and will try to transmit monies more frequently.*

12. Emergency 911 Board's Accounting Controls and Procedures

Actual disbursements exceeded budgeted amounts and financial statements were not published for the years ended December 31, 2004 and 2003. In addition, written authorization was not maintained to support the current position and pay for employees and capital asset records were not maintained.

The Emergency 911 (E911) Board collected sales tax revenue, interest monies, and miscellaneous revenue totaling approximately \$415,800 and \$412,500 for the years ended December 31, 2004 and 2003, respectively.

- A. Actual disbursements exceeded budgeted amounts by \$7,194 and \$3,829 for the years ended December 31, 2004 and 2003, respectively. Overspending appears to have occurred due to program expenses and salary expenses being higher than anticipated. The Board's Executive Director indicated that he periodically compares budget to

actual expenditures and also indicated the Board periodically reviews the budget. However, no budget amendments were prepared when the Board realized that anticipated actual expenditures would exceed budgeted amounts.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954) that strict compliance with county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

This condition was noted in our prior report.

- B. Annual financial statements were not published for the years ended December 31, 2004 and 2003. Although the financial statements published by the County Clerk's office included some activity of the Emergency 911 Fund, this activity was only the amounts passed through the County Treasurer and did not identify any of the disbursements made by the Board.

Sections 50.800 and 50.810, RSMo, require annual financial statements to be published for all county funds. To adequately inform the citizens of the board's financial activities, the board should publish annual financial statements of the Emergency 911 Fund.

- C. Written authorization for employee salary and wage rate changes is not maintained. In addition, written documentation of each employee's current position is not maintained. Although board meeting minutes included discussion and approval of pay raises, changes in salary and wage rates made for each employee are not documented.

Good internal controls require proper documentation be maintained to support the compensation paid to all employees as well as any changes made to employee position and compensation levels. Such documentation could include a listing of personnel with current salary and wage amounts. This listing could be included in board meeting minutes or employee personnel files and should be updated as changes are made to salary and wage amounts.

- D. General capital asset records are not maintained nor are physical inventories performed to account for all property owned by the board. General capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed

description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets when disposed of. In addition, general capital asset purchases should be periodically reconciled to general capital asset additions. Performing this reconciliation would ensure all purchases have been added to capital asset records.

Complete and accurate general capital asset records are necessary to ensure better internal control over board assets and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the general capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags when affixed to general capital assets, allow for identification of the items in the records, and limit the potential for personal use of board assets.

WE RECOMMEND the E911 Board:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- B. Publish annual financial statements of the Emergency 911 Fund in accordance with state law.
- C. Ensure written authorization is maintained to support the salary or wages paid to each employee as well as any changes made. In addition, written documentation of each employee's current position should be included in the employee's personnel file or board meeting minutes.
- D. Establish property records for all capital assets and require annual physical inventories of the capital assets. The board should require additions to the capital asset list to be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of Crawford County 911" are attached to board property and equipment.

AUDITEE'S RESPONSE

The E911 Director indicated:

- A. *He concurs and will prepare a budget amendment if disbursements are anticipated to be in excess of budgeted amounts. In addition, the E911 Board meeting minutes will include documentation of when amendments are needed.*
- B. *He concurs and will publish the next year's financial statements.*

- C. *He will try to develop documentation for each employee's salary or wages and any changes made. In addition, he will maintain documentation of each employee's current position in a personnel file or the E911 Board meeting minutes.*
- D. *He has obtained property tags and is looking into a computer program to record the capital assets. Within the next month, he hopes to have all assets tagged and recorded.*

13. Senior Citizens' Services Board's Accounting Controls and Procedures

Actual disbursements exceeded budgeted amounts and financial statements were not published for the years ended December 31, 2004 and 2003.

The Senior Citizens' Services Board receives approximately \$95,000 annually from a property tax levy. The tax receipts are used to fund programs for senior citizens.

- A. Actual disbursements exceeded budgeted amounts by \$7,225 and \$25,353 for the years ended December 31, 2004 and 2003, respectively. According to the Board Chairperson, budget amounts are set at the beginning of the year before requests for funds are received from various entities. As a result, the budgeted disbursement amount may not be sufficient in comparison to actual requests for funds received during the year. In addition, it appears the Board Chairperson did not realize the budget needed to be amended if the budgeted amount was exceeded. The Board should consider amending the budget when actual requests exceed budget amounts or consider not approving all requests when approving these requests would cause disbursements to be in excess of budgeted amounts.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954) that strict compliance with county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Annual financial statements were not published for the years ended December 31, 2004 and 2003. Although the financial statements published by the County Clerk's office included some activity of the Senior Citizens' Services Fund, this activity was only the amounts passed through the County Treasurer and did not identify any of the disbursements made by the Board.

Sections 50.800 and 50.810, RSMo, require annual financial statements to be published for all county funds. To adequately inform the citizens of the board's financial activities, the board should publish annual financial statements of the Senior Citizens' Services Fund.

WE RECOMMEND the Senior Citizens' Services Board:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- B. Publish annual financial statements of the Senior Citizens' Services Fund in accordance with state law.

AUDITEE'S RESPONSE

The Senior Citizens' Services Board Chairperson indicated:

- A. *The board did not include beginning cash on hand when determining the budgeted expenditure amount. Approved expenditures did not exceed available cash on hand. Future budgets will be prepared according to the recommendations of the State Auditor's office.*
- B. *While publication costs are expensive and the board tries to ensure all funds are used for the benefit of the senior citizens, the board will ensure financial information is published.*

14.	Circuit Clerk's Missing Monies
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In October 2003, the Presiding Circuit Judge of the Forty-Second Judicial Circuit contacted the State Auditor's office for assistance in determining shortages of monies in the Circuit Clerk's office. Karen McPeters, Circuit Clerk and Ex-officio Recorder of Deeds, was suspended from her position, with pay, on October 24, 2003.

Upon the request of the Presiding Circuit Judge, the State Auditor's office reviewed various cases of the Circuit Court that were brought to our attention by the Missouri State Highway Patrol and employees of the Circuit Clerk's office. Other records and procedures were also reviewed to determine if any other monies were unaccounted for. In a letter issued to the Presiding Circuit Judge in March 2004, the State Auditor's office identified \$9,934 in unaccounted for monies. In addition, several concerns relating to internal controls were noted which required corrective action.

Following investigation by the Missouri State Highway Patrol, criminal charges were filed. On May 27, 2005, Karen McPeters pleaded guilty to five felony and two misdemeanor charges of stealing. She was given a suspended sentence of five years on each count, placed on probation, and ordered to pay \$10,830 to the county. Pursuant to Section 561.021.2,

RSMo, Karen McPeters is ineligible to hold public office until completion of her sentence or term of probation. Deborah Walls continued as Acting Circuit Clerk and Ex-officio Recorder of Deeds until Rhonda Jurgens was appointed as Circuit Clerk and Ex-officio Recorder of Deeds and sworn into office effective July 13, 2005.

The internal control concerns discussed in the March 2004 letter, included inadequate segregation of duties, inadequate procedures relating to manual receipt slips and petty cash fund monies, not reconciling all liabilities to cash balances, and not maintaining or monitoring a listing of accrued costs. During this audit, we noted some improvements have been made in the operations of the Circuit Clerk's office. Corrective action has been taken to improve some of the concerns noted above, and other procedures are in the process of being implemented to address internal control weaknesses.

15.	County Collector's Missing Monies
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Weaknesses in the internal control and recordkeeping procedures of the County Collector's office allowed missing monies of approximately \$335,000 to go undetected.

The missing monies went undetected due to a lack of segregation and oversight as the County Collector was responsible for most receipting, disbursing, and reconciling duties. Information regarding these missing monies has been shared with law enforcement authorities. On July 7, 2005, Daniel Gladden resigned his position as County Collector. Sheila Ringeisen was appointed the County Collector and sworn into office effective July 25, 2005.

In July 2005, the State Auditor's office issued audit report No. 2005-49, *County Collector, Crawford County, Missouri*. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P. O. Box 869, Jefferson City, MO 65102-0869.) This audit report discussed the missing monies and included several recommendations regarding improvements in the internal control and recordkeeping procedures of the County Collector's office.

16.	Senate Bill 40 Board's Missing Monies
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The Crawford County Board for People with Developmental Disabilities is Crawford County's Senate Bill 40 Board. Senate Bill 40 boards are authorized to administer locally generated property tax revenues to provide services for handicapped individuals. The Senate Bill 40 Board received approximately \$194,300 and \$187,900 in property taxes for the years ended June 30, 2004 and 2003, respectively.

The Senate Bill 40 Board is audited annually by an independent auditor. The audit report for the year ended June 30, 2002 reported losses from theft occurred over a seven-month period

during the fiscal year. According to the independent auditor's management letter issued to the Senate Bill 40 Board, 39 unauthorized checks totaling \$10,082 were made payable to the bookkeeper. Entries into the accounting software were then changed to indicate the payments had been made to various vendors as opposed to the bookkeeper. The audit report indicated the theft was discovered and controls were adopted to prevent future occurrences.

Criminal charges were filed against the employee that committed the theft. The employee was given a sentence of three years probation and ordered to pay restitution. The audit report for the year ended June 30, 2004 indicated restitution has been received.

Follow-Up on Prior Audit Findings

CRAWFORD COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Crawford County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Procedures

- A.1. Bids were not always solicited, nor was bid documentation always retained. One purchase was made at a higher price from a vendor other than the county's contracted vendor.
- 2. The County Commission paid an additional \$8,000 for a paving project which was not awarded to the low bidder.
- B. The county did not obtain an independent appraisal for two separate land purchases. No documentation was maintained of the selection process used to identify other available pieces of property which might have met the county's needs.
- C. Reimbursement of \$5,055 had not been received due to a discrepancy with an invoice that was not investigated and resolved in a timely manner.
- D. The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues. The county's net excess property tax revenues collected as of December 31, 2000, were \$35,898.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification of bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure justification of the selection process is thoroughly documented and an independent appraisal is obtained for future land purchases.
- C. Ensure procedures are in place to monitor reimbursements due to the County and investigate and resolve reimbursements not received on a timely basis.

- D. Ensure appropriate adjustments are made to the levy in the future to reflect excess property taxes collected in prior years.

Status:

A&B. Not implemented. See MAR finding number 2.

- C. Not implemented. While no problems were noted with reimbursements requested and received for the two years ended December 31, 2004, the county has not resolved the \$5,055 reimbursement noted in the prior audit. The county is in the process of reviewing this reimbursement and has been in contact with the Missouri Department of Transportation for assistance; however, no resolution has been reached. Although not repeated in the current report, our recommendation remains as stated above.

D. Not implemented. See MAR finding number 4.

2. Salaries and Fringe Benefits

- A. The Associate County Commissioners were each given salary increases totaling approximately \$10,000 that were not allowable based on a Missouri Supreme Court decision.
- B. The county had no written policy allowing the use of county vehicles for commuting purposes by the road and bridge employees and no usage logs were required to comply with IRS guidelines.

Recommendation:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Comply with IRS guidelines for the reporting of fringe benefits relating to county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding appropriate use of county vehicles for commuting purposes.

Status:

- A. Not implemented. The County Commission has indicated it will only request repayment of the salary overpayments if a legal opinion is received requiring repayment. However, no such opinion has been requested and no action has taken place on this matter. Although not repeated in the current report, the county should

develop a plan for obtaining repayment for the salary overpayments made to the Associate County Commissioners.

- B. Not implemented. The road and bridge districts' foremen are allowed to use county vehicles for commuting purposes as they are on-call 24 hours a day; the road and bridge mechanic no longer uses a county vehicle for commuting purposes. If the County Commission believes the road and bridge districts' foremen should be exempt from taxable fringe benefits due to the 24 hour on-call status, this decision should be adequately documented in the county commission minutes. Although not repeated in the current report, our recommendation remains as stated above. For county vehicles used by Road and Bridge Department employees, no written policy has been developed and no records are maintained regarding the use of the county vehicles by these employees. See MAR finding number 6.

3. Financial Reporting

- A. The financial statement for the year ended December 31, 1999 was not published until January 17, 2001.
- B. The published financial statements did not include the activity of some county funds and only the amounts passed through the County Treasurer were reported for some county funds.
- C. The county did not have procedures in place to adequately track federal awards for preparation of the SEFA.

Recommendation:

The County Commission:

- A. Publish financial statements timely as required by state law.
- B. Ensure information for all county funds is properly included in the annual published financial statements.
- C. Ensure that the County Clerk prepares a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 3.

C. Not implemented. See finding number 04-2.

4. Fixed Assets

- A. Additions were not added to fixed asset records as they occurred and the County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records.
- B. The county did not have formal procedures for disposing of county owned property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 6.

5. Property Tax System

- A. The County Clerk did not maintain an account book with the County Collector and the County Clerk and the County Commission had not verified the County Collector's annual settlements since the County Collector had not filed an annual settlement for the three years ending February 28, 2001.
- B. There was no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax books.
- C. Passwords and other procedures were not in place to limit access to the various property tax data files and programs utilized by the County Assessor and County Collector.

Recommendation:

- A. The County Clerk appropriately maintain her account book with the County Collector and the County Commission use it to verify the County Collector's annual settlement.
- B. The County Commission or County Clerk establish procedures to agree approved addition and abatement orders with related changes made to the property tax data.

- C. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Status:

- A. Not implemented. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2).
- B. Partially implemented. While the County Commission and County Clerk are not agreeing approved addition and abatement orders with related changes made to the property tax data, additional controls have been established such as the County Collector's office no longer having the ability to make changes to the property tax system. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.

6. County Collector's Accounting Controls and Procedures

- A. The County Collector had not prepared or filed annual settlements for the years ended February 28(29), 2001, 2000, and 1999, with the County Commission.
- B.1. The County Collector did not reconcile monies collected to paid tax receipts, daily abstracted report of collections or deposits in the bank account.
 - 2. The County Collector did not perform adequate monthly reconciliations between the amounts in his bank account, various liabilities, and other reconciling items.
- C. The County Collector did not deposit receipts intact. The change fund was not maintained at a set amount, some cash receipts were used to make small refunds, and some tax bills were credited with full payment even when the amount received was a few dollars less than the amount due.
- D. The County Collector did not maintain documentation that he formally solicited proposals for his banking services and did not have a written agreement with his bank. In addition, the County Collector only received approximately a 2.25 percent interest rate on his monies while the county received approximately a 5.61 percent interest rate on their monies from their depository bank.

Recommendation:

The County Collector:

- A. File annual settlements annually as required by statute.

- B. Reconcile daily cash collections and the daily report of collections from the computer system to the paid tax receipts and the deposits into the bank account. In addition, the Collector should reconcile the amounts in his bank account to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and explained on the reconciliations.
- C. Deposit all monies received intact daily. If a change fund is needed, it should be maintained at an established amount. In addition, the practice of using receipts to make cash refunds should be discontinued.
- D. Periodically solicit proposals for banking services to ensure service charges and interest earnings are competitive and enter into a written agreement with his bank.

Status:

- A. Partially implemented. Although annual settlements were filed annually as required by statute, the annual settlements were not accurate. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2).
- B. Not implemented. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 1 and 2).
- C. Partially implemented. The change fund is maintained at an established amount. However, deposits are not made intact and cash refunds are still being given. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2).
- D. Partially implemented. Proposals for bank services are solicited by the County Commission. Based on the county's solicitation, the County Collector accepted the proposal of a different depository bank. However, the County Collector does not have a written depository agreement with his depository bank. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2). In addition, while service charges appear comparable, the County Collector is not receiving a competitive interest rate. Although not repeated in the audit report on the County Collector, Crawford County, Missouri, our recommendation remains as stated above.

7. Nursing Service Accounting Controls and Procedures

- A. Receipt slips were not always prenumbered and were not issued for some monies received. Additionally, the receipt slips issued did not indicate the method of payment and checks and money orders were not restrictively endorsed until transmittals were prepared.

- B. Receipts were not transmitted to the County Treasurer on a timely basis.
- C. Summary records were not maintained to track the amounts billed to the Department of Health and the subsequent amounts received. Also, records pertaining to program expenditures and related reimbursements were not maintained in an organized fashion.

Recommendation:

The Nursing Service:

- A. Issue prenumbered receipt slips for all monies received, include the method of payment on all receipt slips, reconcile the composition of receipt slips to the composition of transmittals to the County Treasurer and restrictively endorse all checks and money orders immediately upon receipt.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- C. Retain records in an organized manner and develop summary records to track the amounts billed and reimbursements received.

Status:

- A. Partially implemented. While checks and money orders are now restrictively endorsed immediately upon receipt, receipt slips are not issued for all monies received, the method of payment is not correctly indicated on all receipt slips, and the composition of receipt slips is not reconciled to the composition of transmittals to the County Treasurer. See MAR finding number 11.
- B. Not implemented. See MAR finding number 11.
- C. Implemented.

8. E911

- A. Actual expenditures exceeded budgeted amounts during the years ended December 31, 2000 and 1999 by approximately \$8,400 and \$36,500, respectively.
- B. Several inaccuracies were noted in the actual information presented for 2000 and 1999 and the budgets were not mathematically accurate. The budgets also did not include all projected receipts. In addition, the actual revenue category amounts were not accurate and did not agree between the 1999 and 2000 budgets.

Recommendation:

The E911 Board:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and budgets properly amended and filed with the County Clerk and the State Auditor's Office.
- B. Ensure that complete and accurate budgets that reflect all actual and anticipated revenues and expenditures are prepared.

Status:

- A. Not implemented. See MAR finding number 12.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CRAWFORD COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1829, the county of Crawford was named after William H. Crawford, a Georgia statesman. Crawford County is a county-organized, third-class county and is part of the 42nd Judicial Circuit. The county seat is Steelville.

Crawford County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 600 miles of county roads and approximately 40 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 18,300 in 1980 and 22,804 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	135.6	127.9	124.8	120.6	61.4 30.8
Personal property		52.5	53.9	52.6	48.6	13.5 6.7
Railroad and utilities		18.1	17.8	18.2	17.4	6.3 6.1
Total	\$	206.2	199.6	195.6	186.6	81.2 43.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Crawford County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.0825	.0793	.0821	.0749
Special Road and Bridge Fund		.2146	.2143	.2143	.2143
Senior Citizens' Services Fund		.0487	.0486	.0486	.0486
Senate Bill 40 Board Fund		.0974	.0973	.0973	.0973

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	63,648	61,751	58,659	56,342
General Revenue Fund		197,437	185,832	181,275	162,523
Special Road and Bridge Fund		455,685	442,476	420,682	405,223
Assessment Fund		121,809	97,265	90,671	87,984
Senate Bill 40 Board Fund		200,172	194,663	184,932	178,498
Senior Citizens' Services Fund		99,709	97,164	91,058	86,647
School districts		7,301,661	7,073,293	6,563,480	6,294,735
Library district		191,276	186,146	176,467	170,656
Ambulance districts		558,279	538,831	508,780	492,890
Fire protection districts		323,838	299,297	289,581	273,460
Junior College		270,907	279,062	265,674	250,090
Hospital		25,550	24,815	24,599	23,585
Cities		79,530	70,768	30,334	28,306
County Clerk		2,575	2,657	2,128	2,918
Tax Maintenance Fund		32,104	30,501	14,020	0
County Employees' Retirement		78,185	75,002	63,047	64,086
Commissions and fees:					
General Revenue Fund		179,961	171,129	157,274	151,758
Total	\$	10,182,326	9,830,652	9,122,661	8,729,701

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
Real estate		89.4	89.5	88.4	89.7 %
Personal property		88.0	86.9	86.9	86.7
Railroad and utilities		100.0	100.0	97.7	98.7

Crawford County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Emergency 911	.0025	None	None	
Capital improvements	.0050	2009	None	
Jail construction and operation	.0050	*	None	

* .0025 will expire in 2021

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Ed Worley, Presiding Commissioner		27,144	27,144		
Art Hughes, Presiding Commissioner				27,144	26,354
Neil Swyers, Associate Commissioner		25,084	25,084	25,084	24,354
Ed Mitchell, Associate Commissioner		25,084	25,084	25,084	24,354
Connie Smith, County Clerk		38,007	38,007	38,007	36,900
Sid Pearson, Prosecuting Attorney (1)		96,000	96,000	45,423	44,100
Albert Englebrecht, Jr., Sheriff		41,715	41,715	41,715	40,500
Lucille Giles, County Treasurer		28,125	28,125	28,125	27,306
Paul K. Hutson, County Coroner		15,026	12,600	12,051	11,700
Lois Dicus, Public Administrator		38,007	38,007	38,007	36,900
Daniel W. Gladden, County Collector, year ended February 28 (29),	38,156	38,004	38,027	37,543	
Kerry Summers Sr., County Assessor (2), year ended August 31,		38,758	38,885	38,562	37,218
Mark Mueller, County Surveyor (3)					

(1) Effective January 1, 2003, the Prosecuting Attorney became a full-time position.

(2) Includes \$751, \$878, \$900, and \$900, respectively, in annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Deborah Walls, Circuit Clerk and Ex Officio Recorder of Deeds	47,850	7,531			
Karen McPeters, Circuit Clerk and Ex Officio Recorder of Deeds (4)	47,850	47,300	47,300	47,300	47,300
J. Kent Howald, Associate Circuit Judge	96,000	96,000	96,000	96,000	96,000

(4) Suspended from position with pay on October 24, 2003 pending completion of criminal investigation which occurred when a guilty plea was entered on May 27, 2005.

Leasehold Revenue Bonds dated 2001 and 2002 were issued in the original amount of \$4,535,000 and \$725,000, respectively, for the purpose of constructing a new jail. Bond principal is due annually on November 1 for both sets of Bonds. Interest is due semi annually on May 1 and November 1 for both sets of Bonds. At December 31, 2004, Crawford County had \$4,080,000 for the 2001 Bonds and \$680,000 for the 2002 Bonds outstanding.

A General Revenue Fund tax anticipation note, originally \$200,000 as of 2001, had \$162,437 outstanding as of December 31, 2004.

A Sheriff's Special Fund tax anticipation note, originally \$91,980 as of 2002, had \$31,525 outstanding as of December 31, 2004.



Claire McCaskill

Missouri State Auditor

September 2005

Howell County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Howell, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Howell County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

The County Commission significantly overestimated the amounts budgeted for the Law Enforcement Sales Tax Fund. The practice of overestimating disbursements results in an unreasonable estimated ending fund balance and reduces the use of the budget as a management tool and as a control over disbursements.

The county's SEFA (Schedule of Expenditures of Federal Awards) contained several errors and omissions. While the county's procedures to track federal awards for preparation of the SEFA has significantly improved from the prior audit, expenditures for three grants were omitted for both of the years ended December 31, 2004 and 2003. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

The County Commission does not adequately monitor the subrecipient for the Public Safety Partnership and Community Policing Grant (COPs) and the Byrne Formula Grant. In addition, the County Commission and the former Sheriff reviewed and approved expenditures for the Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program without obtaining adequate supporting documentation, and the County Commission has not established procedures to ensure the salaries paid to the local entities are in accordance with the written agreements for this program.

The County Collector and County Assessor received salary increases effective on dates other than their year of incumbency. The County Treasurer's salary increase was not specifically approved by the Salary Commission and he did not obtain an additional bond sufficient to cover school monies received.

Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal cases are adequately identified and pursued.

(over)

YELLOW SHEET

The Juvenile Office does not issue receipt slips for some restitution monies received or maintain a receipt log. In ten restitution cases reviewed, a receipt slip was not issued for monies received in five instances. As a result of the lack of adequate receipt records and because restitution receipts are not deposited in a bank account, the total amount of restitution received was not available.

The Health Center's internal controls over cash receipts and disbursements are in need of improvement and Board approval of individual invoices and employee pay rate increases is not documented. In addition, employee time sheets are not approved and signed by a supervisor, bids were not always solicited or advertised nor was bid documentation always retained for various purchases, and a building was leased without the Health Center Board's approval. The Health Center Board's regular session minutes did not disclose the reason for entering into closed session and did not always document the final disposition of matters discussed in closed session.

All reports are available on our website: www.auditor.mo.gov

HOWELL COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Howell County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Howell County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Howell County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Howell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 30, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Howell County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Cliff Lewton, CPA
	Steven Re', CPA
	Heather Stiles



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Howell County, Missouri

We have audited the financial statements of various funds of Howell County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Howell County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Howell County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Howell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

HOWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 319,764	3,019,640	3,040,283	299,121
Special Road and Bridge	54,598	1,682,877	1,665,341	72,134
Assessment	33,213	331,537	314,719	50,031
Law Enforcement Sales Tax	457,647	2,262,567	2,409,401	310,813
Special Grants	0	639,664	639,664	0
911 Emergency Telephone	457,025	421,184	691,496	186,713
School Resource Officer	28,964	33,338	40,996	21,306
Law Enforcement Training	8,911	13,924	17,112	5,723
Prosecuting Attorney Bad Check	7,154	50,141	47,129	10,166
Recorder's Special	38,008	17,412	11,934	43,486
Prosecuting Attorney Training	2,099	2,297	3,672	724
Recorder's Technology	29,555	11,617	639	40,533
Children's Trust	0	6,662	6,662	0
Prosecuting Attorney Special	1,630	2,322	721	3,231
Drug Enforcement	16,536	163	3,000	13,699
Sheriff's Special	39,022	54,412	37,759	55,675
Sheriff Emergency Response Team	2,080	11	1,814	277
Election Service	7,654	2,479	3,534	6,599
Collector's Tax Maintenance	17,952	30,622	18,997	29,577
Employee Health Benefit	22,980	238	0	23,218
Circuit Clerk Interest	19,165	504	2,992	16,677
Associate Circuit Clerk Interest	6,900	1,625	304	8,221
Law Library	19,859	22,695	11,407	31,147
Health Center	58,388	992,747	845,811	205,324
Senate Bill 40 Board	132,111	170,353	142,953	159,511
Total	\$ 1,781,215	9,771,031	9,958,340	1,593,906

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HOWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 432,904	2,788,866	2,902,006	319,764
Special Road and Bridge	343,480	1,629,339	1,918,221	54,598
Assessment	1,258	340,338	308,383	33,213
Law Enforcement Sales Tax	626,933	2,242,959	2,412,245	457,647
Special Grants	87	433,202	433,289	0
911 Emergency Telephone	465,801	506,601	515,377	457,025
School Resource Officer	25,317	44,451	40,804	28,964
Law Enforcement Training	9,934	13,064	14,087	8,911
Prosecuting Attorney Bad Check	19,474	52,805	65,125	7,154
Recorder's Special	39,836	19,638	21,466	38,008
Prosecuting Attorney Training	1,303	2,313	1,517	2,099
Recorder's Technology	16,824	13,008	277	29,555
Children's Trust	100	7,130	7,230	0
Prosecuting Attorney Special	2,144	1,768	2,282	1,630
Drug Enforcement	19,352	18,590	21,406	16,536
Sheriff's Special	40,915	41,169	43,062	39,022
Sheriff Emergency Response Team	2,738	20	678	2,080
Election Service	6,585	2,833	1,764	7,654
Collector's Tax Maintenance	1,717	26,418	10,183	17,952
Employee Health Benefit	0	24,898	1,918	22,980
Circuit Clerk Interest	21,731	342	2,908	19,165
Associate Circuit Clerk Interest	7,405	1,017	1,522	6,900
Law Library	13,743	22,165	16,049	19,859
Health Center	0	169,952	111,564	58,388
Senate Bill 40 Board	96,092	157,418	121,399	132,111
Total	\$ 2,195,673	8,560,304	8,974,762	1,781,215

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 9,653,362	9,771,031	117,669	8,746,733	8,560,304	(186,429)
DISBURSEMENTS	10,877,199	9,958,340	918,859	10,093,266	8,974,762	1,118,504
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,223,837)	(187,309)	1,036,528	(1,346,533)	(414,458)	932,075
CASH, JANUARY 1	1,776,160	1,781,215	5,055	2,193,806	2,195,673	1,867
CASH, DECEMBER 31	552,323	1,593,906	1,041,583	847,273	1,781,215	933,942
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	44,200	46,502	2,302	42,290	42,990	700
Sales taxes	1,600,000	1,676,088	76,088	1,605,000	1,559,611	(45,389)
Intergovernmental	645,847	711,106	65,259	650,024	601,086	(48,938)
Charges for services	516,600	489,207	(27,393)	475,125	508,788	33,663
Interest	12,150	11,837	(313)	21,240	12,206	(9,034)
Other	57,779	71,400	13,621	55,409	62,421	7,012
Transfers in	13,500	13,500	0	10,000	1,764	(8,236)
Total Receipts	2,890,076	3,019,640	129,564	2,859,088	2,788,866	(70,222)
DISBURSEMENTS						
County Commission	99,250	100,519	(1,269)	99,140	98,444	696
County Clerk	101,440	100,415	1,025	99,940	103,147	(3,207)
Elections	107,400	120,062	(12,662)	68,500	58,537	9,963
Buildings and grounds	75,680	71,139	4,541	81,100	75,891	5,209
Employee fringe benefits	287,700	288,372	(672)	254,000	265,338	(11,338)
County Treasurer	61,990	61,264	726	48,320	58,156	(9,836)
County Collector	161,510	141,576	19,934	154,510	142,581	11,929
Ex Officio Recorder of Deeds	66,700	53,621	13,079	73,050	56,599	16,451
Circuit Clerk	35,300	15,721	19,579	29,000	19,164	9,836
Associate Circuit Court	17,300	17,873	(573)	15,100	15,361	(261)
Court administration	8,500	3,791	4,709	8,500	4,044	4,456
Public Administrator	52,350	50,841	1,509	51,000	48,266	2,734
Prosecuting Attorney	220,144	220,144	0	209,493	200,824	8,669
Juvenile Officer	175,511	182,268	(6,757)	172,500	171,017	1,483
County Coroner	27,000	27,189	(189)	26,000	34,380	(8,380)
Grants	227,815	232,661	(4,846)	223,337	200,101	23,236
Other offices	271,803	268,789	3,014	266,448	263,577	2,871
Other	82,159	109,773	(27,614)	122,950	98,659	24,291
Public health and welfare services	600	525	75	600	0	600
Transfers out	978,931	973,740	5,191	987,920	987,920	0
Emergency Fund	90,000	0	90,000	90,000	0	90,000
Total Disbursements	3,149,083	3,040,283	108,800	3,081,408	2,902,006	179,402
RECEIPTS OVER (UNDER) DISBURSEMENTS	(259,007)	(20,643)	238,364	(222,320)	(113,140)	109,180
CASH, JANUARY 1	319,764	319,764	0	432,904	432,904	0
CASH, DECEMBER 31	60,757	299,121	238,364	210,584	319,764	109,180

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	30,000	32,916	2,916	30,000	30,430	430
Sales taxes	290,000	290,000	0	290,000	289,621	(379)
Intergovernmental	1,270,657	1,295,453	24,796	1,287,533	1,237,422	(50,111)
Charges for services	1,000	565	(435)	1,000	680	(320)
Interest	2,500	1,363	(1,137)	3,500	2,334	(1,166)
Other	50,000	62,580	12,580	65,000	68,852	3,852
Total Receipts	1,644,157	1,682,877	38,720	1,677,033	1,629,339	(47,694)
DISBURSEMENTS						
Salaries	620,000	612,028	7,972	588,000	578,815	9,185
Employee fringe benefits	253,530	262,300	(8,770)	229,000	238,220	(9,220)
Supplies	142,000	150,867	(8,867)	135,000	131,236	3,764
Insurance	48,000	22,230	25,770	48,000	45,462	2,538
Road and bridge materials	330,000	312,746	17,254	491,500	465,596	25,904
Equipment repairs	62,000	81,414	(19,414)	91,000	93,223	(2,223)
Rentals	15,000	22,557	(7,557)	25,000	29,021	(4,021)
Equipment purchases	140,000	137,327	2,673	300,000	239,530	60,470
Construction, repair, and maintenance	53,000	40,244	12,756	67,000	66,775	225
Other	29,550	23,628	5,922	32,900	30,343	2,557
Total Disbursements	1,693,080	1,665,341	27,739	2,007,400	1,918,221	89,179
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,923)	17,536	66,459	(330,367)	(288,882)	41,485
CASH, JANUARY 1	54,598	54,598	0	343,480	343,480	0
CASH, DECEMBER 31	5,675	72,134	66,459	13,113	54,598	41,485
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	212,897	225,973	13,076	220,172	210,510	(9,662)
Charges for services	11,000	11,184	184	23,000	21,450	(1,550)
Interest	450	545	95	900	432	(468)
Other	0	95	95	0	26	26
Transfers in	93,740	93,740	0	107,920	107,920	0
Total Receipts	318,087	331,537	13,450	351,992	340,338	(11,654)
DISBURSEMENTS						
Assessor	351,300	314,719	36,581	353,240	308,383	44,857
Total Disbursements	351,300	314,719	36,581	353,240	308,383	44,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,213)	16,818	50,031	(1,248)	31,955	33,203
CASH, JANUARY 1	33,213	33,213	0	1,258	1,258	0
CASH, DECEMBER 31	0	50,031	50,031	10	33,213	33,203

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	920,000	982,788	62,788	920,000	922,780	2,780
Intergovernmental	342,534	255,713	(86,821)	411,909	340,282	(71,627)
Charges for services	47,700	64,223	16,523	39,950	52,867	12,917
Interest	3,100	1,650	(1,450)	4,500	3,158	(1,342)
Other	34,870	78,193	43,323	32,050	43,872	11,822
Transfers in	881,000	880,000	(1,000)	880,000	880,000	0
Total Receipts	2,229,204	2,262,567	33,363	2,288,409	2,242,959	(45,450)
DISBURSEMENTS						
Sheriff	1,071,643	1,014,419	57,224	989,920	929,563	60,357
Detention center	411,440	375,146	36,294	553,240	421,093	132,147
Grant expenses	340,934	343,678	(2,744)	410,309	358,216	52,093
Public health and welfare	81,000	36,109	44,891	120,500	111,818	8,682
Jail lease agreement	138,100	127,365	10,735	139,000	133,462	5,538
Fringe benefits	419,949	402,233	17,716	425,268	360,417	64,851
Future capital improvements	100,000	0	100,000	186,005	0	186,005
Other	101,155	110,451	(9,296)	88,100	97,676	(9,576)
Transfers out	3,000	0	3,000	3,000	0	3,000
Total Disbursements	2,667,221	2,409,401	257,820	2,915,342	2,412,245	503,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	(438,017)	(146,834)	291,183	(626,933)	(169,286)	457,647
CASH, JANUARY 1	457,647	457,647	0	626,933	626,933	0
CASH, DECEMBER 31	19,630	310,813	291,183	0	457,647	457,647
<u>SPECIAL GRANTS FUND</u>						
RECEIPTS						
Intergovernmental	661,085	622,092	(38,993)	448,925	433,202	(15,723)
Other	0	17,572	17,572	0	0	0
Total Receipts	661,085	639,664	(21,421)	448,925	433,202	(15,723)
DISBURSEMENTS						
Grant expenses	661,085	622,092	38,993	449,012	433,289	15,723
Other	0	17,572	(17,572)	0	0	0
Total Disbursements	661,085	639,664	21,421	449,012	433,289	15,723
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(87)	(87)	0
CASH, JANUARY 1	0	0	0	87	87	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 EMERGENCY TELEPHONE FUND</u>						
RECEIPTS						
Charges for services	505,000	408,130	(96,870)	440,000	496,831	56,831
Interest	10,000	12,338	2,338	16,000	9,770	(6,230)
Other	0	716	716	0	0	0
Total Receipts	515,000	421,184	(93,816)	456,000	506,601	50,601
DISBURSEMENTS						
Salaries	271,000	274,548	(3,548)	272,100	267,575	4,525
Fringe benefits	108,000	100,746	7,254	85,400	95,907	(10,507)
Office expenses	74,148	54,696	19,452	72,611	67,026	5,585
Equipment	28,000	28,602	(602)	64,000	56,262	7,738
Mileage and training	8,100	7,698	402	12,000	8,286	3,714
Property acquisition	200,000	200,000	0	0	0	0
Other	24,630	25,206	(576)	25,630	20,321	5,309
Total Disbursements	713,878	691,496	22,382	531,741	515,377	16,364
RECEIPTS OVER (UNDER) DISBURSEMENTS	(198,878)	(270,312)	(71,434)	(75,741)	(8,776)	66,965
CASH, JANUARY 1	457,025	457,025	0	465,801	465,801	0
CASH, DECEMBER 31	258,147	186,713	(71,434)	390,060	457,025	66,965
<u>SCHOOL RESOURCE OFFICER FUND</u>						
RECEIPTS						
Intergovernmental	46,451	33,338	(13,113)	46,451	44,451	(2,000)
Total Receipts	46,451	33,338	(13,113)	46,451	44,451	(2,000)
DISBURSEMENTS						
Juvenile office	46,451	40,996	5,455	46,451	40,804	5,647
Total Disbursements	46,451	40,996	5,455	46,451	40,804	5,647
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(7,658)	(7,658)	0	3,647	3,647
CASH, JANUARY 1	28,964	28,964	0	25,317	25,317	0
CASH, DECEMBER 31	28,964	21,306	(7,658)	25,317	28,964	3,647
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	3,700	4,725	1,025	3,700	3,859	159
Charges for services	9,025	9,109	84	8,250	9,112	862
Interest	80	90	10	400	93	(307)
Total Receipts	12,805	13,924	1,119	12,350	13,064	714
DISBURSEMENTS						
Sheriff	21,716	17,112	4,604	22,284	14,087	8,197
Total Disbursements	21,716	17,112	4,604	22,284	14,087	8,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,911)	(3,188)	5,723	(9,934)	(1,023)	8,911
CASH, JANUARY 1	8,911	8,911	0	9,934	9,934	0
CASH, DECEMBER 31	0	5,723	5,723	0	8,911	8,911

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	55,200	49,717	(5,483)	58,000	52,544	(5,456)
Interest	200	121	(79)	200	166	(34)
Other	0	303	303	0	95	95
Total Receipts	55,400	50,141	(5,259)	58,200	52,805	(5,395)
DISBURSEMENTS						
Prosecuting Attorney	56,440	42,129	14,311	67,340	65,125	2,215
Transfers out	6,000	5,000	1,000	0	0	0
Total Disbursements	62,440	47,129	15,311	67,340	65,125	2,215
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,040)	3,012	10,052	(9,140)	(12,320)	(3,180)
CASH, JANUARY 1	7,154	7,154	0	19,474	19,474	0
CASH, DECEMBER 31	114	10,166	10,052	10,334	7,154	(3,180)
<u>RECORDER'S SPECIAL FUND</u>						
RECEIPTS						
Charges for services	19,500	16,964	(2,536)	18,000	19,292	1,292
Interest	350	448	98	600	346	(254)
Total Receipts	19,850	17,412	(2,438)	18,600	19,638	1,038
DISBURSEMENTS						
Ex Officio Recorder of Deeds	43,000	11,934	31,066	43,700	21,466	22,234
Total Disbursements	43,000	11,934	31,066	43,700	21,466	22,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,150)	5,478	28,628	(25,100)	(1,828)	23,272
CASH, JANUARY 1	38,008	38,008	0	39,836	39,836	0
CASH, DECEMBER 31	14,858	43,486	28,628	14,736	38,008	23,272
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,375	2,284	(91)	2,050	2,297	247
Interest	0	13	13	0	16	16
Total Receipts	2,375	2,297	(78)	2,050	2,313	263
DISBURSEMENTS						
Prosecuting Attorney	4,000	3,672	328	3,300	1,517	1,783
Total Disbursements	4,000	3,672	328	3,300	1,517	1,783
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,625)	(1,375)	250	(1,250)	796	2,046
CASH, JANUARY 1	2,099	2,099	0	1,303	1,303	0
CASH, DECEMBER 31	474	724	250	53	2,099	2,046

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	13,000	11,259	(1,741)	15,000	12,820	(2,180)
Interest	190	358	168	150	188	38
Total Receipts	13,190	11,617	(1,573)	15,150	13,008	(2,142)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	4,000	639	3,361	4,000	277	3,723
Total Disbursements	4,000	639	3,361	4,000	277	3,723
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,190	10,978	1,788	11,150	12,731	1,581
CASH, JANUARY 1	29,555	29,555	0	16,824	16,824	0
CASH, DECEMBER 31	38,745	40,533	1,788	27,974	29,555	1,581
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	10,000	6,662	(3,338)	9,500	7,130	(2,370)
Total Receipts	10,000	6,662	(3,338)	9,500	7,130	(2,370)
DISBURSEMENTS						
Payments to shelters	10,000	6,662	3,338	9,500	7,230	2,270
Total Disbursements	10,000	6,662	3,338	9,500	7,230	2,270
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(100)	(100)
CASH, JANUARY 1	0	0	0	100	100	0
CASH, DECEMBER 31	0	0	0	100	0	(100)
<u>PROSECUTING ATTORNEY SPECIAL FUND</u>						
RECEIPTS						
Charges for services	1,800	2,298	498	1,500	1,750	250
Interest	0	24	24	0	18	18
Total Receipts	1,800	2,322	522	1,500	1,768	268
DISBURSEMENTS						
Prosecuting Attorney	3,300	721	2,579	3,000	2,282	718
Total Disbursements	3,300	721	2,579	3,000	2,282	718
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	1,601	3,101	(1,500)	(514)	986
CASH, JANUARY 1	1,630	1,630	0	2,144	2,144	0
CASH, DECEMBER 31	130	3,231	3,101	644	1,630	986

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	18,406	18,406	0
Interest	100	163	63	400	184	(216)
Total Receipts	100	163	63	18,806	18,590	(216)
DISBURSEMENTS						
Sheriff	13,636	0	13,636	16,352	0	16,352
South Central Drug Task Force	3,000	3,000	0	21,406	21,406	0
Total Disbursements	16,636	3,000	13,636	37,758	21,406	16,352
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,536)	(2,837)	13,699	(18,952)	(2,816)	16,136
CASH, JANUARY 1	16,536	16,536	0	19,352	19,352	0
CASH, DECEMBER 31	0	13,699	13,699	400	16,536	16,136
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Intergovernmental	0	5,341	5,341	0	0	0
Charges for services	40,145	49,071	8,926	37,700	41,169	3,469
Total Receipts	40,145	54,412	14,267	37,700	41,169	3,469
DISBURSEMENTS						
Sheriff	79,167	37,759	41,408	78,615	43,062	35,553
Total Disbursements	79,167	37,759	41,408	78,615	43,062	35,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,022)	16,653	55,675	(40,915)	(1,893)	39,022
CASH, JANUARY 1	39,022	39,022	0	40,915	40,915	0
CASH, DECEMBER 31	0	55,675	55,675	0	39,022	39,022
<u>SHERIFF EMERGENCY RESPONSE TEAM FUND</u>						
RECEIPTS						
Interest	20	11	(9)	25	20	(5)
Transfers in	3,000	0	(3,000)	3,000	0	(3,000)
Total Receipts	3,020	11	(3,009)	3,025	20	(3,005)
DISBURSEMENTS						
Sheriff	5,100	1,814	3,286	5,763	678	5,085
Total Disbursements	5,100	1,814	3,286	5,763	678	5,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,080)	(1,803)	277	(2,738)	(658)	2,080
CASH, JANUARY 1	2,080	2,080	0	2,738	2,738	0
CASH, DECEMBER 31	0	277	277	0	2,080	2,080

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	1,500	2,397	897	2,000	1,006	(994)
Interest	100	82	(18)	100	63	(37)
Other	0	0	0	0	1,764	1,764
Transfers in	2,000	0	(2,000)	0	0	0
Total Receipts	3,600	2,479	(1,121)	2,100	2,833	733
DISBURSEMENTS						
Elections	8,500	3,534	4,966	8,500	0	8,500
Transfers out	0	0	0	0	1,764	(1,764)
Total Disbursements	8,500	3,534	4,966	8,500	1,764	6,736
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,900)	(1,055)	3,845	(6,400)	1,069	7,469
CASH, JANUARY 1	7,654	7,654	0	6,585	6,585	0
CASH, DECEMBER 31	2,754	6,599	3,845	185	7,654	7,469
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	26,800	30,225	3,425	28,200	26,315	(1,885)
Interest	0	303	303	0	95	95
Other	0	94	94	0	8	8
Total Receipts	26,800	30,622	3,822	28,200	26,418	(1,782)
DISBURSEMENTS						
County Collector	29,400	10,497	18,903	26,400	10,183	16,217
Transfers out	8,500	8,500	0	0	0	0
Total Disbursements	37,900	18,997	18,903	26,400	10,183	16,217
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,100)	11,625	22,725	1,800	16,235	14,435
CASH, JANUARY 1	17,952	17,952	0	1,717	1,717	0
CASH, DECEMBER 31	6,852	29,577	22,725	3,517	17,952	14,435
<u>EMPLOYEE HEALTH BENEFIT FUND</u>						
RECEIPTS						
Interest	0	238	238	50	47	(3)
Insurance refunds	0	0	0	25,000	24,851	(149)
Total Receipts	0	238	238	25,050	24,898	(152)
DISBURSEMENTS						
Other	22,980	0	22,980	3,000	1,918	1,082
Total Disbursements	22,980	0	22,980	3,000	1,918	1,082
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,980)	238	23,218	22,050	22,980	930
CASH, JANUARY 1	22,980	22,980	0	0	0	0
CASH, DECEMBER 31	0	23,218	23,218	22,050	22,980	930

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	113	133	20	1,000	235	(765)
Other	400	371	(29)	1,000	107	(893)
Total Receipts	513	504	(9)	2,000	342	(1,658)
DISBURSEMENTS						
Circuit Clerk	4,000	2,992	1,008	6,000	2,908	3,092
Total Disbursements	4,000	2,992	1,008	6,000	2,908	3,092
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,487)	(2,488)	999	(4,000)	(2,566)	1,434
CASH, JANUARY 1	19,165	19,165	0	21,731	21,731	0
CASH, DECEMBER 31	15,678	16,677	999	17,731	19,165	1,434
<u>ASSOCIATE CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Charges for services	0	401	401	0	0	0
Interest	800	1,224	424	1,867	1,017	(850)
Total Receipts	800	1,625	825	1,867	1,017	(850)
DISBURSEMENTS						
Associate Circuit Clerk	6,400	304	6,096	6,500	1,522	4,978
Total Disbursements	6,400	304	6,096	6,500	1,522	4,978
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,600)	1,321	6,921	(4,633)	(505)	4,128
CASH, JANUARY 1	6,900	6,900	0	5,538	7,405	1,867
CASH, DECEMBER 31	1,300	8,221	6,921	905	6,900	5,995
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	22,000	22,424	424	24,827	21,924	(2,903)
Interest	150	271	121	290	151	(139)
Other	0	0	0	0	90	90
Total Receipts	22,150	22,695	545	25,117	22,165	(2,952)
DISBURSEMENTS						
Publications	12,053	7,021	5,032	17,738	10,325	7,413
Equipment	2,500	2,415	85	0	5,500	(5,500)
Other	2,015	1,971	44	2,500	224	2,276
Total Disbursements	16,568	11,407	5,161	20,238	16,049	4,189
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,582	11,288	5,706	4,879	6,116	1,237
CASH, JANUARY 1	19,859	19,859	0	13,743	13,743	0
CASH, DECEMBER 31	25,441	31,147	5,706	18,622	19,859	1,237

Exhibit B

HOWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	289,000	310,646	21,646	42,000	40,740	(1,260)
Intergovernmental	425,219	427,844	2,625	60,960	50,012	(10,948)
Charges for services	261,820	250,727	(11,093)	21,450	18,863	(2,587)
Interest	1,200	2,580	1,380	100	77	(23)
Other	400	950	550	75,600	60,260	(15,340)
Total Receipts	977,639	992,747	15,108	200,110	169,952	(30,158)
DISBURSEMENTS						
Salaries	565,031	501,252	63,779	75,147	75,773	(626)
Contractual services	19,163	17,335	1,828	2,020	2,495	(475)
Medical supplies and expenses	100,750	72,797	27,953	12,487	9,448	3,039
Administrative expenses	9,200	16,280	(7,080)	7,500	1,695	5,805
Supplies and equipment	138,350	130,402	7,948	3,500	10,827	(7,327)
Facility expenses	59,300	57,797	1,503	8,170	8,915	(745)
Travel and training	22,000	21,609	391	2,800	1,446	1,354
Computer expenses	3,000	2,813	187	550	785	(235)
Fees, dues, and contributions	1,000	1,453	(453)	0	180	(180)
Other	40,700	24,073	16,627	0	0	0
Total Disbursements	958,494	845,811	112,683	112,174	111,564	610
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,145	146,936	127,791	87,936	58,388	(29,548)
CASH, JANUARY 1	53,333	58,388	5,055	0	0	0
CASH, DECEMBER 31	72,478	205,324	132,846	87,936	58,388	(29,548)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	157,000	166,731	9,731	155,000	155,235	235
Intergovernmental	915	856	(59)	810	892	82
Interest	1,200	2,766	1,566	1,700	1,291	(409)
Total Receipts	159,115	170,353	11,238	157,510	157,418	(92)
DISBURSEMENTS						
Office expenses	900	2,093	(1,193)	600	539	61
Contractual services	290,000	140,860	149,140	250,000	120,860	129,140
Total Disbursements	290,900	142,953	147,947	250,600	121,399	129,201
RECEIPTS OVER (UNDER) DISBURSEMENTS	(131,785)	27,400	159,185	(93,090)	36,019	129,109
CASH, JANUARY 1	132,111	132,111	0	96,092	96,092	0
CASH, DECEMBER 31	326	159,511	159,185	3,002	132,111	129,109

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HOWELL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Howell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The county's published financial statements for the years ended December 31, 2004 and 2003, included all funds presented in the accompanying financial statements. However, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2004 and 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the Health Center Board's, and the Senate Bill 40 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the boards' custodial bank in the county's or the boards' name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Health Center Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

HOWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5520	\$ 167,397	0
		ERS045-4220	0	13,928
	Program Total		<u>167,397</u>	<u>13,928</u>
10.559	Summer Food Service Program for Children	ERS146-41451	260	0
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	217,393	109,561
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grant/State' Program	2004-PF-03	40,100	0
		96-ED-09	1,400	0
		2000-ME-02	5,280	0
	Program Total		<u>46,780</u>	<u>0</u>
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640	20,463	0
		ERO-1640574	15,912	9,652
		N/A	0	17,047
	Program Total		<u>36,375</u>	<u>26,699</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Order	2002-WE-BX-0033	250,794	240,466
16.592	Local Law Enforcement Block Grants Program	2003-LB-BX-2392	8,986	2,566
16.607	Bulletproof Vest Partnership Program	2003BUBX03017	5,341	0
16.710	Public Safety Partnership and Community Policing Grant	2003CKWX0073	218,862	0
		2002CKWX-0188	4,782	95,199
		2002CKWX-0361	0	17,982
	Program Total		<u>223,644</u>	<u>113,181</u>

Schedule

HOWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
16	Equitable Sharing of Seized and Forfeited Property	N/A	0	18,406
	Passed through:			
	State Department of Public Safety			
16.523	Juvenile Accountability Incentive Block Grant	2001-SUP-06-JAIBG	17,762	0
		2003-JAIBG-LG-15	2,391	0
		2002-JAIBG-LG-15	9,505	2,362
		JAIBG-LG-12	0	10,265
		2000-SUP-05	0	6,423
	Program Total		29,658	19,050
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	01-JFJ4-12	0	27,543
16.575	Crime Victim Assistance	2003-VOCA-0022	6,732	0
		2002-VOCA-0030	20,507	7,220
		2000-VOCA-0143	0	22,077
	Program Total		27,239	29,297
16.579	Byrne Formula Grant Program	2002-NCD2-008	138,323	84,970
		2002-NCDC2-053	100,080	0
		2001-NCDC-032	0	118,249
	Program Total		238,403	203,219
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2004-14	45,065	912
		TF-2004-14	47,080	0
		2000-DDVX-0055	23,061	81,853
		SD-2003-05	296	50,730
		2005-HOWE	306	0
	Program Total		115,808	133,495
	State Department of Public Safety			
16.588	Violence Against Women Formula Grant	2000-VAWA-0066	0	7,358
	Missouri Sheriff's Association			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,150	649
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-046(7)	0	9,176

Schedule

HOWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.011	Election Reform Payment:	N/A	4,196	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.552	Emergency Management Performance Grants	N/A	9,227	8,693
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Preventior and Surveillance of Blood Lead Levels in Childre	ERS146-5145L ERS146-4300L	3,210 0	0 125
	Program Total		3,210	125
93.268	Immunization Grants	N/A	92,284	0
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022051 ERS161-50025	7,255 27,278	0 2,388
	Program Total		34,533	2,388
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	144,599	137,546
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA0675145C PGA067-5300S	3,310 3,343	0 0
	Program Total		6,653	0
	Department of Social Services -			
93.658	Foster Care - Title IV-E	AOC600316	39,683	36,047
	Department of Health and Senior Services			
93.945	Assistance Programs for Chronic Disease Preventio and Control	AOC04380036	32,385	0
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5145M AOC063800336 ERS146-4145M	31,771 0 0	0 8,750 2,458
	Program Total		31,771	11,208

Schedule

HOWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.036	Public Assistance Grants	N/A	1,817	35,876
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	6,750	8,250
Total Expenditures of Federal Award:			\$ <u><u>1,776,336</u></u>	<u><u>1,194,727</u></u>

* The CFDA number for this program changed to 97.042 in October 2003

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

HOWELL COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Howell County, Missouri, except for the programs accounted for in the Howell County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended June 30, 2004 and 2003.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Equitable Sharing of Seized and Forfeited Property (CFDA number 16) – include both cash receipts and the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2004	2003
14.228	Community Development Block Grant/State's Program	46,780	0
14.231	Emergency Shelter Grants Program	36,375	26,699
16	Equitable Sharing of Seized and Forfeited Property	0	18,406
16.579	Byrne Formula Grant Program	238,403	203,219
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	70,447	81,853
16.710	Public Safety Partnership and Community Policing Grants	223,644	113,181

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Howell County, Missouri

Compliance

We have audited the compliance of Howell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Howell County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-1, 04-2, and 04-3.

Internal Control Over Compliance

The management of Howell County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-1, 04-2, and 04-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding number 04-2 to be a material weakness.

This report is intended for the information and use of the management of Howell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

Schedule

HOWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

Number Program Title

16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
16.710	Public Safety Partnership and Community Policing Grants
16.579	Byrne Formula Grant Program
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.590
Program Title:	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
Pass-Through Entity Identifying Number:	2002-WE-BX-0033
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Not Applicable
Federal CFDA Number: 16.710
Program Title: Public Safety Partnership and Community Policing Grants
Pass-Through Entity
Identifying Number: 2003CKWX0073, 2002CKWX-0188, & 2002CKWX-0361
Award Years: 2004 and 2003
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 16.579
Program Title: Byrne Formula Grant Program
Pass-Through Entity
Identifying Number: 2002-NCD2-008, 2002-NCDC2-053, & 2001-NCD2-032
Award Years: 2004 and 2003
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: Department of Social Services
Federal CFDA Number: 93.563
Program Title: Child Support Enforcement
Pass-Through Entity
Identifying Number: Not Applicable
Award Years: 2004 and 2003
Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county's SEFA contained several errors and omissions. While the county's procedures to track federal awards for preparation of the SEFA has significantly improved from the prior audit, expenditures for three grants were omitted for both of the years ended December 31, 2004 and 2003 totaling \$30,245 and \$38,913, respectively. These grants were handled by the Sheriff's Office or the Health Center. Another federal award was misstated by a total of \$112,735 and \$32,278 for the years ended December 31, 2004 and 2003, respectively. The County Clerk indicated he was not aware the amounts passed-through to the school districts should have been included on the county's SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Commission and the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated:

We will continue to work with the various offices to address this recommendation. However, we can not ensure the accuracy of information received from outside sources that is later incorporated in the county's SEFA report.

04-2.	Subrecipient Monitoring
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Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	2003CKWX0073, 2002CKWX-0188, & 2002CKWX-0361
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number:	2002-NCD2-008, 2002-NCDC2-053, & 2001-NCD2-032
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

The County Commission does not adequately monitor the subrecipient for the Public Safety Partnership and Community Policing Grant (COPs) and the Byrne Formula Grant. Expenditures for these grant programs totaled \$462,047 and \$316,400, for the years ended December 31, 2004 and 2003, respectively. Within two days of receiving the funds from the grantor, the county disburses the grant funds to the South Central Drug Task Force (SCDTF), a group organized to consolidate drug enforcement agencies of 16 counties in Missouri. The Howell County Sheriff serves as the chairman of the SCDTF Board.

The County Commission does not have adequate procedures to ensure request for funds (RFFs) are properly reviewed and approved before the forms are submitted to the grantor for reimbursement. The County Commission receives and reviews the requests for funds forms (RFFs) after the forms are submitted to the grantor and reimbursement is received; however, no supporting documentation is reviewed. The Sheriff indicated he reviews and approves the

RFF and supporting documentation prior to submitting the request for reimbursement to the grantor; however, there is no documentation of this review and approval. The task force's bookkeeper signs the RFF before submitting it to the state or federal grantor agency for reimbursement.

In addition, the County Commission does not review the audit reports of the SCDTF. The audit report for the fiscal year end June 30, 2003, noted a lack of segregation of duties over receipts and disbursements at the SCDTF. The lack of segregation of duties reinforces the need for the County Commission to provide oversight over the grant expenditures and requests for reimbursements to reduce the risk federal funds would be misappropriated.

The County Commission, as primary grantee for the grants, is responsible for monitoring the subrecipients of the grant which includes ensuring grant funds are used only for allowable costs as required by the grant program. Since the Sheriff is directly involved in the management of the SCDTF, it would be prudent for the County Commission to provide the necessary oversight to ensure the funds are properly spent in accordance with the grant requirements.

WE RECOMMEND the County Commission establish procedures to ensure compliance with federal and state requirements for federal grant programs including documenting the review and approval of all grant expenditures and grant reimbursement requests.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated this recommendation will be implemented immediately.

04-3.

DVERT Grant

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.590
Program Title:	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
Pass-Through Entity	
Identifying Number:	2002-WE-BX-0033
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

The County Commission and the former Sheriff reviewed and approved expenditures for the Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program without obtaining adequate supporting documentation. In addition, the County Commission has not established procedures to ensure the salaries paid to the local entities are in accordance with the written agreements.

Grant funds totaling \$250,794 and \$240,466 in 2004 and 2003, respectively, were used to form a Domestic Violence Enhanced Response Team (DVERT). The county contracted with five local entities (two police departments, two domestic violence shelters, and a medical center) to employ a DVERT representative. The contracts (dated October or November 2002) stipulated that the county would reimburse the local entity for the DVERT representative's salary (set at a specific amount in the contract) plus fringe benefits. The contracts required "a request for payment" from the entities. The Sheriff and County Commission did not ensure the amount billed was in accordance with the contract or was adequately supported. The invoices from the local entities usually indicated the total payroll for the quarter plus fringe benefits; however, four of the five local entities did not provide a copy of the payroll register or timesheets to support the amount actually paid to the DVERT representative. Only one entity provided support for the payroll amount being billed including the actual salary paid and number of hours worked.

A review of the five DVERT contracts noted the following problems:

- Three of the local entities billed the county more than the amount stipulated in the contract totaling \$8,929 and \$4,017 in 2004 and 2003, respectively. Apparently, the local entities authorized salary increases to the DVERT employees and the contracts were not amended to reflect the salary increase.
- Two of the local entities billed the county and were reimbursed for more than they actually paid to the DVERT representatives totaling \$393 and \$291 for 2004 and 2003, respectively. The entities indicated this had occurred because they estimated the fringe benefits and did not later adjust for the over billing.

The County Commission or the former Sheriff did not identify the problems noted above during their review and approval of the grant expenditures. The County Commission should establish procedures to ensure grant expenditures are adequately supported and in compliance with the contract during the review and approval of the invoices.

WE RECOMMEND the County Commission should establish procedures to ensure grant expenditures are adequately supported and contracts are amended for changes related to federal grants.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated this recommendation will be implemented immediately.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HOWELL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

HOWELL COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings – Two Years Ended December 31, 2002

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Commerce
Pass-Through Grantor:	Direct Program
Federal CFDA Number:	11.300
Program Title:	Grants for Public Works and Economic Development
Pass-Through Entity	
Identifying Number:	2000-MO-03
Award Years:	2001
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant
Pass-Through Entity	
Identifying Number:	2000-NDC2-012 and 2000-NDC2-022
Award Years:	2001
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 16.680
Program Title: Edward Byrne Memorial State and Local Law Enforcement Assistance

Pass-Through Entity
Identifying Number: 2000DDVX0055, TF-2001-10
Award Years: 2002 and 2001
Questioned Costs: Not Applicable

Federal Grantor: Federal Emergency Management Agency
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 83.544
Program Title: Disaster Relief
Pass-Through Entity
Identifying Number: 1412-OR-MO
Award Years: 2002
Questioned Costs: Not Applicable

The county did not have procedures in place to track federal awards for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Partially implemented. The County Clerk implemented a new grant tracking system; however, expenditures relating to three federal grants were omitted from the SEFA. See Finding Number 04-1.

Findings – Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: Office of Administration
Federal CFDA Number: 10.665
Program Title: Schools and Roads – Grants to States

Pass-Through Entity	
Identifying Number	Not Applicable
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number	96-ED-09, 97-PF-11, 98-PF-13, & 2000-ME-02
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number	98-NCD2-036, 99-NCD2-013, & 2000-NCD2-012
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

The county did not have a procedure in place to track federal awards for preparation of the SEFA resulting in numerous errors and omissions in the county's SEFA.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Partially implemented. The County Clerk implemented a new grant tracking system; however, expenditures relating to three federal grants were omitted from the SEFA. See Finding Number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HOWELL COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Howell County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005. We also have audited the compliance of Howell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005.

Because the Howell County Public Housing Agency is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed the audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than

those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Howell County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Officials' Compensation and Bonds
--

The County Collector and County Assessor received mid-term salary increases and the County Treasurer received an annual \$11,180 salary increase which was not approved by the Salary Commission. In addition, the County Treasurer did not obtain an additional bond sufficient to cover school monies he received.

- A. The County Collector and County Assessor received raises, effective January 1, 2004 and 2001, based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, states the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Collector and County Assessor received the salary increases prior to their dates of incumbency which are March 1 and September 1, respectively. The county should review this situation and consider obtaining reimbursement of the \$583 and \$2,333 in overpayments, respectively.
- B. The County Treasurer's annual salary was increased from \$31,820 to \$43,000, or \$11,180 annually, effective with the start of his new term of office on January 1, 2003. The Salary Commission authorized salaries for office holders at 100 percent of the officials' statutory salary schedule amount during the November 9, 1987 Salary Commission meeting. The meeting minutes also document that "when the Missouri Legislature amends or changes the present method or schedules of setting county officials salaries, that the Howell County Salary Commission will change likewise." According to the County Clerk, the Salary Commission has not met since December 2, 1991, to discuss or approve any of the salary increases because of the decisions made during the 1987 meeting.

Section 54.261.3, RSMo, authorizes the salary commission to increase the county treasurer's salary based on an alternative wage scale. The alternative wage scale increased the county treasurer's annual salary by \$11,180. However, since the Salary Commission has not met since December 1991, the increase was not authorized by the salary commission as required by the statutes.

The County Treasurer obtained a legal opinion from a private attorney to determine if his salary increase required the Salary Commission to meet to approve the change in his salary. The legal opinion indicated that since the Salary Commission pre-approved the changes to the schedules when they set the allowable percentage at a 100 percent of the salary schedule during the 1987 meeting and the rate would not change with the proposed increase to the County Treasurer's salary, it was not necessary for the Salary Commission to approve the pay increase. The legal opinion failed to address the wage increase based on the alternative wage scale. As a result it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law. The county did not obtain a legal opinion from the Prosecuting Attorney.

- C. The County Treasurer has not obtained an additional bond sufficient to cover the school monies he receives. The County Treasurer is currently bonded for \$500,000 and increases to \$1,750,000 for the period beginning December 10 through January 25 each year. According to the County Treasurer, he estimated the additional bond for school monies for the period from December 15 to January 31 by calculating one-fourth of the school tax collections for the year and adding it to the regular bond of \$500,000. The County Treasurer had approximately \$7.295 million of school monies in his hands on January 17, 2002. Section 54.160, RSMo, requires the Treasurer to give additional bond for school monies sufficient to secure the monies that come into his hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding his election. The County Treasurer should increase his bond to at least one-fourth of the school funds in his hands for the months when the collections are highest to ensure school funds are adequately secured.

WE RECOMMEND the County Commission:

- A. Review this situation and consider obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- C. And the County Treasurer ensure an additional bond is obtained to secure the school monies that come into the County Treasurer's hands.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *Historically, Missouri law dictates the standard relating to compensation of county officials. Additionally, over the years, the subject in question has been answered in various opinions from the office of the Attorney General. Pursuant to section 50.010, RSMo, the law is very clear when the county fiscal year begins. We are unaware of any modifications to the law,*

and, given the numerous county audits completed, the State Auditor's office has been silent on this matter now in question.

- B. *In 1995, the office of State Auditor made the decision to cease criticizing the amounts of compensation paid to county officials. It was believed that individual counties were in a better position to determine salaries as the law intends. Pursuant to state wide legal opinions and supporting documentation from the prosecuting attorney, stating, the decision of the salary commission is to pay each official 100% of the maximum salary allowable by law, unless that percentage changes, there is no need to hold another meeting. To our knowledge the aforementioned directive relating to this question remains unchanged.*

The County Commission and the County Treasurer indicated:

- C. *This recommendation will be implemented immediately.*

AUDITOR'S COMMENT

- A. Section 50.333.8 states the officials' year of incumbency, not the county's fiscal year, should be used. Similar comments have appeared in several State Auditor's office reports.
- B. The county had no current opinion from its Prosecuting Attorney and nothing supporting a statewide opinion.

2. Budgetary Practices

The County Commission significantly overestimated the amounts budgeted for the Law Enforcement Sales Tax Fund as follows:

Year Ended December 31,	Disbursements		Budget over Actual
	Budget	Actual	
2004	\$ 2,667,221	2,409,401	257,820
2003	2,915,342	2,412,245	503,097
2002	2,224,388	1,942,667	281,721
2001	1,741,081	1,377,030	364,051

During the last four years, actual disbursements have been 79 to 90 percent of budgeted expenditures. The County Clerk indicated the Sheriff planned to begin a renovation project in the county jail with an estimated cost of \$100,000 and \$186,000 in 2004 and 2003, respectively, but this project has not been started. However, even without the renovation project, other expenditure categories such as detention center expenses, salaries, and fringe benefits were significantly overestimated. As evidenced by the amounts presented above, the County Commission and Sheriff do not adequately review historical cost data when preparing the budget. In addition, the budget indicated an estimated ending cash balance of

\$19,630 and \$0 for 2004 and 2003, respectively; however, the actual ending cash balance was \$310,812 and \$457,647 for the same period. The practice of overestimating disbursements results in an unreasonable estimated ending fund balance and reduces the use of the budget as a management tool and as a control over disbursements.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.

WE RECOMMEND the County Commission ensure budgeted expenditures are reasonable so that a more realistic estimate of the Law Enforcement Sales Tax Fund's financial condition is presented and to increase the budget's effectiveness as a management tool.

AUDITEE'S RESPONSE

The County Commission indicated:

We find it difficult to criticize an officeholder that has frugally managed taxpayer dollars.

AUDITOR'S COMMENT

For the budget to be utilized effectively and to adequately inform county residents of the county's operations and current financial position, the budgets should reflect a reasonable estimate of disbursements and an anticipated ending cash balance.

3. Circuit Clerk's Accrued Costs

Formal procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal cases are adequately identified and pursued. An accrued costs listing of fees owed to the court is not accurate and monitoring procedures related to accrued costs are not adequate. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures.

A listing of accrued costs owed to the court is maintained in the Circuit Clerk's computer system, the Justice Information System (JIS); however, the Circuit Clerk was not aware this information was available or that a report could be generated. We suggested the Circuit Clerk contact the Office of State Courts Administrator to find out how to generate the report. As of March 2005, the Circuit Clerk's accrued cost balance was approximately \$1,243,000. Two cases reviewed, totaling \$19,823, should have been removed from the accrued costs list because these cases had been transferred to another county. In addition, in one case reviewed, the Circuit Clerk had failed to update the system when the amount received from

the state was different from the amount requested. The Circuit Clerk should periodically generate a list of accrued costs and review for accuracy and completeness.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Establishing procedures to ensure cases are updated or removed from the accrued cost list would help ensure the list is complete and accurate. Inadequate procedures for the collection of accrued court costs may result in lost revenues. In addition, Section 546.870, RSMo, requires the clerk to issue executions on amounts not collected at the end of each term.

WE RECOMMEND the Circuit Clerk maintain a complete and accurate listing of accrued costs. In addition, written procedures should be established and implemented for identifying, recording, and pursuing the collection of such accrued costs.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

After discussing this with the Judge, the Tax Intercept Program has been initiated on all cases where the defendant goes to the Department of Corrections. Court costs are shown as due as of the sentencing date and a payment plan is set up, therefore costs will be collected through the Tax Intercept Program.

On all cases where court costs are due, each statement mailed now has highlighted "If payments need to be made, please contact Cindy Weeks, Circuit Clerk." When parties call, we talk to them about their costs and then make a docket entry as to how much will be paid monthly.

If the defendant violates probation, the Judge is now advised when the defendant appears in court, how much court costs are owed and if payments have been made. The Judge then has the opportunity to address court costs with the defendant. If the defendant is continued on probation, amended statements are mailed to the defendant and the Probation Officer.

The bond forms have been changed to read "When posting a cash bond, any money deposited will be considered by the court as belonging to the defendant. Be advised fines, court costs, restitution, and various other fees will be deducted from the cash bond before any money will be refunded to the defendant."

We have also implemented a policy of writing letters to parties with cash bonds as soon as the case is disposed of. We advise them that the court costs will be deducted from the cash bond and the unused portion will be refunded to them once they provide our office with their receipt showing they put the cash bond up.

We have implemented a policy that in January and July of each year, we will use reports from OSCA to clean up all accrued costs. We are in the process of going through and checking all accrued

costs. Statements in civil cases are being sent out showing costs are past due and to notify the Circuit Clerk.

4. Juvenile Office Records and Procedures
--

The Juvenile Office does not issue receipt slips for some restitution monies received. The Juvenile Office is responsible for collecting court ordered restitution from juvenile offenders and remitting the monies collected to victims. A bank account is not maintained, instead, receipts from each juvenile, in the form of money order or certified check, are forwarded by the Juvenile Office to the victim.

The Juvenile Office does not issue receipt slips for some restitution monies received or maintain a receipt log. The Juvenile Office began using a single receipt book in order to account for restitution payments received; however, not all receipts were recorded in this book. In the ten restitution cases reviewed, a receipt slip was not issued for monies received in five instances. As a result of the lack of adequate receipt records and because restitution receipts are not deposited in a bank account, the total amount of restitution received was not available.

To properly account for all monies received, pre-numbered receipt slips should be issued for all receipts or a receipt log should be maintained. To facilitate issuing prenumbered receipt slips and recording cash transactions, the Juvenile Office should also consider implementing a one-write system. The one-write system would record transactions on a cash control ledger simultaneously to issuing a receipt slip. Complete documentation of juvenile restitution receipts provides a framework for ensuring restitution owed, paid, and distributed to victims is properly accounted for and accurately recorded.

WE RECOMMEND the Juvenile Division issue pre-numbered receipt slips for all restitution monies received. In addition, procedures should be implemented to record all receipts in a cash control ledger (one-write system) to ensure complete documentation of juvenile restitution activity.

AUDITEE'S RESPONSE

The Chief Juvenile Officer indicated:

A one-write system has been implemented to record all restitution monies.

5. Health Center

The Health Center's internal controls over cash receipts and disbursements are in need of improvement and Board approval of individual invoices and employee pay rate increases is not documented. In addition, employee time sheets are not approved and signed by a

supervisor, bids were not always solicited or advertised nor was bid documentation always retained for various purchases, and a building was leased without the Health Center Board's approval. Also, the Health Center Board's regular session minutes did not disclose the reason for entering into closed session and did not always document the final disposition of matters discussed in closed session.

The county passed a ten cent property tax levy for a county health center in April 2003. Board members were appointed in June 2003 and the Health Center Board of Trustees held its first meeting on July 1, 2003. The Health Center began operation on November 1, 2003. Until the Health Center opened, the South Central Public Health Group, Inc. (SCPHGI) provided health care services to county residents. The SCPHGI operated out of the building the Health Center is currently leasing. In November 2003, the SCPHGI turned over all its assets to the Health Center, including the responsibility for services provided by some of the grants the SCPHGI was receiving. The assets turned over to the Health Center included office equipment, supplies, fixtures, furniture, and contracts, plus \$54,242 in cash. In addition, the Health Center hired many of the SCPHGI employees. Our review of the health center's operations disclosed the following concerns:

A. The Health Center does not have adequate controls over cash receipts and disbursements.

1. Accounting and bookkeeping duties are not adequately segregated. Currently, the responsibilities of recording and depositing receipts, performing bank reconciliations, and preparing checks are assigned to the Health Center Financial Officer. The Health Center Director indicated he reviews the deposits and the bank reconciliations; however, he does not document his review.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, at a minimum, a review of monthly reconciliations should be performed. Proper supervision and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

2. Prenumbered receipt slips are not issued for individual birth and death certificates, environmental tests, and immunizations, nor is a receipt log maintained. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received or monies should be recorded on a receipt log immediately upon receipt. In addition, all receipt records should indicate the method of payment (i.e. cash, checks, or money orders) and the composition of receipt slips issued should be reconciled to the bank deposits to ensure all receipts have been accounted for and deposited.

- B. The Health Center Board does not review and approve individual invoices. In addition, the listing of all disbursements approved by the Board for payment is not retained and attached to the minutes. Although the board reviews a disbursement listing at the monthly board meeting, the board does not review invoices or other supporting documentation before signing checks. There is no documentation in the board meeting minutes of the review of the disbursement listing nor is a copy of the listing retained with the minutes. Health Center personnel indicated the Board had authorized the director and administrative assistant to pay bills and sign checks, without board approval in certain instances. For example, the Board authorized the director to pay bills that come in after the month's bills were approved but due before the next board meeting, and to take advantage of early payment discounts. These particular disbursements are listed in the disbursement listing along with other bills to be paid.

Expenditures made from Health Center funds should be reviewed and approved by the board to ensure all disbursements represent valid operating costs of the Health Center. To adequately document the board's review and approval of all disbursements, the listing of disbursements approved by the board should be signed or initialed by the board to denote their approval and attached to the board minutes.

- C. During our review of the Health Center's payroll records, we noted the following concerns:
1. Approval of salary increases was not properly documented in the Health Center Board meeting minutes. In December 2004, employees received a percentage pay rate increase. Each employee category received different pay rate increases. Without documentation of the board's approval for pay rate changes, there is no assurance that employees are being paid the board approved amount or whether the Director independently increased the employees' salaries.
 2. Employee time sheets are not approved and signed by a supervisor. The supervisor should sign the employee time sheets to provide assurance that hours reported were reviewed, approved, and accurate.
- D. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases by the Health Center. Examples of items purchased for which bid documentation could not be located are as follows:

Item	Cost
GIS computer equipment	\$ 93,013
Medical supplies	26,734

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of Health Center resources and help assure the Health Center that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in Health Center business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.

- E. The Health Center paid \$3,000 a month for the lease of a building from the former Interim Health Center Director's husband's company. The former Interim Director, who was the Director of the SCPHGI at the time, signed the lease on May 22, 2003 to take effect on July 1, 2003. The first board meeting was held on July 1, 2003. No bids were obtained prior to signing the lease. The Health Center Board Chairman indicated the lease was accepted because it was considered "a done deal" when the board members took office. However it would appear that the lease was not legally binding until it was approved by the Health Center Board.

Section 105.454, RSMo, prohibits financial transactions between the Health Center and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of the health center that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and competitive bidding, provided that the bid or offer was the lowest received.

Since the Interim Director was in an administrative position, the transaction gives the appearance of a conflict of interest. Given the circumstances of this transaction, the Health Center Board should have considered soliciting bids for a new lease.

- F. The Health Center Board's regular session minutes did not disclose the reason for entering into closed session and did not always document the final disposition of matters discussed in closed session. For example, the board decided to pay an employee for additional time spent on an on-line course in the closed meeting and did not document the final decision in the regular session. Further, an item discussed during one of the closed sessions did not relate to a subject allowed in the state statutes. Of the eight closed meetings between September 2003 to April 2005, there were problems with two of the closed meetings.

Section 610.021, RSMo, allows the Health Center Board to close meetings to the extent they related to certain specified subjects, including litigation, real estate transactions, and personnel issues. In addition, Section 610.022, RSMo, requires that before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, requires certain matters discussed in closed meetings to be made public upon final disposition.

The board should document reasons for the closed meeting and the final disposition of the matters discussed during the closed meeting. In addition, the reason for the closed meeting should be related to the specific subject allowed by state law.

WE RECOMMEND the Health Center Board:

- A.1. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of monthly bank reconciliations should be performed and documented.
2. Require prenumbered receipt slips to be issued for all monies received or monies be immediately posted to a receipt log. In addition, the method of payment should be documented on the receipt records, and the composition of receipts reconciled to deposits.
- B. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented by signing or initialing the listing of disbursements and filing it with the board minutes.
- C. Ensure Board minutes document employee pay rate changes and employee time sheets are approved by the applicable supervisor.
- D. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.
- E. Refrain from entering into business transactions with related parties unless such services or transactions are properly bid in accordance with state law.
- F. Ensure reasons for closing a meeting are documented and the final disposition of matters discussed in closed meetings is made public as required by state law. In addition, the reasons for closing a meeting should relate to a specified subject allowed by state law.

AUDITEE'S RESPONSE

The Health Center Director indicated:

- A.1. *Accounting duties are now segregated. One employee has transitioned into the duties as Financial Officer in-training, and has been assigned accounts receivable and daily deposits. Billing accounts receivable is assigned to the Financial Officer. Accounts payable and payroll activities are duties of the Financial Officer. The Director now approves, stamps, and initials deposits and payable invoices before giving them to the appropriate employee.*

Bank statements are received, stamped, and initialed by the Director before they are given to the appropriate employee to reconcile.

Due to budget limitations, there is not a third person to perform bank reconciliations. This duty will be done by the Financial Officer, with a reconciliation report given to the Director for review and approval.

- A.2. *New practices have been put in place to address deficiencies in previous processes. All cash received at the front desk are issued a pre-numbered receipt slip with the method of payment documented. This includes immunizations, environmental water tests, and any other income received at the front desk by the agency receptionist and these are balanced weekly. This is given to the Financial Officer in-training weekly, to balance again before depositing.*

Computer births and deaths monies received are now printed on pre-numbered certificates issued to us from the Department of Health. Receipts are immediately documented on a receipt log. A copy of this receipt, after printing is made with the method of payment documented and the original receipt is given to the client. Numbered receipts are totaled and balanced with deposit detail of cash, checks, or money orders received. All numbered receipts are then again balanced monthly with total deposits and QuickBooks Vital Records Received Report by the Financial Officer in-training.

- B. *Current practices within the Health Center will be revised by October 3, 2005 to include the fact that the Board will review actual invoices of expenditures at the monthly meeting, and documentation will indicate so in board minutes. In addition, the Board Treasurer will adopt the practice of signing the provided listing of monthly expenditures, indicating Board approval.*

- C. *From this point forward approval of all payroll raises to staff, will be documented in the Board meeting minutes. No longer will we operate under the assumption that the documentation of the board's approval of the annual Health Center budget will serve as proof of the board's acceptance of staff pay raises. This recommendation will be fully implemented in December 2005.*

Weekly time sheets are already being approved by the Director and now are being stamped and initialed before they are given to the Financial Officer.

- D. *The Health Center now recognizes that the State mandated bidding practices apply regardless of the source of funding. The finding identified is a practice which we no longer take part in.*

Current Health Center procedures have been reinforced in terms of practices in the event that purchases from a single vendor exceed the total of \$4,500 in a 90 day period. The Nurse Supervisor, will document the bid process including list of vendors, copy of request, copies of bids, justification of awarding bids and bid specifications. Tracking the amount spent per vendor will be a joint effort between the Nurse Supervisor and the Financial Officer, to be conducted prior to the time of purchases. In the event of a sole source procurement, it will be documented as such in the board meeting minutes.

- E. *No business transactions are with related parties at this time or will be in the future. The lease mentioned was accepted as was all other assets from SCPHSG. The Interim Director mentioned, is no longer employed with the Health Center.*

- F. *In response to the identified findings, closed meetings will be documented and final disposition will be made public as required. All practices in regards to closed session board meetings will now be within compliance standards outlined within the current Missouri Sunshine Law. This recommendation will be fully implemented as of October 3, 2005.*

Follow-Up on Prior Audit Findings

HOWELL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Howell County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds for the two years ended December 31, 2000.
- B. Actual disbursements exceeded the budgeted amounts in various funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is included in the annual budgets.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- C. Ensure financial Information for all county funds is properly reported in the annual financial statements.

Status:

A&B. Implemented.

- C. Partially implemented. Financial statements were published for all funds; however, the financial statements for the Health Center Fund only included monies passed through the County Treasurer. See MAR finding number 5.

2. Collateral Securities

The County Commission and the Senate Bill 40 Board had not established monitoring procedures to ensure depository banks pledge adequate collateral securities at all times, and were undercollateralized during January 2001 and January 2000. In addition, the county and the Senate Bill 40 Board did not have written depository agreements with their banks.

Recommendation:

The County Commission and the Senate Bill 40 Board establish monitoring procedures to ensure depository banks pledge adequate collateral securities at all times. In addition, the County Commission and the Senate Bill 40 Board should enter into written depository agreements with all depository banks, as required by state law.

Status:

Implemented.

3. Official's Salaries

The Howell County's Associate County Commissioners each received mid-term salary increases totaling approximately \$5,400 yearly in 1999. A subsequent Supreme Court decision held the statute section unconstitutional. The County Commission's response to the finding indicated they were following the matter closely and would respond when the court gives direction on repayment.

Recommendation:

The County Commission should review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

4. Juvenile Office Controls and Procedures

A. Accounting duties were not adequately segregated.

B. Receipt slips for restitution monies were not issued unless requested by the payor. In addition, no centralized restitution log was maintained to account for restitution assessed, collected, and distributed for each case.

Recommendation:

The Juvenile Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all restitution monies received. In addition, a centralized restitution log should be maintained to ensure complete documentation of juvenile restitution activity.

Status:

- A. Not implemented. See MAR finding number 4.
- B. Partially implemented. Prenumbered receipts slips were utilized and recorded in a single receipt book; however, receipt slips were not issued for some monies received. See MAR finding number 4.

5. County Collector's Commissions

The County Collector collected and retained a five percent penalty on delinquent city tax payments which exceeded the two percent stated in the contracts with the cities. A change in state law allowed for the increase in penalties assessed; however, the contract was not amended to reflect the change in the penalty charged to taxpayers.

Recommendation:

The County Collector and the County Commission amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.

Status:

Partially implemented. The County Collector and the County Commission amended the contract with one of the cities to replace the wording allowing the County Collector to charge a penalty of two percent with "the penalty charge according to state statute...". The County Collector indicated the contract with the other city was not amended because the wording required no change. Neither contract clearly defines the amount of penalties to be collected on delinquent city taxes or how the funds should be distributed. In addition, Section 52.290, RSMo requires the penalty to be distributed as follows: two-sevenths to General Revenue, two-sevenths to the Tax Maintenance Fund, and three-sevenths to the County Employees' Retirement Fund.

Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HOWELL COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1857, the county of Howell was named after Josiah Howell, a pioneer settler. Howell County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is West Plains.

Howell County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 1,101 miles of county roads and 41 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 28,807 in 1980 and 37,238 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	200.7	193.6	188.1	183.3	84.6 33.1
Personal property		90.3	89.8	87.0	87.4	22.1 9.1
Railroad and utilities		16.6	17.5	17.3	16.2	6.7 6.8
Total	\$	307.6	300.9	292.4	286.9	113.4 49.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Howell County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
Health Center Fund		.10	.10	N/A	N/A
Senate Bill 40 Board Fund		.05	.05	.05	.05

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	96,315	94,087	91,467	88,465
General Revenue Fund		53,671	54,336	52,298	53,615
Special Road and Bridge Fund		32,189	32,387	30,659	31,190
Assessment Fund		144,579	102,884	100,465	92,992
Health Center Fund		302,632	278,439	0	0
Senate Bill 40 Board Fund		163,063	159,939	155,356	150,532
School districts		9,779,400	8,761,978	8,509,310	8,238,173
Ambulance district		623,458	611,523	596,587	572,719
Fire protection district		216,552	206,694	202,473	194,493
Overplus Fund		7,561	14,610	19,492	9,935
Tax Maintenance Fund		28,145	29,150	12,289	0
Tax Sale Advertising		578	793	261	367
Cities		641,907	632,645	618,457	584,527
County Clerk		6,937	7,332	7,551	5,571
County Employees' Retirement		115,982	115,468	112,457	100,036
Commissions and fees:					
General Revenue Fund		198,654	193,374	183,080	177,091
Collector		24,066	24,173	22,899	20,774
Total	\$	12,435,689	11,319,811	10,715,101	10,320,481

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2000
Real estate		93	93	93	93 %
Personal property		90	90	89	84
Railroad and utilities		100	100	100	100

Howell County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law enforcement	.0025	None	0	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Larry Spence, Presiding Commissioner		31,700	30,380	30,380	30,380
Mark Collins, Associate Commissioner		29,700	28,380	28,380	28,380
Robert Vaughn, Associate Commissioner		29,700	28,380	28,380	28,380
Dennis K. VonAllmen, County Clerk		45,000	43,000	43,000	43,000
Michael Hutchings, Prosecuting Attorney		55,000	53,000	53,000	53,000
Bill Shephard, Sheriff		50,000	48,000	48,000	48,000
Truell Harrison, County Treasurer		45,000	43,000	31,820	31,820
Lonnie Pruett, County Coroner		16,000	15,000	15,000	15,000
Charm Eagleman, Public Administrator (1)		45,000	43,000	43,000	52,755
Wayne Scharnhorst, County Collector (2), year ended February 28 (29),	69,066	67,507	65,899	63,774	
Daniel Franks, County Assessor, year ended August 31, (3)		45,098	43,900	43,900	43,400
Ralph Riggs, County Surveyor (4)					

(1) Compensation for 2001 includes fees received for services provided prior to January, 1 2001.

(2) Includes \$24,066, \$24,173, \$22,899 and \$20,774 respectively, of commissions earned for collecting city property taxes.

(3) Includes \$765 annual compensation for 2004, and \$900 for 2003, 2002, and 2001, received from the state.

(4) Compensation on a fee basis.

(5) Compensation for 2003 includes salary for services provided prior to January 1, 2004.

State-Paid Officials:

Fern Freeman Welker, Circuit Clerk and Ex Officio Recorder of Deeds (5)		1,971	47,300	47,300
Cynthia Weeks, Circuit Clerk and Ex Officio Recorder of Deeds (5)	47,900	47,365	0	
David Dunlap, Associate Circuit Judge			48,000	96,000
David Evans, Associate Circuit Judge	96,000	96,000	96,000	96,000
Donald Henry, Associate Circuit Judge	96,000	96,000	47,200	



Claire McCaskill

Missouri State Auditor

September 2005

December 31, 2004 and 2003

Texas County, Missouri

Years Ended



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Texas, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Texas County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The former Ex Officio County Collector did not document that some monies spent from the Collector Tax Maintenance Fund complied with state law, which requires this money to be spent for the administration and operation of the collector's office. In July 2004, \$7,591 was spent to help pay for heating and air conditioning for the first floor of the courthouse, and in March 2005, the entire balance of the fund, \$3,043, was transferred to the county's General Revenue Fund to help pay for cleaning equipment for the courthouse. The County Commission believes the former Ex Officio County Collector's actions were appropriate and the money was spent wisely. The former Ex Officio County Collector indicated the money was spent in accordance with state law and in a manner which not only benefited her office but others as well. The current Ex Officio County Collector indicated she has requested the County Commission to consider transferring this money back to the Collector Tax Maintenance Fund because her office has specific needs which could be met with this money.
- The Public Administrator does not file annual settlements on a timely basis as required by state law. During 2003, 2004, and the first few months of 2005, annual settlements were filed 4 to 33 months after their due date. In addition, Public Administrator fees paid to the county decreased from \$22,000 in 2002 to \$5,000 in 2004.
- The current Prosecuting Attorney has custody of a bank account in which restitution and fees were deposited by the prior officeholder. While the current Prosecuting Attorney has identified and disbursed some of the money in this account, an attempt should be made to identify the remaining \$30,000, and any balance unclaimed or unidentified should be disposed of in accordance with state law.

In addition, the Prosecuting Attorney needs to deposit receipts in a more timely manner, follow up on old outstanding checks, prepare and document bank reconciliations, and prepare listings of open items (liabilities).

(over)

YELLOW SHEET

- Accounting and bookkeeping duties of the Sheriff's office are not adequately segregated, some receipts are not deposited in a timely manner, some old outstanding checks need to be reissued or disbursed as unclaimed property, and bank reconciliations are not documented.
- The Associate Circuit Division needs to deposit receipts more timely and prepare listings of open items (liabilities) for the criminal/traffic account and bond account.
- The Assessor does not issue receipt slips for some monies and does not indicate the method of payment for receipts. Checks and money orders are not restrictively endorsed immediately upon receipt and are not maintained in a secure location before they are transmitted to the County Treasurer.

All reports are available on our website: www.auditor.mo.gov

TEXAS COUNTY, MISSOURI

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TEXAS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Texas County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Texas County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Texas County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Texas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 30, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Texas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Terri Crader
	Ali Arabian



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Texas County, Missouri

We have audited the financial statements of various funds of Texas County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Texas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Texas County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Texas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

TEXAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 276,044	1,517,982	1,438,857	355,169
Special Road and Bridge	148,833	985,947	983,889	150,891
Assessment	0	152,606	152,348	258
Law Enforcement Training	1,382	9,152	6,938	3,596
Prosecuting Attorney Training	873	2,298	1,797	1,374
Rescue Unit	2,831	1,374	189	4,016
Election Services	645	18,727	1,052	18,320
Hutchason Cemetery	6,319	160	160	6,319
Law Enforcement Operation	32,666	73,984	72,528	34,122
WRI-TEX 911	499,699	377,920	431,403	446,216
Garner Covert Memorial	15,666	400	970	15,096
Recorder User's Fee	8,267	19,766	20,799	7,234
Prosecutor Bad Check Fee	11,252	20,745	31,162	835
Local Emergency Preparedness	22,717	9,574	12,575	19,716
Concealed Firearms Permits	0	2,865	0	2,865
Domestic Violence Victim	10,594	18,959	27,686	1,867
Historical and Military Museum	11,274	490	48	11,716
Collector Tax Maintenance	8,813	12,308	18,530	2,591
Prosecutor Delinquent Tax	0	4,325	0	4,325
State and Federal Grant	0	9,693	9,693	0
Health Center	252,628	604,954	591,883	265,699
Habilitation Services	64,583	174,315	145,559	93,339
Law Library	5,079	5,095	141	10,033
Circuit Clerk Interest	32,453	1,395	16,956	16,892
Associate and Probate Division Interest	9,262	1,347	317	10,292
Total	\$ 1,421,880	4,026,381	3,965,480	1,482,781

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

TEXAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 318,173	1,365,270	1,407,399	276,044
Special Road and Bridge	140,911	1,421,979	1,414,057	148,833
Assessment	0	151,370	151,370	0
Law Enforcement Training	347	6,414	5,379	1,382
Prosecuting Attorney Training	1,044	1,148	1,319	873
Rescue Unit	21,747	16,786	35,702	2,831
Election Services	8,660	1,303	9,318	645
Hutchason Cemetery	6,319	253	253	6,319
Law Enforcement Operation	25,432	68,437	61,203	32,666
WRI-TEX 911	546,295	403,375	449,971	499,699
Garner Covert Memorial	15,111	595	40	15,666
Recorder User's Fee	17,106	21,010	29,849	8,267
Prosecutor Bad Check Fee	5,970	21,822	16,540	11,252
Local Emergency Preparedness	23,669	10,322	11,274	22,717
Domestic Violence Victim	10,010	11,956	11,372	10,594
Historical and Military Museum	10,864	507	97	11,274
Collector Tax Maintenance	536	11,977	3,700	8,813
Health Center	201,141	614,910	563,423	252,628
Habilitation Services	56,281	144,743	136,441	64,583
Law Library	8,188	5,085	8,194	5,079
Circuit Clerk Interest	33,147	2,693	3,387	32,453
Associate and Probate Division Interest	8,326	1,140	204	9,262
Total	\$ 1,459,277	4,283,095	4,320,492	1,421,880

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,938,738	4,023,639	84,901	4,283,085	4,279,262	(3,823)
DISBURSEMENTS	4,411,720	3,948,207	463,513	4,703,590	4,316,901	386,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	(472,982)	75,432	548,414	(420,505)	(37,639)	382,866
CASH, JANUARY 1	1,381,055	1,380,165	(890)	1,418,219	1,417,804	(415)
CASH, DECEMBER 31	908,073	1,455,597	547,524	997,714	1,380,165	382,451
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	3,100	3,072	(28)	3,200	3,202	2
Sales taxes	805,500	864,725	59,225	808,000	780,040	(27,960)
Intergovernmental	198,782	217,658	18,876	166,230	177,233	11,003
Charges for services	267,000	253,987	(13,013)	240,001	266,619	26,618
Interest	9,000	8,653	(347)	11,800	10,967	(833)
Other	86,648	87,829	1,181	51,346	80,583	29,237
Transfers in	43,500	82,058	38,558	50,112	46,626	(3,486)
Total Receipts	1,413,530	1,517,982	104,452	1,330,689	1,365,270	34,581
DISBURSEMENTS						
County Commissior	85,750	83,032	2,718	85,750	85,192	558
County Clerk	114,612	110,083	4,529	110,052	106,279	3,773
Elections	64,650	77,403	(12,753)	24,300	33,524	(9,224)
Buildings and grounds	115,520	108,247	7,273	96,550	91,617	4,933
Employee fringe benefit	236,500	213,213	23,287	207,100	177,871	29,229
County Treasurer	63,488	60,793	2,695	62,968	61,837	1,131
Ex Officio Recorder of Deed	31,720	30,416	1,304	43,130	40,184	2,946
Circuit Clerk	8,150	7,347	803	8,050	8,031	19
Associate Circuit Court	6,410	5,911	499	9,750	7,902	1,848
Court administration	63,667	41,886	21,781	51,150	72,657	(21,507)
Public Administrator	41,700	41,404	296	44,296	43,597	699
Sheriff	211,310	211,861	(551)	220,410	206,424	13,986
Jail	161,846	161,658	188	168,454	159,998	8,456
Prosecuting Attorney	120,650	114,990	5,660	101,440	99,159	2,281
Juvenile Offices	63,500	60,500	3,000	65,335	59,341	5,994
County Coroner	21,700	16,476	5,224	13,600	13,617	(17)
County Surveyor	4,300	2,851	1,449	4,000	4,140	(140)
Insurance - property and liability	32,000	30,229	1,771	27,000	29,067	(2,067)
Administrative computer system	12,000	14,248	(2,248)	12,000	13,057	(1,057)
Other	96,589	38,171	58,418	124,384	79,544	44,840
Transfers out	21,702	7,985	13,717	30,500	14,237	16,263
Emergency Fund	41,845	153	41,692	40,000	124	39,876
Total Disbursements	1,619,609	1,438,857	180,752	1,550,219	1,407,399	142,820
RECEIPTS OVER (UNDER) DISBURSEMENTS	(206,079)	79,125	285,204	(219,530)	(42,129)	177,401
CASH, JANUARY 1	276,044	276,044	0	318,173	318,173	0
CASH, DECEMBER 31	69,965	355,169	285,204	98,643	276,044	177,401

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	963,269	982,305	19,036	1,432,117	1,415,554	(16,563)
Charges for services	100	20	(80)	100	40	(60)
Interest	3,651	3,622	(29)	3,900	6,385	2,485
Total Receipts	967,020	985,947	18,927	1,436,117	1,421,979	(14,138)
DISBURSEMENTS						
Road and bridge construction	9,020	9,020	0	457,117	456,316	801
Supplies	2,800	54	2,746	1,300	2,770	(1,470)
Insurance	800	804	(4)	800	781	19
Distributions to township	922,022	936,411	(14,389)	944,000	925,462	18,538
Transfers out	28,628	37,600	(8,972)	29,250	28,728	522
Total Disbursements	963,270	983,889	(20,619)	1,432,467	1,414,057	18,410
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,750	2,058	(1,692)	3,650	7,922	4,272
CASH, JANUARY 1	148,833	148,833	0	140,911	140,911	0
CASH, DECEMBER 31	152,583	150,891	(1,692)	144,561	148,833	4,272
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	150,768	146,260	(4,508)	137,000	138,759	1,759
Interest	800	698	(102)	1,000	857	(143)
Other	3,000	2,958	(42)	3,000	3,517	517
Transfers in	15,202	2,690	(12,512)	24,500	8,237	(16,263)
Total Receipts	169,770	152,606	(17,164)	165,500	151,370	(14,130)
DISBURSEMENTS						
Assessor	169,770	152,348	17,422	165,500	151,370	14,130
Total Disbursements	169,770	152,348	17,422	165,500	151,370	14,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	258	258	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	258	258	0	0	0
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,100	2,445	345	1,000	1,918	918
Charges for services	4,000	5,099	1,099	4,000	4,488	488
Interest	100	81	(19)	100	8	(92)
Other	0	1,527	1,527	0	0	0
Total Receipts	6,200	9,152	2,952	5,100	6,414	1,314
DISBURSEMENTS						
Sheriff	7,525	6,938	587	5,425	5,379	46
Total Disbursements	7,525	6,938	587	5,425	5,379	46
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,325)	2,214	3,539	(325)	1,035	1,360
CASH, JANUARY 1	1,382	1,382	0	347	347	0
CASH, DECEMBER 31	57	3,596	3,539	22	1,382	1,360

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,210	1,309	99	1,200	1,109	(91)
Interest	50	14	(36)	50	39	(11)
Other	1,000	975	(25)	0	0	0
Total Receipts	2,260	2,298	38	1,250	1,148	(102)
DISBURSEMENTS						
Prosecuting Attorney	2,125	1,797	328	2,294	1,319	975
Total Disbursements	2,125	1,797	328	2,294	1,319	975
RECEIPTS OVER (UNDER) DISBURSEMENTS	135	501	366	(1,044)	(171)	873
CASH, JANUARY 1	873	873	0	1,044	1,044	0
CASH, DECEMBER 31	1,008	1,374	366	0	873	873
<u>RESCUE UNIT FUND</u>						
RECEIPTS						
Interest	100	90	(10)	500	756	256
Other	6,000	1,284	(4,716)	4,623	10,030	5,407
Transfers in	0	0	0	6,000	6,000	0
Total Receipts	6,100	1,374	(4,726)	11,123	16,786	5,663
DISBURSEMENTS						
Public safety	8,900	189	8,711	32,000	35,702	(3,702)
Total Disbursements	8,900	189	8,711	32,000	35,702	(3,702)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	1,185	3,985	(20,877)	(18,916)	1,961
CASH, JANUARY 1	2,831	2,831	0	21,747	21,747	0
CASH, DECEMBER 31	31	4,016	3,985	870	2,831	1,961
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	15,000	15,000	0	0	0	0
Charges for services	3,100	3,617	517	2,500	1,111	(1,389)
Interest	100	110	10	200	192	(8)
Total Receipts	18,200	18,727	527	2,700	1,303	(1,397)
DISBURSEMENTS						
Elections	15,000	1,052	13,948	7,593	6,079	1,514
Transfers out	3,845	0	3,845	3,407	3,239	168
Total Disbursements	18,845	1,052	17,793	11,000	9,318	1,682
RECEIPTS OVER (UNDER) DISBURSEMENTS	(645)	17,675	18,320	(8,300)	(8,015)	285
CASH, JANUARY 1	645	645	0	8,660	8,660	0
CASH, DECEMBER 31	0	18,320	18,320	360	645	285

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HUTCHASON CEMETERY FUND</u>						
RECEIPTS						
Interest	200	160	(40)	200	253	53
Other	500	0	(500)	500	0	(500)
Total Receipts	700	160	(540)	700	253	(447)
DISBURSEMENTS						
Cemetery upkeep	700	160	540	700	253	447
Total Disbursements	700	160	540	700	253	447
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	6,319	6,319	0	6,319	6,319	0
CASH, DECEMBER 31	6,319	6,319	0	6,319	6,319	0
<u>LAW ENFORCEMENT OPERATION FUND</u>						
RECEIPTS						
Intergovernmental	53,912	57,505	3,593	51,563	44,162	(7,401)
Charges for service:	12,000	14,524	2,524	12,000	12,965	965
Interest	1,000	838	(162)	1,000	1,046	46
Other	0	1,117	1,117	9,700	10,264	564
Total Receipts	66,912	73,984	7,072	74,263	68,437	(5,826)
DISBURSEMENTS						
Sheriff	97,049	70,445	26,604	99,695	61,203	38,492
Transfers out	2,500	2,083	417	0	0	0
Total Disbursements	99,549	72,528	27,021	99,695	61,203	38,492
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,637)	1,456	34,093	(25,432)	7,234	32,666
CASH, JANUARY 1	32,666	32,666	0	25,432	25,432	0
CASH, DECEMBER 31	29	34,122	34,093	0	32,666	32,666
<u>WRI-TEX 911 FUND</u>						
RECEIPTS						
Charges for service:	377,000	366,438	(10,562)	399,000	373,761	(25,239)
Interest	19,000	11,449	(7,551)	26,000	18,528	(7,472)
Other	100	33	(67)	12,100	11,086	(1,014)
Total Receipts	396,100	377,920	(18,180)	437,100	403,375	(33,725)
DISBURSEMENTS						
Salaries and fringe benefit:	330,230	327,588	2,642	321,459	309,331	12,128
Operations	66,500	65,706	794	78,000	71,531	6,469
Office expenditures:	34,600	11,353	23,247	31,334	16,250	15,084
Equipment	60,550	0	60,550	74,770	28,868	45,902
Mileage and training	4,500	5,850	(1,350)	5,500	4,182	1,318
Other	23,500	10,708	12,792	24,500	7,013	17,487
Transfers out	15,000	10,198	4,802	15,000	12,796	2,204
Total Disbursements	534,880	431,403	103,477	550,563	449,971	100,592
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,780)	(53,483)	85,297	(113,463)	(46,596)	66,867
CASH, JANUARY 1	499,699	499,699	0	546,295	546,295	0
CASH, DECEMBER 31	360,919	446,216	85,297	432,832	499,699	66,867

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>GARNER COVERT MEMORIAL FUND</u>						
RECEIPTS						
Interest	700	400	(300)	700	595	(105)
Total Receipts	700	400	(300)	700	595	(105)
DISBURSEMENTS						
Other	4,300	970	3,330	3,800	40	3,760
Total Disbursements	4,300	970	3,330	3,800	40	3,760
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,600)	(570)	3,030	(3,100)	555	3,655
CASH, JANUARY 1	15,666	15,666	0	15,111	15,111	0
CASH, DECEMBER 31	12,066	15,096	3,030	12,011	15,666	3,655
<u>RECORDER USER'S FEE FUND</u>						
RECEIPTS						
Charges for service:	18,500	19,543	1,043	16,600	20,307	3,707
Interest	0	223	223	325	703	378
Total Receipts	18,500	19,766	1,266	16,925	21,010	4,085
DISBURSEMENTS						
Ex-Officio Recorder of Deeds	20,000	19,567	433	34,000	29,849	4,151
Transfers out	1,232	1,232	0	0	0	0
Total Disbursements	21,232	20,799	433	34,000	29,849	4,151
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,732)	(1,033)	1,699	(17,075)	(8,839)	8,236
CASH, JANUARY 1	8,267	8,267	0	17,106	17,106	0
CASH, DECEMBER 31	5,535	7,234	1,699	31	8,267	8,236
<u>PROSECUTOR BAD CHECK FEE FUND</u>						
RECEIPTS						
Charges for service:	21,000	18,265	(2,735)	18,000	20,886	2,886
Interest	350	273	(77)	150	336	186
Other	2,400	2,207	(193)	0	600	600
Total Receipts	23,750	20,745	(3,005)	18,150	21,822	3,672
DISBURSEMENTS						
Office expenditures:	7,500	9,627	(2,127)	8,500	7,346	1,154
Equipment	1,800	402	1,398	3,000	586	2,414
Witness expenditures:	4,000	1,098	2,902	6,000	1,006	4,994
Other	0	735	(735)	6,500	7,602	(1,102)
Transfers out	19,300	19,300	0	0	0	0
Total Disbursements	32,600	31,162	1,438	24,000	16,540	7,460
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,850)	(10,417)	(1,567)	(5,850)	5,282	11,132
CASH, JANUARY 1	11,252	11,252	0	5,970	5,970	0
CASH, DECEMBER 31	2,402	835	(1,567)	120	11,252	11,132

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	9,700	9,040	(660)	13,600	9,498	(4,102)
Interest	600	534	(66)	900	824	(76)
Total Receipts	10,300	9,574	(726)	14,500	10,322	(4,178)
DISBURSEMENTS						
Emergency preparedness	33,017	12,575	20,442	37,972	11,274	26,698
Total Disbursements	33,017	12,575	20,442	37,972	11,274	26,698
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,717)	(3,001)	19,716	(23,472)	(952)	22,520
CASH, JANUARY 1	22,717	22,717	0	23,669	23,669	0
CASH, DECEMBER 31	0	19,716	19,716	197	22,717	22,520
<u>CONCEALED FIREARMS PERMITS FUND</u>						
RECEIPTS						
Charges for services	2,000	2,850	850			
Interest	50	15	(35)			
Total Receipts	2,050	2,865	815			
DISBURSEMENTS						
Sheriff	2,050	0	2,050			
Total Disbursements	2,050	0	2,050			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,865	2,865			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	2,865	2,865			
<u>DOMESTIC VIOLENCE VICTIM FUND</u>						
RECEIPTS						
Intergovernmental	22,517	16,481	(6,036)	15,397	9,347	(6,050)
Charges for services	2,300	2,282	(18)	2,300	2,248	(52)
Interest	400	196	(204)	500	361	(139)
Total Receipts	25,217	18,959	(6,258)	18,197	11,956	(6,241)
DISBURSEMENTS						
Shelters for victims of domestic violence	35,811	27,686	8,125	28,207	11,372	16,835
Total Disbursements	35,811	27,686	8,125	28,207	11,372	16,835
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,594)	(8,727)	1,867	(10,010)	584	10,594
CASH, JANUARY 1	10,594	10,594	0	10,010	10,010	0
CASH, DECEMBER 31	0	1,867	1,867	0	10,594	10,594

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HISTORICAL AND MILITARY MUSEUM FUND</u>						
RECEIPTS						
Interest	372	274	(98)	270	379	109
Other	373	216	(157)	370	128	(242)
Total Receipts	745	490	(255)	640	507	(133)
DISBURSEMENTS						
Museum operations	11,051	48	11,003	9,021	97	8,924
Total Disbursements	11,051	48	11,003	9,021	97	8,924
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,306)	442	10,748	(8,381)	410	8,791
CASH, JANUARY 1	11,274	11,274	0	10,864	10,864	0
CASH, DECEMBER 31	968	11,716	10,748	2,483	11,274	8,791
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	11,000	12,211	1,211	10,000	11,859	1,859
Interest	80	97	17	100	118	18
Total Receipts	11,080	12,308	1,228	10,100	11,977	1,877
DISBURSEMENTS						
County Collector	7,078	6,885	193	8,591	1,837	6,754
Transfers out	12,815	11,645	1,170	2,045	1,863	182
Total Disbursements	19,893	18,530	1,363	10,636	3,700	6,936
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,813)	(6,222)	2,591	(536)	8,277	8,813
CASH, JANUARY 1	8,813	8,813	0	536	536	0
CASH, DECEMBER 31	0	2,591	2,591	0	8,813	8,813
<u>PROSECUTOR DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	4,400	4,316	(84)			
Interest	100	9	(91)			
Total Receipts	4,500	4,325	(175)			
DISBURSEMENTS						
Prosecuting Attorney	4,500	0	4,500			
Total Disbursements	4,500	0	4,500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,325	4,325			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	4,325	4,325			

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>STATE AND FEDERAL GRANT FUND</u>						
RECEIPTS						
Intergovernmental	81,168	4,398	(76,770)			
Transfers in	0	5,295	5,295			
Total Receipts	81,168	9,693	(71,475)			
DISBURSEMENTS						
Emergency preparednes:	81,168	9,693	71,475			
Total Disbursements	81,168	9,693	71,475			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	146,655	149,944	3,289	141,664	166,774	25,110
Intergovernmental	381,413	402,639	21,226	415,827	399,417	(16,410)
Charges for service:	19,000	22,528	3,528	17,000	20,284	3,284
Interest	4,400	5,005	605	3,000	4,438	1,438
Other	26,383	24,838	(1,545)	16,340	23,997	7,657
Total Receipts	577,851	604,954	27,103	593,831	614,910	21,079
DISBURSEMENTS						
Salaries and fringe benefit:	456,000	465,606	(9,606)	459,000	447,073	11,927
Office expenditure:	72,440	49,455	22,985	48,040	68,370	(20,330)
Equipment and maintenance	32,000	17,595	14,405	31,000	20,811	10,189
Mileage and training	22,900	51,433	(28,533)	16,750	20,084	(3,334)
Other	6,500	7,794	(1,294)	10,300	7,085	3,215
Total Disbursements	589,840	591,883	(2,043)	565,090	563,423	1,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,989)	13,071	25,060	28,741	51,487	22,746
CASH, JANUARY 1	252,761	252,628	(133)	201,141	201,141	0
CASH, DECEMBER 31	240,772	265,699	24,927	229,882	252,628	22,746
<u>HABILITATION SERVICES FUND</u>						
RECEIPTS						
Property taxes	130,000	173,163	43,163	140,000	143,219	3,219
Interest	1,000	1,152	152	1,000	1,331	331
Other	0	0	0	0	193	193
Total Receipts	131,000	174,315	43,315	141,000	144,743	3,743
DISBURSEMENTS						
Office expenditure:	3,000	2,559	441	2,705	3,391	(686)
Contract services	143,000	143,000	0	133,450	133,050	400
Total Disbursements	146,000	145,559	441	136,155	136,441	(286)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	28,756	43,756	4,845	8,302	3,457
CASH, JANUARY 1	65,340	64,583	(757)	57,038	56,281	(757)
CASH, DECEMBER 31	50,340	93,339	42,999	61,883	64,583	2,700

Exhibit B

TEXAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,085	5,077	(8)	4,500	5,069	569
Interest	0	18	18	0	16	16
Total Receipts	5,085	5,095	10	4,500	5,085	585
DISBURSEMENTS						
Law library	5,085	141	4,944	4,846	8,194	(3,348)
Total Disbursements	5,085	141	4,944	4,846	8,194	(3,348)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,954	4,954	(346)	(3,109)	(2,763)
CASH, JANUARY 1	5,079	5,079	0	7,846	8,188	342
CASH, DECEMBER 31	\$ 5,079	10,033	4,954	7,500	5,079	(2,421)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

TEXAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Texas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Habilitation Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Circuit Clerk Interest Fund and the Associate and Probate Division Interest Fund for the years ended December 31, 2004 and 2003.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2004
Health Center Fund	2004
Habilitation Services Fund	2003
Rescue Unit Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements did not include the Circuit Clerk Interest Fund and the Associate and Probate Division Interest Fund for the years ended December 31, 2004 and 2003.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, Health Center Board's, and Habilitation Services Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance, by collateral securities held by the county's or board's custodial bank in the county's or board's name, or by commercial insurance provided through a surety bond.

However, because of significantly higher bank balances for the Health Center Board at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation

3. Prior Period Adjustment

The Hutchason Cemetery Fund's cash balance of \$6,319 at January 1, 2003, was not previously reported but has been added.

Supplementary Schedule

Schedule

TEXAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 638	0
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	ERS045-4208W ERS045-3208	73,749 0	0 87,879
	Program Total		<u>73,749</u>	<u>87,879</u>
10.559	Summer Food Service Program for Children	ERS146-42081	260	325
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	92,575	108,465
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Social Services:				
14.231	Emergency Shelter Grants Program	ER01640662 ER01640599	16,481 0	0 9,347
	Program Total		<u>16,481</u>	<u>9,347</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16	Equitable Sharing of Seized and Forfeited Property	N/A	8,825	1,000
Passed through:				
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD2002-13 SD2004-39	43,027 0	0 46,187
	Program Total		<u>43,027</u>	<u>46,187</u>
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2003-LBG-092	3,150	0
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	920	1,376

Schedule

TEXAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO-107(7)	9,020	456,316
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	CEPF HMEP	6,256 802	1,672 4,252
	Program Total		<u>7,058</u>	<u>5,924</u>
GENERAL SERVICES ADMINISTRATION				
	Passed through:			
	State Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	19	198
	Secretary of State -			
39.011	Election Reform Payments	N/A	6,502	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3208A N/A	0 39,244	5,000 32,202
	Program Total		<u>39,244</u>	<u>37,202</u>
93.283	Centers for Disease Control and Prevention - Investigator and Technical Assistance	AOC04380097	168,941	138,934
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	40,466	9,442
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5208C PGA067-5208S PGA067-4208S PGA067-4208C PGA067-4207S PGA067-3207S PGA067-3208C PGA067-3230C PGA067-2208S PGA067-2207S	495 80 570 935 125 445 0 0 0 160	0 0 80 365 0 0 765 725 1,345 0
	Program Total		<u>2,810</u>	<u>3,280</u>

Schedule

TEXAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-40076	19,294	0
	Program Total	ERS161-30009	0	25,479
			<u>19,294</u>	<u>25,479</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4208M	23,744	23,553
		ERS175-3077F	0	3,319
	Program Total	N/A	0	335
			<u>23,744</u>	<u>27,207</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	204-GE-T4-0049	9,693	0
97.051	State and Local All Hazards Emergency Operations Planning*	EMK-2003-GR-2540	2,700	3,300
Total Expenditures of Federal Award:			\$ <u><u>569,116</u></u>	<u><u>961,861</u></u>

* These expenditures include awards made under CFDA number 16.007, 97.004, and 97.067

** These expenditures include awards made under CFDA number 83.562 and 97.05

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

TEXAS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Texas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Texas County, Missouri

Compliance

We have audited the compliance of Texas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Texas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003.

Internal Control Over Compliance

The management of Texas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Texas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

Schedule

TEXAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

☐ yes ☒ no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
20.205	Highway Planning and Construction
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

TEXAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

TEXAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1208, ERS045-2208, and ERS045-3208
Award Year:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	99-PF-09
Award Year:	2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Number:	BRO-107(7)
Award Year:	2002 and 2001
Questioned Costs:	Not applicable

The county did not have procedures in place to track federal awards for preparation of the SEFA and the county's SEFA contained numerous errors and omissions for several programs.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

TEXAS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Texas County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005. We also have audited the compliance of Texas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005.

Because the Texas County Memorial Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Texas County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Collector Tax Maintenance Fund
--

The former Ex Officio County Collector did not document that some monies spent from the Collector Tax Maintenance Fund complied with state law. In July 2004, \$7,591 was transferred to the General Revenue Fund from the Collector Tax Maintenance Fund to help pay for heating and air conditioning for the first floor of the courthouse, which includes the Ex Officio County Collector's office. In addition, the former Ex Officio County Collector transferred the entire balance of the Collector Tax Maintenance Fund, totaling \$3,043, to the General Revenue Fund in March 2005 for the County Commission to purchase cleaning equipment for the courthouse.

Section 52.312, RSMo, established a tax maintenance fund to be used solely as a depository for funds received or collected for the purpose of funding additional costs and expenses incurred in the office of collector. Section 52.315, RSMo, indicates these funds shall be used for the administration and operation of the office of collector. There is no documentation to show that the purchases noted in the previous paragraph comply with state law.

WE RECOMMEND the County Commission and Ex Officio County Collector review this matter and determine if any amounts should be reimbursed to the Collector Tax Maintenance Fund. The county should ensure future expenditures from this fund comply with state law.

AUDITEE'S RESPONSE

The County Commission responded:

We believe the \$7,591 that was transferred to the General Revenue Fund from the Collector Tax Maintenance Fund for the entire heating and cooling system on the first floor in lieu of window air conditioners and space heaters, which were much more expensive and not in the best interest of energy efficiency, did benefit the collector's office. We also believe the legislative intent for this segregated fund was for the collectors to have complete control over it. The former Ex Officio County Collector did have complete control over this fund and we commend her for transferring the remaining balance to the General Revenue Fund after she saw all of the needs of her office had been met. We feel she was using the taxpayer's money wisely. Since Section 52.315, RSMo, and Section 52.317, RSMo, seem to contradict each other, we have requested a legal opinion on this matter. We will take appropriate action after legal counsel has given his opinion.

The current Ex Officio County Collector responded:

I have requested the County Commission to return the \$3,043 to the Collector Tax Maintenance Fund and to seek legal counsel to review the \$7,591 transfer. I have talked to other county collectors who were involved in the writing and passage of this law and they have all indicated that there was never the intent to transfer large amounts from the Collector Tax Maintenance Fund to the General Revenue Fund. As I have been in office for sometime now, I have seen a need and would like to make some improvements to the office, and the revenues of the Collector Tax Maintenance Fund as intended by state statute would be able to make the changes without being an expense from the General Revenue Fund.

The former Ex Officio County Collector responded:

As an elected official, I had a legal obligation to follow the law and in my opinion, a moral obligation to act in the best interests of the taxpayers who elected me. I have made the following decisions.

In 2004, I budgeted and transferred \$7,591 to the General Revenue Fund as a partial payment for the heating and cooling of the street level of the Texas County Courthouse. This benefited all county offices on that floor in the courthouse as well as citizens using the courthouse. This action benefited the collector's office by not only providing a heated environment in the winter and a cooled environment in the summer, but also addressed the safety and security risks posed by the use of electric heaters in the winter and the use of window air conditioners which did not allow the proper locking of windows in the office. The financial condition of the county did not allow these expenditures without the aid of the Collector Tax Maintenance Fund. Realistically, I could not heat and cool my office without benefiting the other offices.

In the budget for 2005, I realized that after generous allowances for expenses and training, there were funds that could be made available for the benefit of the collector's office as a member of the general population of the employees at the courthouse. An example was the vacuum sweeper being held together by duct tape and used on a regular basis by the janitor and my office when needed. At the end of the last fiscal year of my term as collector (February 28, 2005), I figured the balance in the Collector Tax Maintenance Fund and transferred the monies from the budgeted item "Tax Maintenance Fund Grants" to be used for facility improvement. I used the end of the collector's fiscal year because it is different from the county's fiscal year which is referred to in the statutes.

I knew this would not be a detrimental act to my successor because March is a heavy collection month and in fact I turned a check over to the current officeholder for \$1,862 payable to the Collector Tax Maintenance Fund.

I hope these comments clarify my actions as a public servant in the capacity of Treasurer and Ex Officio Collector of Texas County. I do not believe my actions violate the intent of the statutes or my moral obligations to the taxpayers. I do not believe Section 52.315, RSMo, (first passed in 2002) should be interpreted by the auditor's office in the manner presented to the county commission. Finally, I am not aware of any Attorney General's opinion or Missouri case law that state it was

improper for me to use my discretion in transferring a portion of the funds to the General Revenue Fund to benefit additional proper county expenditures which assisted my office and others at the same time.

In the final analysis, the State Auditor's office is criticizing me because I used my "statutory discretion" and spent public funds for the benefit of many instead of myself. I know I cannot agree with that position.

2. Public Administrator's Controls and Procedures
--

The Public Administrator acts as the court-appointed personal representative for wards or decedent estates of the Probate Court. During the two years ending December 31, 2004, the Public Administrator handled approximately 57 estates.

The Public Administrator does not file annual settlements in a timely manner. During the audit period and the first few months of 2005, annual settlements were filed 4 to 33 months after their due date. Section 473.540, RSMo, requires the Public Administrator to file with the probate court an annual settlement for each ward on the anniversary date of becoming the personal representative.

In addition, the county has noted a significant decrease in fees received on the Public Administrator's estates, and it appears this is partly attributable to the untimely filing of annual settlements. Fees are approved by the Probate Division Judge when the annual settlements are filed, and the fees are then turned over to the county treasury. The following table shows the decrease in Public Administrator fees received by the county:

Year	Fees Paid to the County
2002	\$22,000
2003	15,000
2004	5,000

Timely filing of annual settlements is necessary to help ensure fees are turned over the county in a timely manner.

WE RECOMMEND the Public Administrator and the Probate Division Judge ensure annual settlements are filed and fees are turned over to the county on a timely basis.

AUDITEE'S RESPONSE

The Public Administrator indicated she has been able to complete the late settlements and will work to prepare future settlements on a timely basis.

The Probate Division Judge indicated this has been corrected.

3. Prosecuting Attorney's Controls and Procedures
--

Unidentified monies being held in an old bank account should be identified and disbursed. Receipts are not always deposited timely and checks and money orders are not restrictively endorsed until deposited. Bank reconciliations are not prepared in a timely manner and the original copies of voided checks are not always maintained. In addition, controls and procedures for following up on old outstanding checks and preparing listings of open items (liabilities) have not been established.

The Prosecuting Attorney's Office collected court-ordered restitution and bad check fees and restitution totaling approximately \$73,000 and \$75,000 during the years ended December 31, 2004 and 2003, respectively.

A. The current Prosecuting Attorney has custody of a bank account in which restitution and bad check fees were deposited by the prior officeholder. This account has a balance of approximately \$30,000 which has not been identified to specific cases. The current Prosecuting Attorney indicated the account had a balance of approximately \$57,000 on January 1, 2003 when he took office. He indicated that records from the prior officeholder were obtained and researched and monies were disposed of on many cases; however, some monies could not be identified. The Prosecuting Attorney should continue to attempt to identify the monies and close the account. Any monies which remain unclaimed or unidentified should be disposed of in accordance with state law.

B. Receipts are not deposited in a timely manner. Receipts are normally deposited once a week. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

C. Formal policies have not been established to routinely follow up on old outstanding checks. At December 31, 2004, 10 checks totaling \$319 had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Attempts should be made to periodically locate the payees of old outstanding checks, and the checks should be reissued if possible. If the payees cannot be located, the monies should be disposed of as provided by state law.

- D. Bank reconciliations are not prepared and the original copies of voided checks are not always maintained. Upon our request, a bank reconciliation was prepared for December 2004 and office personnel indicated reconciliations would be prepared monthly starting in 2005.

The preparation of monthly bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, voided checks should be properly mutilated and retained.

- E. Monthly listings of open items are not prepared. Of the reconciled bank account balance of \$7,484 at December 31, 2004, \$6,422 has not been identified to specific cases. A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Any unidentified amounts should be investigated and resolved.

Conditions similar to Parts B, D, and E. were noted in a prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Attempt to identify the monies held in the old bank account, dispose of unidentified and unclaimed monies in accordance with state law, and close the account.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- C. Establish formal policies to periodically investigate and reissue old outstanding checks. Amounts which remain unclaimed should be disposed of in accordance with state law.
- D. Prepare and document monthly bank reconciliations and maintain original copies of all voided checks.
- E. Prepare monthly listings of open items and reconcile to the cash balance.

AUDITEE'S RESPONSE

- A. *I agree with the finding and recommendation wholeheartedly. The monies left by my predecessor have been identified to the best of our abilities to do so. I intend to contact the State Treasurer's Office to determine the proper procedures to follow in seeing these funds escheat to the state by or before year end, 2005.*
- B. *It is my opinion that daily deposits are unnecessary and time consuming, especially given that we handle no cash in this office whatsoever. I require that all monies paid through this office be in the form of a money order or cashiers check. I will instruct my staff to make a*

deposit every Wednesday and Friday if monies on hand exceed \$100, and more often if special circumstances warrant.

- C. This is a particularly difficult problem for us to rectify. Often the people who receive payments from our office have left the area, gone out of business, or as was the case recently, are deceased. Following up on every check to see which ones have and which ones have not been paid out is beyond our limited resources in manpower. In connection with performing monthly bank reconciliations (as mentioned in the next section), we will try to tie this effort with that effort and dispose of unclaimed amounts as time permits.*
- D. This matter has already been addressed. In the future, every effort will be made to ensure monthly reconciliations are performed, as well as proper retention of voided checks.*
- E. This problem seems to be a carry over from the first couple of months I was in office, and before proper procedures were put in place. Since that time, our ability to track open items and to reconcile balances has been greatly improved. We will attempt to identify the \$6,422 balance and pay it out to the proper persons. Any monies not identified after a reasonable time period, will escheat to the state.*

4. Sheriff's Controls and Procedures

Accounting duties are not adequately segregated, some receipts are not recorded and deposited timely, checks and money orders received are not restrictively endorsed until deposited, and the method of payment is not always indicated on the receipt slips. Old outstanding checks are not periodically investigated and bank reconciliations are not documented.

The Sheriff's office received monies for civil and criminal process fees, gun permits, bonds, and other miscellaneous receipts totaling approximately \$93,000 and \$102,000 during the years ending December 31, 2004 and 2003, respectively.

- A. Accounting and bookkeeping duties are not adequately segregated. One clerk is primarily responsible for receiving and recording monies and disbursing the monies to the County Treasurer. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording receipts from disbursing receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.
- B. Some receipts are not recorded or deposited in a timely manner. Receipts received by mail are placed in a locked box and are not recorded or deposited until all case information is received, such as the case number, defendant name or other litigants.

On May 19, 2005, a cash count noted \$1,005 in checks which was not recorded. Most of the checks were received in the past month and some were received more than a month earlier. Other receipts are normally deposited once a week. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded and deposited daily or when accumulated receipts exceed \$100. In addition, checks and money orders should be restrictively endorsed upon receipt.

- C. The Sheriff's office receives cash, checks, and money orders. The method of payment received is not always indicated on the receipt slips. To ensure all receipts are properly accounted for and deposited intact, the method of payment should be recorded on all receipt slips and the composition of receipt slips issued should be reconciled to bank deposits.
- D. Formal policies have not been established to routinely follow up on old outstanding checks. At May 31, 2005, checks totaling \$385 had been outstanding for over a year, including \$320 in a lump sum amount carried forward which is not identified to specific checks issued. Sheriff's personnel indicated this lump sum amount has been carried on the outstanding check list for several years. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Attempts should be made to periodically locate the payees of old outstanding checks, and the checks should be reissued if possible. If the payees cannot be located, the monies should be disposed of as provided by state law.
- E. Bank reconciliations are not documented. Sheriff's personnel indicated reconciliations are performed in which the bank balance is reconciled to the check register balance, but not documented. Upon request, the May 2005 bank reconciliation was properly documented. In addition, the reconciliation indicates the book balance is \$483 more than the reconciled bank balance. Sheriff's personnel indicated this discrepancy had been \$500 but they had identified and corrected a small portion of this discrepancy, and that the discrepancy was carried forward from the prior sheriff's administration.

The preparation of monthly bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, the discrepancy between the book and bank balance should be investigated and resolved.

Conditions similar to Parts A, B, and E. were noted in a prior report.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips immediately upon receipt and deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of deposits.
- D. Establish formal policies to periodically investigate and reissue old outstanding checks. Amounts which remain unclaimed should be disposed of in accordance with state law.
- E. Prepare and document monthly bank reconciliations. In addition, the discrepancy between the book and bank balance should be investigated and resolved.

AUDITEE'S RESPONSE

- A. *We do not have the manpower to segregate duties; however, I will start performing periodic supervisory reviews.*
- B&C. *These have already been implemented.*
- D. *We agree to periodically investigate old outstanding checks and take appropriate action to resolve them.*
- E. *Bank reconciliations are now prepared. We will review the discrepancy and take the necessary steps to resolve this.*

5.	Associate Circuit Division's Controls and Procedures
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Receipts are not deposited timely, checks and money orders are not restrictively endorsed immediately upon receipt, and monthly listings of open items (liabilities) are not prepared for the criminal/traffic and bond accounts. Receipts totaling approximately \$817,000 and \$551,000 were processed during the years ending December 31, 2004 and 2003, respectively.

- A. Receipts are not deposited intact in a timely manner. Receipts are deposited once or twice a week, normally after court is held. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. A cash count was conducted on April 27, 2005, which consisted of 94 checks and money orders totaling \$10,879. Many checks and money orders had been dated 2-3 weeks prior to the cash count and some others were actually more than two months old, and none were restrictively endorsed. Court personnel indicated they sometimes receive payments which are not

recorded and deposited until the applicable traffic ticket is filed by the Prosecuting Attorney.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

- B. Monthly listings of open items are not prepared for the criminal/traffic or bond accounts. The criminal/traffic account is maintained for court fees which are disbursed on a monthly basis; therefore, the balance in the account should represent the amount of fees collected during the month. The bond account is maintained for bonds collected which are disbursed when the related case is disposed or transferred to another jurisdiction. The reconciled bank balances were \$26,918 for the criminal/traffic account and \$23,972 for the bond account at December 31, 2004, and although check registers are maintained of the account balances (which agree to the reconciled bank balances), the check register balances are not reconciled to open items. We attempted to reconcile the account balances to open items and noted \$1,275 in the criminal/traffic account and \$972 in the bond account which could not be identified to specific cases.

Preparing accurate listings of open items and agreeing the total with the reconciled cash balances help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balances and open items should be investigated and resolved.

Conditions similar to Part B. were noted in a prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Ensure receipts are deposited intact daily or when accumulated receipts exceed \$100, and ensure checks and money orders are restrictively endorsed immediately upon receipt.
- B. Ensure monthly listings of open items are prepared for the criminal/traffic and bond accounts and reconciled to the cash balances.

AUDITEE'S RESPONSE

A&B. These are being corrected.

6. Assessor's Controls and Procedures
--

Receipt slips are not always issued for monies received, receipts are not maintained in a secure location prior to transmittal, and checks and money orders are not restrictively endorsed immediately upon receipt. The Assessor's office processed receipts for maps and photocopies of approximately \$3,600 and \$4,200 during the years ending December 31, 2004 and 2003, respectively.

- A. The Assessor's office accepts cash, checks, and money orders. Receipt slips are not issued for some monies received, and the method of payment is not indicated on the receipt slips. To ensure monies are properly accounted for and transmitted intact, pre-numbered receipt slips indicating the method of payment should be issued for all monies received and the composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer.
- B. Checks and money orders are not restrictively endorsed immediately upon receipt or maintained in a secure location prior to transmittal. Receipts are maintained in a unlocked drawer to which all office employees have access. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and maintained in a secure location until transmitted.

Similar conditions were noted in a prior report.

WE AGAIN RECOMMEND the Assessor:

- A. Issue pre-numbered receipt slips for all monies received, indicate the method of payment on all receipt slips, and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- B. Restrictively endorse checks and money orders immediately upon receipt and maintain monies in a secure location until transmitted.

AUDITEE'S RESPONSE

A&B. I agree and have already implemented these recommendations.

Follow-Up on Prior Audit Findings

TEXAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Texas County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Budgets and Financial Reporting

- A. The approved budget documents for several county funds did not adequately reflect the anticipated financial condition. Expenditures were budgeted to use substantially all available resources. In addition, for most of the smaller county funds, the budgets projected ending balances of zero while the actual ending balances were normally much higher.
- B. Formal budgets were not prepared or obtained for various county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. Budgets for the larger funds have more accurately reflected the anticipated financial condition; however, budgets for some smaller funds project ending balances of zero while the actual balances are much higher. Although not repeated in the current MAR, our recommendation remains as stated above.

- B. Partially implemented. Formal budgets were prepared for all but two smaller funds. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The published financial statements included all but two smaller funds. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Associate Commissioners' Salaries

The associate county commissioners received mid term salary increases of \$7,580 in 1999 and 2000. In 2001, the Missouri Supreme Court ruled that these mid-term salary increases violated the Missouri Constitution.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The county's records were reviewed and no salaries had been repaid. The county indicated the Salary Commission made the decision to give mid-term salary increases based on allowable state law. The County Commission indicated they did inquire of legal counsel but did not receive a response. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Procedures

- A. The county held a significant balance in the Domestic Violence Victim Fund which could be distributed to shelters for victims of domestic violence. In addition, approximately \$9,000 in domestic violence fees were deposited into the General Revenue Fund.
- B. The county deposited approximately \$5,400 of unidentified and unclaimed monies to the General Revenue Fund which should have been turned over to the state.

Recommendation:

The County Commission:

- A. Ensure Domestic Violence Victim Fund monies are disbursed to qualifying shelters in a timely manner. In addition, the county should determine the amount of domestic violence fees deposited into the General Revenue Fund since 1991 and transfer that amount to the Domestic Violence Victim Fund.

- B. Review the county's procedures for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed. The county should review the \$5,400 turned over to the General Revenue Fund and determine if any of this money should be remitted to the state Unclaimed Property Section.

Status:

- A. Partially implemented. During the current audit period, monies were disbursed to qualifying shelters in a timely manner; however, the county did not reimburse any fees from the General Revenue Fund to the Domestic Violence Victim Fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. During the current audit period, unclaimed monies were remitted to the state; however, the county did not review the \$5,400 to determine if any of this money should be remitted to the state Unclaimed Property Section. Although not repeated in the current MAR, our recommendation remains as stated above.

4. General Fixed Assets

The county did not establish written policies related to the handling and accounting for general fixed assets. Some equipment purchases were not recorded on the inventory listing. Additions to the inventory listing were not reconciled to equipment expenditures nor to the annual physical inventory records.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Implemented. The County Clerk started revising the general fixed asset listing in 2005 and has substantially completed the task, and a written policy was issued by the County Commission in 2003.

5. Property Tax System and Ex Officio County Collector's Controls

- A. Additions and abatements of property taxes were entered into the property tax system by the Ex Officio County Collector. As the person responsible for collecting taxes,

the Ex Officio County Collector should not have the capability to make changes to the tax data.

- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Annual settlements were not filed with the County Commission on a timely basis, and the former Ex Officio County Collector had not filed a settlement for the year ended February 28, 2001.

Recommendation:

- A. The Ex Officio County Collector and the County Commission revise the addition/abatement process so that the Ex Officio County Collector does not have the capability to make changes to computerized property tax data. At a minimum, there should be independent reconciliations between the Assessor's records and the Ex Officio County Collector's records of additions and abatements.
- B. The Ex Officio County Collector restrictively endorse checks and money orders immediately upon receipt.
- C. The former Ex Officio County Collector complete the annual settlement for the year ended February 28, 2001, and file it with the County Commission.

Status:

A-C. Implemented.

6. Prosecuting Attorney's Accounting Controls and Procedures

- A. Bad check restitutions and fees were not recorded, transmitted to the merchants, or deposited into the bank accounts on a timely basis. In addition, fees were not turned over to the County Treasurer on a timely basis.
- B. Receipt slips were not issued for some monies received and redi-form receipts slips were issued rather than official, pre-numbered receipt slips.
- C. An adequate system was not established to account for bad check complaints received, as well as the subsequent disposition of those complaints.
- D. Formal bank reconciliations were not prepared on a monthly basis.
- E. Monthly listings of open items were not prepared.
- F. Money orders received were not restrictively endorsed immediately upon receipt.

- G. Voided checks were shredded and were not maintained.

Recommendation:

The Prosecuting Attorney:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, turn over all fees monthly to the County Treasurer as required by state law.
- B. Issue pre-numbered official receipt slips for all monies received.
- C. Implement procedures to adequately track bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.
- D. Prepare bank reconciliations on a monthly basis.
- E. Prepare monthly listings of open items and reconcile to the cash balance.
- F. Restrictively endorse money orders immediately upon receipt.
- G. Ensure all voided checks are defaced and retained.

Status:

- A. Partially implemented. Fees are turned over monthly to the County Treasurer; however, deposits are not made timely. See MAR Finding Number 3.
- B. Partially implemented. Official pre-numbered receipt slips are now used. While receipt slips are not issued for most monies received by mail, receipts are recorded on a ledger immediately upon receipt. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.
- D-G. Not implemented. See MAR Finding Number 3.

7. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Receipts were not deposited in a timely manner.
- C. Bank reconciliations were not performed on a timely basis.

- D. Monthly listings of open items were not prepared for the bond account.

Recommendation:

The Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Prepare bank reconciliations on a monthly basis.
- D. Prepare monthly listings of listings open items and reconcile to the cash balance.

Status:

- A-C. Not implemented. See MAR Finding Number 4.
- D. The bond bank account is no longer maintained by the Sheriff. Bonds are now held by the Associate Circuit Division.

8. Circuit Clerk and Ex Officio Recorder of Deeds' Controls and Procedures

- A. Monthly listings of open items were not prepared for the Circuit Clerk's fee account.
- B. Interest totaling \$1,416 earned on the Ex Officio Recorder's fee account since January 1, 1995 was not turned over to the County Treasurer.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Prepare monthly listings of open items and reconcile to the cash balance.
- B. Disburse the \$1,416 in interest earned on the Ex Officio Recorder of Deeds' account to the County Treasurer, and turn over future interest periodically.

Status:

- A&B. Implemented.

9. Associate and Probate Divisions' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated for the Associate and Probate divisions.
- B. Monthly bank reconciliations were not prepared for the criminal/traffic account.
- C. Monthly listings of open items were not prepared for the criminal/traffic account.

Recommendation:

The Circuit Clerk:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum there should be documented supervisory reviews of the accounting records.
- B. Prepare bank reconciliations for the criminal/traffic account on a monthly basis.
- C. Prepare monthly listings of open items for the criminal/traffic account and reconcile to the cash balance.

Status:

A&B. Implemented.

C. Not implemented. See MAR Finding Number 5.

10. Assessor's Accounting Controls and Procedures

- A. The Assessor did not transmit receipts to the County Treasurer intact or on a timely basis. Some cash receipts were retained as a change fund or as petty cash for expenditures of the office.
- B. The Assessor's office issued receipts slips; however copies of the receipt slips were not maintained.
- C. Checks and money orders were not restrictively endorsed immediately upon receipt.

Recommendation:

The Assessor:

- A. Transmit all monies to the County Treasurer intact monthly as required by state law. Change funds or petty cash funds should be kept at a constant amount and approved by the County Commission.

- B. Issue pre-numbered receipt slips for all monies received, ensure the method of payment is indicated on all receipt slips, and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- C. Restrictively endorse checks and money orders immediately upon receipt.

Status:

A. Implemented.

B&C. Not implemented. See MAR Finding Number 6.

STATISTICAL SECTION

History, Organization, and
Statistical Information

TEXAS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Texas was named after the Republic of Texas. Texas County is a township-organized, third-class county and is part of the 25th Judicial Circuit. The county seat is Houston.

Texas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 1,100 miles of county roads and the townships and the county maintain approximately 352 county bridges and low water crossings.

The county's population was 21,070 in 1980 and 23,003 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	94.1	92.2	88.5	89.1	61.5 22.4
Personal property		44.0	44.9	43.5	40.8	16.3 9.2
Railroad and utilities		9.6	10.0	10.1	10.0	5.5 5.3
Total	\$	147.7	147.1	142.1	139.9	83.3 36.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Texas County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2004	2003	2002	2001
Health Center Fund	.1000	.1000	.1000	.1000
Habilitation Services Fund	.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	45,611	44,809	42,942	41,006
Townships and township roads		671,151	656,726	624,265	588,173
Assessment Fund		74,505	59,053	57,667	54,339
Health Center Fund		149,547	147,112	141,001	134,534
Habilitation Services Fund		149,404	147,112	141,001	134,534
School districts		4,616,831	4,627,871	4,422,205	4,228,958
Library district		154,409	152,270	145,556	138,976
Ambulance districts		27,767	28,755	27,042	25,963
Hospital		28	28	28	244
Collector Tax Maintenance Fund		12,177	11,915	2,692	0
Tax sale redemption		853	0	3,254	3,274
Overplus		2,108	82	5,640	428
Other		10,497	2,197	4,343	1,828
Cities		45,946	45,904	40,793	40,829
County Clerk		2,754	2,702	2,808	2,755
County Employees' Retirement		34,539	35,091	31,200	29,928
Commissions and fees:					
Township collectors		49,737	49,424	48,029	46,500
General Revenue Fund		52,683	49,794	48,880	46,906
Total	\$	6,100,547	6,060,845	5,789,346	5,519,175

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
Real estate		93	92	91	89 %
Personal property		90	90	89	88
Railroad and utilities		100	100	100	100

Texas County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	N/A	50	%

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Don Shelhammer, Presiding Commissioner		28,400	28,400		
Larry Southern, Presiding Commissioner				28,400	28,400
Joe B. Whetstine, Associate Commissioner		26,400	26,400	26,400	26,400
Linda L. Garrett, Associate Commissioner		26,400	26,400	26,400	26,400
Donald R. (Don) Troutman, County Clerk		40,000	40,000	40,000	40,000
Mike Anderson, Prosecuting Attorney		59,500	59,500		
Doug Gaston, Prosecuting Attorney				57,833	52,000
Dean Belshe, Sheriff		44,000	44,000	44,000	44,000
Thomas C. Whittaker, County Coroner		12,000	12,000	12,000	12,000
Theresa Campbell, Public Administrator		40,000	40,000	40,000	40,000
Vicki Hutcheson, County Treasurer and Ex Officio Collector, year ended March 31,	40,000	40,000	40,000	40,000	
Bruce Wilson, County Assessor (1), year ended August 31,		40,765	40,900	40,900	40,900
Louie Carmack Jr., County Surveyor (2)					

(1) Includes annual compensation received from the state of \$765 in 2004, \$900 in 2003, \$900 in 2002, and \$900 in 2001.

(2) Compensation on a fee basis.

State-Paid Officials:

Phyllis Staley, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
Bradford E. Ellsworth, Associate Circuit Judge	96,000	96,000		
John S. Beeler, Associate Circuit Judge			96,000	96,000



Claire McCaskill

Missouri State Auditor

September 2005

Missouri Department of
Transportation and Highway
Patrol Employees'
Retirement System

Four Years Ended
June 30, 2004



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

The following problems were discovered as a result of an audit conducted by our office of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS).

In August 2003, after contracting with an external consultant to perform a salary study to determine market salary levels for its staff, the board provided its 11 employees with annual pay increases totaling approximately \$52,000, effective July 1, 2004, in addition to cost-of-living adjustments (COLA) increases. These increases ranged from 1 percent to 21 percent, with the exception of the Chief Investment Officer who received only the standard COLA increase. Prior to July 2004, the board provided raises to its employees consistent with those provided to other state employees.

The board has contracted for legislative consulting services since 1997, without soliciting proposals for these services. The board also did not solicit proposals when hiring some consultants for specific projects. Without requesting proposals for all professional services, the board may be missing the opportunity to obtain similar or improved service at a better price, either from existing or new firms.

The MPERS spent approximately \$68,000, \$50,000, \$56,000, and \$25,000 on travel, meetings, and education during fiscal years 2004, 2003, 2002, and 2001, respectively. The board has not established limits for travel expenses, such as lodging and meals. The board should adopt reasonable lodging and meal rates and require a written explanation of reasons when costs are claimed that exceed these rates. Additionally, two of five expense reports reviewed did not contain adequate supporting documentation.

Adequate documentation of the search process for a building to relocate the MPERS office was not maintained. In addition, the board did not maintain adequate documentation justifying the need to purchase more office space than required.

Also included in the report are recommendations related to policies and procedures, and acceptance of gifts from third parties.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

MISSOURI DEPARTMENT OF TRANSPORTATION AND
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Board of Trustees
and
Norm Robinson, Executive Director
Missouri Department of Transportation and
Highway Patrol Employees' Retirement System
Jefferson City, MO 65102

The State Auditor is required under Section 104.190.4, RSMo 2000, to review the audits of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System. The system engaged Evers and Company, Certified Public Accountants (CPAs), L.L.C. to audit the system's financial statements for the years ended June 30, 2004, 2003, 2002, and 2001. We reviewed the reports and substantiating working papers of the CPA firm. The scope of our review included, but was not necessarily limited to, the years ended June 30, 2004, 2003, 2002, and 2001. The objectives of this review were to:

1. Review compliance with certain legal provisions.
2. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the system, as well as certain external parties; testing selected transactions; and analyzing comparative data obtained from the system.

In addition, we obtained an understanding of internal controls significant to the review objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our procedures and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the review objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant

instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our procedures and accordingly, we do not express such an opinion.

Our review was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the system's management and was not subjected to the procedures applied in the review of the system.

The accompanying Management Advisory Report presents our findings arising from our review of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 25, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Kim Spraggs, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI DEPARTMENT OF TRANSPORTATION AND
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Salary Increases

Despite recent state budget constraints, during fiscal year 2005 the Missouri Department of Transportation and Highway Patrol Employees' Retirement System's (MPERS) Board of Trustees (board) provided significant pay raises to its employees beyond the cost-of-living adjustments (COLA) given to all state employees.

In August 2003, the board contracted with an external consultant to perform a salary study to determine market salary levels for its staff. Based on the pay ranges recommended in the study, the board provided its 11 employees with annual pay increases totaling approximately \$52,000, effective July 1, 2004, in addition to COLA increases. Individual employee pay increases in excess of the COLA increase ranged from 1 percent to 21 percent, with the exception of the Chief Investment Officer who received only the standard COLA increase due to previously agreed-upon future salary increases.

The raises were not available to other state employees, with the exception of the COLA increases. Prior to July 2004, the board provided raises to its employees consistent with those provided to other state employees. MPERS officials indicated they believed the raises were necessary to retain quality staff. Although Section 104.180, RSMo 2000 gives the board exclusive jurisdiction to set employee compensation, given the recent state budget constraints and that other state employees have generally not received such pay increases, the board should reevaluate the reasonableness and necessity for these raises.

WE RECOMMEND the Board of Trustees reconsider providing future pay increases over and above those provided to all other state employees.

AUDITEE'S RESPONSE

The Board of Trustees felt the salary increases were reasonable and justified based on the outcome of the job study. We acknowledge the auditor's concern and will take those concerns into consideration in the future.

2.

Solicitation of Professional Services Contracts

The board did not formally solicit proposals for custodial bank search and transition consulting services, and salary consulting services. In addition, the board has not formally solicited proposals for legislative consulting services in recent years.

The board has contracted for legislative consulting services since 1997, without soliciting proposals for these services. The legislative consultant was paid \$15,000 each year during the four years ended June 30, 2004, and the contract rate increased to \$20,000 for fiscal year 2005.

The board also did not solicit proposals when hiring some consultants for specific projects. To assist in the selection and hiring of a new investment custodian in fiscal year 2003, the board paid one consultant approximately \$54,000 for custodial bank search consulting services and an additional \$15,000 for custodial bank transition consulting services. In addition, during fiscal year 2004, the board contracted with a consultant to perform a salary study at a total cost of approximately \$9,000. The Executive Director indicated these consultants were hired because they had provided similar services to other local retirement systems, and those systems were satisfied with their performance.

Without requesting proposals for all professional services, the board may be missing the opportunity to obtain similar or improved service at a better price, either from existing or new firms.

WE RECOMMEND the Board of Trustees periodically solicit proposals for all professional services; or periodically review current market pricing levels to ensure fair pricing is obtained, and document these reviews.

AUDITEE'S RESPONSE

In the future, we will solicit proposals or review market pricing levels for professional services.

3. Policies and Procedures

The board has not required the development of comprehensive written policies and procedures for the operation of the system. For example, the system does not have an employee manual detailing personnel matters, such as vacation and sick leave policies, overtime and compensatory time policies, employee duties and responsibilities, lines of authority, travel policies, conflicts of interest, grievance procedures, and any other items of interest to employees. In addition, written policies and procedures have not been established regarding the selection and monitoring of professional consultants, and defining the required levels of approval on contracts.

Written policies and procedures, including a comprehensive personnel policy, would provide guidance and control for the effective and consistent management of the retirement system.

WE RECOMMEND the Board of Trustees require the preparation and maintenance of comprehensive policy and procedure manuals.

AUDITEE'S RESPONSE

We agree with the auditor's recommendation. Our goal is to have policies in place by January 1, 2007.

4. Travel Expenditures

As noted above, the system has not established travel policies. As a result, board members and employees do not have written guidance regarding allowable costs for travel, lodging, and meals or for submitting expense reports. The MPERS spent approximately \$68,000, \$50,000, \$56,000, and \$25,000 on travel, meetings, and education during fiscal years 2004, 2003, 2002, and 2001, respectively. We noted several instances where lodging and meal expenditures appeared excessive, and where expense reports were not adequately supported.

- A. The board has not established limits for travel expenses, such as lodging and meals. We selected a total of five employee and board member expense reports paid during the period July 1, 2003 to April 18, 2005, to review. We noted several instances where lodging or meal reimbursements appeared excessive. In one instance, lodging costs related to a due diligence monitoring visit were over the federal per diem lodging rate. The Office of Administration has adopted the federal per diem rates established by the federal General Services Administration as guidelines for state employee travel. The charges for one night's lodging in Des Moines was \$119 which exceeded the federal per diem rate of \$67 for that city. The MPERS employee who took this trip indicated he stayed at the hotel within walking distance of the money manager to avoid transportation costs; however, the details supporting this justification were not documented.

We also noted six instances when reimbursements for meal expenses were over the federal per diem meal rate. We noted reimbursements for breakfast of \$24, \$16, and \$13, which exceeded the federal rate of \$9 to \$10; a lunch of \$19, which exceeded the federal rate of \$11; and a dinner of \$30, which exceeded the federal rate of \$26.

The board should adopt reasonable lodging and meal rates and require a written explanation of reasons when costs are claimed that exceed these rates.

- B. Two of five expense reports reviewed did not contain adequate supporting documentation. For example, the Executive Director was reimbursed for meal and transportation expenses he indicated also included other employees and board members. However, documentation did not identify the business purpose and/or the names of those individuals provided meals and transportation. In addition, some expenditures for cab fares and shuttle services were not supported by invoices or receipts.

Without adequate documentation supporting the expenses claimed, the board cannot determine the propriety of expense reimbursements.

WE RECOMMEND the Board of Trustees:

- A. Establish reasonable lodging and meal rates and require a written explanation as to any reasons necessitating costs which exceed these rates.
- B. Require adequate supporting documentation for expense reports, such as paid invoices or receipts, purpose, and participants be submitted prior to payment.

AUDITEE'S RESPONSE

A travel policy will be included in the development of our policy and procedure manual. We will reinforce the need to ensure supporting documentation is provided for expenses.

5. Acceptance of Gifts from Third Parties
--

MPERS officials indicated, and our follow up on expense reports confirmed, that board members and employees periodically receive paid meal expenses from investment managers while attending conferences or conducting monitoring reviews. The board has not established policies outlining the types of gifts (i.e. paid travel expenses, food, beverages, admission to social or sporting events, or other items or services of value), if any, that board members and employees can or cannot accept from third parties, such as investment managers or other vendors which do business with retirement systems. In addition, the board has not established a system for reporting and monitoring any gifts received.

Our review of five expense reports found several instances where meal costs were not claimed for overnight trips taken, and there was no documentation indicating how these meals were paid (i.e. included in conference registration or lodging fees, or paid for by a third party). In response to our inquiries, MPERS employees indicated some of the meals were provided by third parties. In some cases, MPERS employees were not able to clearly tell us who paid for the meals.

Section 104.210, RSMo 2000 states that any trustee or employee accepting any gratuity or compensation for the purpose of influencing his action with respect to the investment of the funds of the system shall thereby forfeit his office, and be subject to other penalties established by law. Accepting meal expenses or other gifts from entities with which the MPERS contracts or could potentially contract could give the appearance of a conflict of interest. Policies should be established outlining the types and limits of items, if any, that are allowable, and a system should be established for reporting and monitoring those items that are determined to be allowable. Records should document the name of the third party, their relationship to the MPERS, expenses paid or gifts received, the name of

the recipient, the date, and the estimated value of the item received. These records should be periodically reviewed by the board and staff to ensure such items are reasonable.

WE RECOMMEND the Board of Trustees establish policies outlining the types of gifts, if any, which can be accepted from third parties and establish a system for reporting and monitoring these items for compliance with state law.

AUDITEE'S RESPONSE

We agree with the auditor's recommendation. A policy will be included in the development of our policy and procedure manual.

6.

Building Purchase

Adequate documentation of the search process for a building to relocate the MPERS office was not maintained. In addition, the board did not maintain adequate documentation justifying the need to purchase more office space than required.

The board purchased its own building in May 2002, and the MPERS employees moved into the building in August 2002. Prior to the purchase, the retirement system was located within facilities owned by the Missouri Department of Transportation (MoDOT). The board purchased the building from the Missouri Local Government Employees Retirement System (LAGERS) for \$637,500. The board had the property appraised, and the price paid for the building was slightly less than the appraised value.

We reviewed the actions and documentation regarding the decision to purchase the building. The Executive Director provided documentation indicating the board had, as early as June 2000, discussed the reasons justifying the need to relocate the MPERS office. The board renewed the discussion of moving when the LAGERS building became available for purchase. Most of the documentation surrounding the purchase focused on justifying why the purchase of the LAGERS building would be beneficial. While the Executive Director indicated he had evaluated other facilities on the market which were available for sale or lease at the time, as well as the possibility of new construction, documentation of other options considered or steps taken to identify other properties was not sufficient.

The building purchased has considerably more space than is currently needed by the MPERS. The MPERS uses approximately two-thirds of the space and leases the remaining one-third of the space to the MoDOT for approximately \$2,600 per month. Although the MPERS was able to lease the unneeded space, the board did not prepare sufficient documentation justifying the purchase of a building that was considerably larger than needed. In addition, the board did not document an assessment of whether there would be a future need for the extra space. The Executive Director indicated the extra space could potentially be needed in the future to maintain some of its records.

To ensure office space is acquired in the most economical manner and that the acquisition process is adequately planned, complete documentation of the process, including an analysis of all the needs and options available, should be maintained.

WE RECOMMEND the Board of Trustees ensure all applicable alternatives are evaluated for future significant purchases and that documentation is maintained.

AUDITEE'S RESPONSE

We will evaluate and more thoroughly document the alternatives for future significant purchases.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI DEPARTMENT OF TRANSPORTATION AND
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Highway and Transportation Employees' and Highway Patrol Retirement System was created under an act of the 68th General Assembly, commenced actual operations on September 1, 1955, and is governed by Chapter 104, RSMo 2000. Effective August 28, 2004, House Bill 1440 changed the official name of the retirement system to the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS).

The MPERS is a single-employer public employee retirement system for full-time (defined as anticipating at least 1,000 hours to be worked annually) employees of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The MPERS is a defined benefit plan providing service retirement, death, and disability benefits to its members. Within the MPERS are two benefit structures known as the Closed Plan and the Year 2000 Plan.

The responsibility for the operation and administration of the retirement system is vested in the MPERS Board of Trustees, consisting of three members of the state Highways and Transportation Commission, the director of the MoDOT, the superintendent of the MSHP, one member of the Senate, one member of the House of Representatives, one active employee of the MoDOT, one active employee of the MSHP, and one retired member. The latter three members are elected by a plurality vote of the active, vested, and retired members of their respective departments to serve four-year terms. The Board of Trustees as of June 30, 2004, were as follows:

<u>Name</u>	<u>Position</u>	<u>Membership</u>	<u>Term Expires</u>
James B. Anderson	Chairman	Elected *	March 3, 2009
Colonel Roger Stottlemire	Vice-Chairman	Superintendent, MSHP	Ex-Officio
Bill McKenna	Member	Elected *	March 1, 2007
Duane Michie	Member	Elected *	March 1, 2009
Harold Reeder	Member	Elected (MoDOT active member)	July 1, 2006
Lieutenant Juan Villanueva	Member	Elected (MSHP active member)	July 1, 2006
Bill Shaw	Member	Elected (Retired)	July 1, 2006
Dave Snider	Member	Interim Director, MoDOT	Ex-Officio**
Stephen Stoll	Senator	Appointed	***
Larry Crawford	Representative	Appointed	****

* Elected by the members of the state Highways and Transportation Commission.

** Effective September 15, 2004, Mr. Pete Rahn replaced Dave Snider as Director of the MoDOT.

*** Appointed by the President Pro Tem of the Senate. John Griesheimer replaced Stephen Stoll in February 2005.

**** Appointed by the Speaker of the House. Charles Schlottach replaced Larry Crawford in February 2005.

Norm Robinson serves as Executive Director and is responsible for the records of the system and the hiring of retirement system staff, subject to the direction of the Board of Trustees. The Executive Director reviews retirement policies, procedures, investments and legislation and informs the board on all matters pertaining to the system. The executive staff and their annual compensation as of June 30, 2004, were as follows:

Name	Position	Annual Compensation
Norm Robinson	Executive Director	\$ 83,808
Susie Dahl	Assistant Executive Director	73,920
Larry Krummen	Chief Investment Officer	84,600
Dan Pritchard	Chief Counsel	(1)

- (1) The Chief Counsel position was established January 1, 2005, with annual compensation of \$71,316. Prior to January 2005, the Chief Counsel of the Highways and Transportation Commission furnished legal services to the MPERS.

The Board of Trustees has appointed Gabriel, Roeder, Smith & Co., of Southfield, Michigan as actuarial consultants. Summit Strategies, Inc., of St. Louis, Missouri serves as the system's general asset investment consultant. Northern Trust Company, of Chicago, Illinois serves as the system's master custodian and securities lending agent. Charlesworth & Associates, of Overland Park, Kansas serves as the system's risk management consultant. The Standard Insurance Company, of Portland, Oregon serves as the disability insurance administrator. Evers and Company, Certified Public Accountants (CPAs), L.L.C., of Jefferson City, Missouri serves as the system's independent auditor. Jack Pierce, of Jefferson City, Missouri serves as the system's legislative consultant.

As of June 30, 2004, the following firms managed external investments for the MPERS: Acadian Asset Management, of Boston, Massachusetts; Artisan Partners, of Milwaukee, Wisconsin; Barclays Global Investors, of San Francisco, California; Enhanced Investment Technologies (INTECH), of Palm Beach Gardens, Florida; Julius Baer Investment Management, of New York, New York; Principal Global Investors, of Des Moines, Iowa; RMK Timberland, of Winston-Salem, North Carolina; Rockwood Capital Advisors, LLC, of St. Louis, Missouri; Rothschild Asset Management, of New York, New York; Silchester International Investors Limited, of New York, New York; The Northern Trust Company, of Chicago, Illinois; and UMB Investment Advisors, of Kansas City, Missouri.

As of June 30, 2004, there were 9,002 active members; 6,731 retired members, disability recipients, and beneficiaries; and 1,285 terminated vested members of the MPERS.

Memberships, required contributions, and benefits provided under the MPERS are generally as follows:

Eligibility

All employees hired for the first time on or after July 1, 2000, whose position normally requires at least one thousand hours of work per year, and who are not simultaneously accumulating creditable service under another retirement program supported by state contributions (other than social security) are eligible and required to participate in the Year 2000 Plan. Those employees hired prior to July 1, 2000, who meet the requirements above, and do not elect to transfer to the Year 2000 Plan, participate in the Closed Plan. The MPERS active members, vested former members, and retirees and survivors under the Closed Plan may elect to transfer to the Year 2000 Plan within established guidelines.

Contributions

The MPERS is a non-contributory plan, with the entire cost paid by the State of Missouri. The contribution rate for non-uniformed members, as a percent of the membership payroll, was 25.54 percent for fiscal year 2004, and 23.29 percent for each of fiscal years 2003, 2002, and 2001. The contribution rate for uniformed members, as a percent of the membership payroll, was 38.40 percent for fiscal year 2004, and 34.94 percent for each of fiscal years 2003, 2002, and 2001.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and who have met certain eligibility requirements. Service retirement benefits are the greater of an amount based on a formula which multiplies the average monthly pay of the highest thirty-six consecutive months of salary, by the applicable formula factor, by the years of creditable retirement service, and in the case of early retirement of non-uniformed members, by an age reduction factor, or \$15 times the full years of creditable service.

Creditable service is a combination of the creditable prior service a member has accrued before becoming a member of the MPERS and the years and full months of service the member has as a member of the MPERS. Members are fully vested upon completion of five years of service.

NORMAL RETIREMENT

Closed Plan

Non-uniformed members may retire under the standard (.016) formula factor with full benefits at age sixty-five with four years of creditable service, age sixty with fifteen years of creditable service, or at age forty-eight or later if their combined age and service equal eighty (Rule of 80). Uniformed members may retire under the standard (.0213) formula

with full benefits at age fifty-five with four years of creditable service, or when they qualify under the Rule of 80. Uniformed members are required to retire at age sixty with five years of experience.

Year 2000 Plan

Members may retire under the standard (.017) formula factor with full benefits at age sixty-two with five years of service, or at age forty-eight or later under the Rule of 80. Uniformed members are required to retire at age sixty with five years of experience. Members who retire under the Rule of 80 are eligible for a temporary benefit until they reach the age of sixty-two. The temporary benefit is calculated based on a formula which multiplies the average monthly pay of the highest thirty-six consecutive months of salary, by an 0.8 percent formula factor, and by the years of creditable service.

EARLY RETIREMENT

Closed Plan

Non-uniformed members age fifty-five who have completed at least ten years of creditable service qualify for a reduced benefit. The benefit is computed by using the same formula for full benefits and then is reduced by .006 for each month of service the employee is younger than the full benefit retirement age. There are no early retirement provisions for uniformed members.

Year 2000 Plan

Members may retire with reduced benefits at age fifty-seven with five years of service. The benefit is computed by using the same formula for full benefits and then is reduced by .005 for each month of service the employee is younger than the full benefit retirement age.

BackDROP

Effective January 1, 2002, a member may elect a BackDROP option at retirement that would allow for a lump sum payment in addition to the retirement benefits which are calculated as if the member had retired at a previous date. To be eligible to participate in the BackDROP, a member must be actively employed in a MPERS covered position on the date first eligible for normal retirement and have been eligible to retire under normal age and/or service conditions for at least two years. A retroactive starting date is selected by the member, which must be on or after the date first eligible for normal retirement benefits and within the five-year period immediately prior to the actual retirement date. This results in a BackDROP period of one to five years depending on the member's situation. The member is paid a lump sum in the amount of 90 percent of the value of the benefit payments that would have been paid during the BackDROP period beginning at retirement or as three equal annual installments beginning at the retirement date.

PAYMENT OPTIONS

A retiring member may elect to receive an unreduced benefit with a life income annuity (with no provision for survivorship) or a 50 percent joint-and-survivor option (this option provides for a reduced benefit under the Year 2000 Plan), or the member may elect to receive a reduced benefit with a 100 percent joint-and-survivor option. The survivor options provide survivor benefit coverage in varying degrees after the retiree's death.

Under any of the joint and survivor options that pay a reduced benefit, if the designated surviving spouse dies before the retiree, the retiree's benefit will "pop-up" or revert to the life income annuity amount effective the first of the month following the spouse's death.

These members may also choose an annuity with either 60 or 120 guaranteed monthly payments (120 or 180 for MSEP 2000 members). The member receives a reduced monthly benefit for life and if the member dies before receiving the designated number of payments, the beneficiary receives the remaining payments.

In all cases where the benefit is reduced to provide a survivorship, the reduction continues throughout the lifetime of the retiree.

Supplemental Pension

Uniformed members under the Closed Plan receive a special benefit of \$90 per month reduced by any amount earned during gainful employment. This special benefit terminates at age sixty-five and is not applicable for uniformed members of the patrol hired after January 1, 1995.

Deferred Benefits

Employees with five years of service who terminate employment are entitled to deferred benefits when they attain the age qualifying them for early or normal retirement. Should a terminated vested member return to employment and complete one year of service, all prior service will be restored and future benefits will be computed on the total creditable service, average compensation, and law in effect at the time of subsequent termination or retirement.

Cost-of-Living Adjustments (COLA)

Annual COLAs are made effective October 1 of each year for retirees, normal and work-related disability recipients, and qualified surviving spouses who received benefits the preceding month. Employees hired before August 28, 1997, receive a COLA to the benefit amount based on 80 percent of the previous year's increase in the Consumer Price Index (CPI) with a minimum of 4 percent and a maximum of 5 percent until the total of such COLA increases reaches a cap of 65 percent of the member's initial benefit or the benefit at September 30, 1986, whichever is later.

After reaching this 65 percent cap, those members' annual COLA will be the same as for members who were hired after August 28, 1997, as discussed below.

Members hired after August 28, 1997, under the Closed Plan and the Year 2000 Plan, and those hired before August 28, 1997, who elect to transfer to the Year 2000 Plan, receive a COLA based strictly on 80 percent of the increase in the CPI, with no cumulative cap, no annual minimum, and a 5 percent annual maximum.

Disability Benefits

There are two categories of disability benefits:

Long-Term Disability: Benefits for long-term disability are equal to 60 percent of the compensation immediately prior to the disability less primary Social Security and any benefits provided at the cost of the MoDOT or the MSHP, including Workers' Compensation indemnity benefits. The minimum long-term disability monthly benefit is 9 percent of the member's salary immediately prior to becoming disabled, or \$50, whichever is greater.

Work-Related Disability: Work-related disability benefits are equal to 70 percent of the compensation the employee was receiving at the time of the work-related injury; provided, however, that the benefit amount plus Social Security disability benefits should not exceed 90 percent of the employee's salary.

All disability benefits are reduced by any amount of weekly indemnity benefits paid to the member as a result of Worker's Compensation. In addition, disability benefits are discontinued if the member regains of his/her earning capacity. Creditable service in the retirement system will continue to accrue until retirement or until the member qualifies for full retirement benefits, whichever is earlier. Prior to September 1, 2003, a "normal" disability benefit was also available.

Death and Survivor Benefits

All members who retired or began receiving normal or work-related disability benefits on or after September 28, 1985, are provided a \$5,000 death benefit payable to designated beneficiaries.

If a member is fully vested, dies prior to retirement, and the death is nonduty-related, a joint-and-100 percent survivor benefit, based on the member's accrued benefit, will be paid to the eligible surviving spouse. With no surviving spouse, the member's minor children will receive 80 percent of the fully vested member's accrued benefit. For Closed Plan members who die after completing at least three, but less than five years of service, the survivor benefit is calculated using 25 percent of the benefit the member would have received had the member retired on the date of the death. Survivors are eligible to receive COLAs.

If the death is duty-related, the eligible surviving spouse or children receive a benefit no less than 50 percent of the member's final average pay.

Reciprocity and Prior Service

The system allows for the transfer or purchase of creditable service of public employees who move from one position covered by one public employee retirement system to another. Under the Closed Plan, certain members of the uniformed patrol who had served as police officers for any city may purchase equivalent service for that time not to exceed four years.

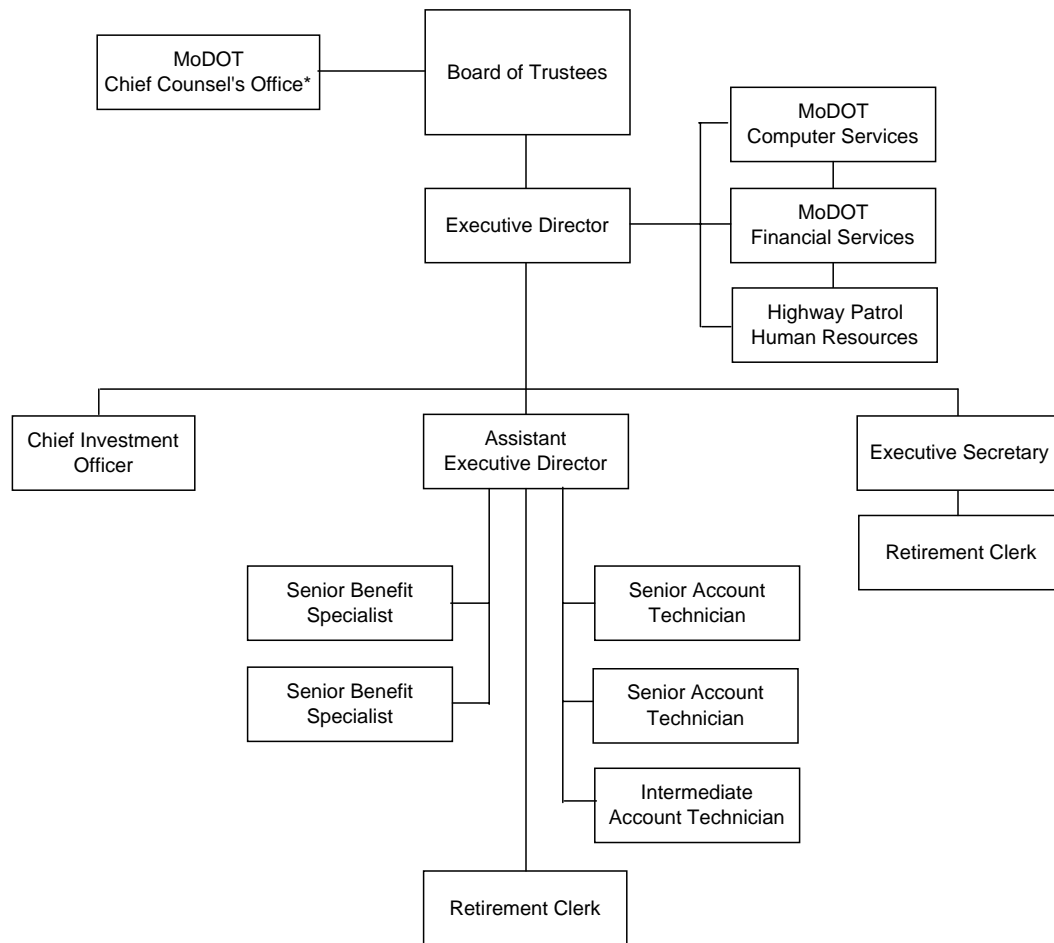
Subsequent Events

During the 2005 legislative session, House Bill 333 and Senate Bill 275 were introduced which proposed the consolidation of the Missouri State Employees Retirement System (MOSERS) with the MPERS. Such a consolidation could have resulted in a shift of costs and personnel, depending on how the consolidation was implemented. These bills did not pass during the 2005 legislative session.

System Staff

At June 30, 2004, the retirement system had 11 employees including the Executive Director. In addition to the system's 11 employees, some MoDOT and MSHP employees also perform retirement related duties for the MPERS. An organization chart follows:

MISSOURI DEPARTMENT OF TRANSPORTATION AND
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
ORGANIZATION CHART
June 30, 2004



*Effective January 2005, the MPERS hired its own General Counsel, replacing the legal services provided by the MoDOT Chief Counsel's Office.



Claire McCaskill

Missouri State Auditor

September 2005

ADMINISTRATION

Administrative Hearing Commission



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

**The following report is our review of the Office of Administration,
Administrative Hearing Commission.**

The Administrative Hearing Commission (AHC), created by the 73rd General Assembly, became operational October 13, 1965. The AHC is a neutral, independent administrative tribunal that decides disputes involving state agencies and another party, usually a private person or corporation. The AHC typically decides the cases after a trial-type hearing. Any party, including the state agency, may seek review of the AHC's decision from the judicial branch. State statutes authorize jurisdiction for the AHC to resolve disputes over decisions of more than 100 state agencies.

We had no findings on the Administrative Hearing Commission.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Michael Keathley, Commissioner of Administration
and
Administrative Hearing Commission
Jefferson City, MO 65102

We have audited the Office of Administration, Administrative Hearing Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the Administrative Hearing Commission, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the Administrative Hearing Commission.

No findings resulted from our audit of the Administrative Hearing Commission.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 18, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Jeffrey Wilson

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Administrative Hearing Commission (AHC), created by the 73rd General Assembly, became operational October 13, 1965. The commission is currently authorized to have three commissioners who are appointed by the governor with the advice and consent of the Senate. The Omnibus State Reorganization Act of 1974 assigned the AHC to the Department of Economic Development. In 1986, Senate Bill 426 moved the AHC to the Office of Administration effective August 13, 1986, where it remains.

The AHC is a neutral, independent administrative tribunal that decides disputes involving state agencies and another party, usually a private person or corporation. The AHC typically decides the cases after a trial-type hearing. It hears evidence and arguments from the state agency and from the other party. Any party, including the state agency, may seek review of the AHC's decision from the judicial branch.

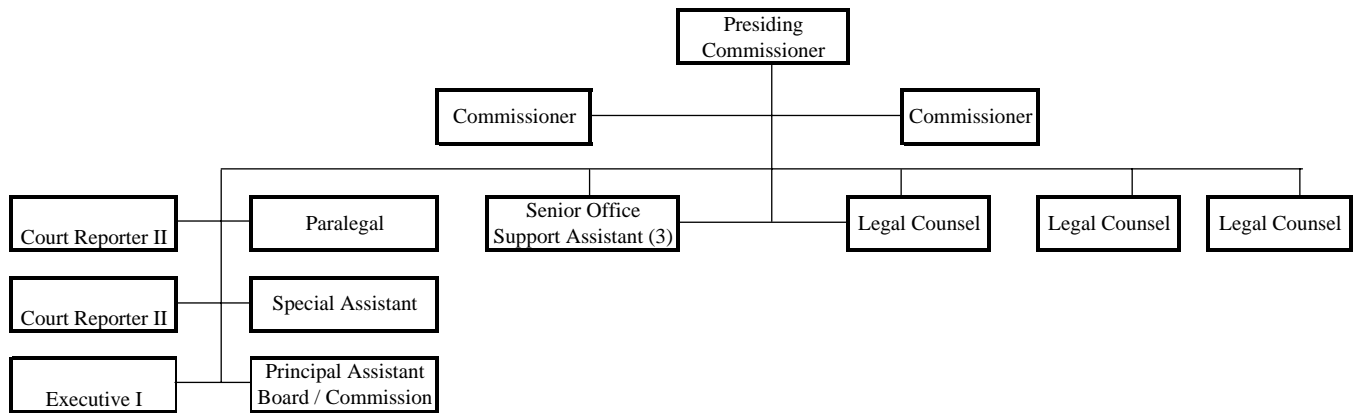
The statutes authorize jurisdiction for the AHC to resolve disputes over decisions of more than 100 state agencies. Chief among them are the Director of Revenue's tax decisions, professional licensing decisions of many boards of the Department of Economic Development and other departments, the Department of Social Services' decisions on payments to Medicaid service providers, and the Missouri Health Facilities Committee's decisions on certificates of need. The statutes commit other specific matters to the AHC also. In the past three years, statutes have transferred to the AHC, jurisdiction over Motor Carrier and Railroad Safety matters, surety agent licenses, motor vehicle dealer licenses, and cases involving the commissions assigned to the Department of Natural Resources. In addition, the AHC serves as hearing officer through a memorandum of understanding with certain other state agencies whose cases do not fall into AHC's statutory jurisdiction, most notably the Missouri Commission on Human Rights and the Missouri Consolidated Health Care Plan.

The commissioners must be attorneys at law admitted to practice before the Supreme Court of Missouri. Commissioners serve six year terms, and shall not practice law during their term of office. On June 30, 2005, the commissioners were:

	<u>Term Expires:</u>
June Striegel Doughty	August 2008
John J. Kopp	June 2009
Karen A. Winn	April 2006

The commissioners annually elect a presiding commissioner to oversee the day-to-day administrative operations of the commission. Excluding the commissioners, the AHC has 12 full-time employees. An organization chart follows.

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
ORGANIZATION CHART
JUNE 30, 2005



Appendix A

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2005			2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances*	Appropriation Authority	Expenditures	Lapsed Balances*	Appropriation Authority	Expenditures	Lapsed Balances*
GENERAL REVENUE FUND									
Personal service	\$ 736,584	704,230	32,354	721,406	681,181	40,225	689,069	620,737	68,332
Expense and equipment	113,031	82,863	30,168	113,806	98,736	15,070	124,213	85,450	38,763
Total General Revenue Fund	\$ 849,615	787,093	62,522	835,212	779,917	55,295	813,282	706,187	107,095

* The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,		
	2005	2004	2003
GENERAL REVENUE FUND			
Personal service	\$ 28,742	13,395	68,240
Expense and equipment	14,391	3,414	28,550
Total General Revenue Fund	\$ 43,133	16,809	96,790

Appendix B

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Salaries and wages	\$ 704,230	681,181	620,737	719,276	730,820
Travel:					
In-State	2,275	3,008	236	1,404	3,484
Out-of-State	529	3,628	371	552	4,024
Supplies	24,400	26,145	26,497	26,984	32,389
Professional development	4,100	5,655	4,820	3,306	9,845
Communication services and supplies	6,335	5,813	6,148	6,205	6,146
Services:					
Business	0	0	0	0	97
Professional	16,418	17,816	1,059	1,097	43
Maintenance and repair	17,566	31,193	12,017	23,264	17,264
Equipment:					
Computer	7,071	2,098	25,359	2,981	8,920
Electronic and photo	0	0	0	0	629
Office	766	304	6,123	273	4,799
Other	0	3,009	0	0	0
Equipment rental and leases	0	0	2,724	5,478	2,000
Miscellaneous expenses	3,403	67	96	79	201
Total Expenditures	\$ <u>787,093</u>	<u>779,917</u>	<u>706,187</u>	<u>790,899</u>	<u>820,661</u>

Appendix C

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
GENERAL REVENUE FUND
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,		
	2005	2004	2003
RECEIPTS			
Filing fees	\$ 0	105	100
Private donations	0	25	0
Vendor refunds	0	7	45
Fees for copying public record	9,091	7,882	12,270
Interagency billings open records fees	9,221	9,389	6,492
Interagency billings reimbursement/recovery cost	11,600	25,596	15,276
Total Receipts	\$ <u>29,912</u>	<u>43,004</u>	<u>34,183</u>

Appendix D

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
COMPARATIVE STATEMENT OF CASES FILED AND CLOSED

	Year Ended June 30,		
	2005	2004	2003
Open Cases, Beginning of Year	653	1,042	765
Cases filed	1,901	1,871	2,256
Cases closed	1,747	2,260	1,979
Open Cases, End of Year	<u>807</u>	<u>653</u>	<u>1,042</u>



Claire McCaskill

Missouri State Auditor

September 2005

Stoddard County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Stoddard County, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Stoddard County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

Several of the recommendations in this report are repeated from prior audits including findings related to the county's federal grants, budgetary practices and financial reporting, property records, computer controls, and procedures in the Sheriff's, Treasurer's, Prosecuting Attorney's, and Recorder's offices. In prior reports county officials indicated they would implement many of the recommendations; however, no significant improvements were noted.

The County Commission did not adequately monitor the townships and road districts receiving grants for bridge replacement and rehabilitation to ensure the monies were spent in compliance with federal guidelines. The county did not obtain any documentation that the contractors performing the work were actually paid and did not retain copies of invoices and supporting documentation for payments.

The county prepared a schedule of expenditures of federal awards for the years ended December 31, 2004 and 2003; however, the schedule contained a number of errors and omissions with expenditures under reported by \$83,295 for 2004 and over reported by \$70,248 in 2003. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

Formal budgets were not prepared for several funds in the county. Disbursements for these funds totaled \$104,650 and \$340,266 in 2004 and 2003, respectively. In addition, the County Commission budgeted a deficit of \$529 for the Archives Fund in 2004 and paid expenses in excess of available monies in the Miscellaneous Fund, resulting in a negative \$4,018 cash balance at December 31, 2003.

The county did not retain bid documentation or adequate supporting invoices for several purchases and property records and procedures were inadequate.

(over)

YELLOW SHEET

Mileage reimbursements prepared by the prior Sheriff and two deputies lacked adequate documentation. The county paid approximately \$101,000 to these officers during the two years ended December 31, 2004. Although the county indicated they would begin recording odometer readings after we reported similar findings in our audit for the two years ended December 31, 2000, no such records were maintained and the descriptions of places to and from which the officer traveled were vague. A former deputy obtained mileage reimbursements totaling over \$14,000 for mileage which was not incurred. This deputy was charged with theft, found guilty and made restitution to the county. Several additional problems with the Sheriff's records and procedures continue including receipts not deposited timely, duties not adequately segregated, and monthly listings of inmate open items not reconciled to cash balances.

Duties in the Ex-Officio Collector's Office are not adequately segregated and receipts entered into the cash register and subsequently voided were not adequately reviewed. A deputy collector was able to misappropriate tax receipts totaling approximately \$47,000 between January 2001 and April 2004 before the Ex-Officio Collector discovered the problem. Charges were filed, the deputy was found guilty and terminated from her position, and has been ordered to pay restitution and serve five years probation. Additional concerns were noted with the Ex-Officio Collector's procedures including the method of payment is not always indicated on paid tax receipts, composition of paid tax receipts and monies deposited cannot be reconciled, monthly bank reconciliations are not reviewed by the Collector, and interest received from township collectors has not been distributed for more than eight years.

The Prosecuting Attorney collects monies on some criminal cases as part of the determination of charges to be filed. Adequate records of these monies are not maintained and some monies collected were transmitted to a not-for-profit. The amount of funds transmitted was unknown as records were not maintained of these monies. The Prosecuting Attorney could provide no legal authority for the collecting and transmitting of these payments.

The audit also suggested improvements in the record keeping of the Treasurer, Juvenile Officer, Recorder of Deeds, and Circuit Clerk.

All reports are available on our website: www.auditor.mo.gov

STODDARD COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Stoddard County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Stoddard County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting practices generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Stoddard County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 12, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Stoddard County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Heather M. McArthur, CPA
Audit Staff:	Tsetsegsaikhan (Flower) Chadraabal Jennifer L. Martin



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Stoddard County, Missouri

We have audited the financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Stoddard County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Stoddard County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Stoddard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

STODDARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,538,515	3,319,256	2,886,888	1,970,883
Special Road and Bridge	1,223,737	1,504,064	1,543,210	1,184,591
Assessment	198,549	249,721	293,565	154,705
Law Enforcement Training	9,526	4,113	519	13,120
Prosecuting Attorney Training	9,821	1,024	0	10,845
Capital Improvements	290,211	440,187	232,804	497,594
Drainage Districts	76,155	29,420	11,731	93,844
County Farm	34,495	0	0	34,495
Archives	4,972	17,501	18,251	4,222
Prosecuting Attorney Administration	17,884	20,990	18,692	20,182
Sheriff's Commissary	2,532	27,871	24,198	6,205
Sheriff's Civil Process	10,953	22,240	24,949	8,244
Use Tax	6,824	129	0	6,953
Recorder's Maintenance	48,575	23,809	48,134	24,250
Domestic Violence	8,019	3,497	6,000	5,516
Crime Reduction	211	0	211	0
Prosecuting Attorney Delinquent Tax	2,906	2,253	1,533	3,626
D.A.R.E.	13	0	13	0
Sheriff's Forfeiture	105	0	105	0
P.O.S.T.	10,739	2,630	4,422	8,947
Collector's Maintenance	17,373	25,116	1,369	41,120
Associate Circuit Division Interest	4,634	617	945	4,306
Circuit Division Interest	17,618	607	9,124	9,101
Law Library	9,373	12,024	12,319	9,078
Miscellaneous	(4,018)	85,517	81,499	0
Crisis Intervention	156	560	503	213
Sheriff Revolving	0	5,160	260	4,900
Sheriff Reserve	0	5,651	0	5,651
Total	\$ 3,539,878	5,803,957	5,221,244	4,122,591

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

STODDARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 848,268	3,383,370	2,693,123	1,538,515
Special Road and Bridge	1,145,957	1,691,377	1,613,597	1,223,737
Assessment	168,542	270,602	240,595	198,549
Law Enforcement Training	7,572	6,677	4,723	9,526
Prosecuting Attorney Training	8,305	1,516	0	9,821
Capital Improvements	89,038	455,950	254,777	290,211
Drainage Districts	101,827	40,870	66,542	76,155
County Farm	56,750	2,500	24,755	34,495
Archives	6,464	11,758	13,250	4,972
Prosecuting Attorney Administration	14,347	29,407	25,870	17,884
Sheriff's Commissary	0	22,327	19,795	2,532
Sheriff's Civil Process	16,715	20,340	26,102	10,953
Use Tax	1,676	5,148	0	6,824
Recorder's Maintenance	30,944	24,774	7,143	48,575
Domestic Violence	7,499	6,520	6,000	8,019
Crime Reduction	161	50	0	211
Prosecuting Attorney Delinquent Tax	2,993	1,493	1,580	2,906
D.A.R.E.	0	13	0	13
Sheriff's Forfeiture	80	25	0	105
P.O.S.T.	10,142	3,283	2,686	10,739
Collector's Maintenance	0	21,933	4,560	17,373
Associate Circuit Division Interest	5,660	886	1,912	4,634
Circuit Division Interest	13,897	3,721	0	17,618
Law Library	9,971	16,274	16,872	9,373
Miscellaneous	982	316,208	321,208	(4,018)
Crisis Intervention	155	275	274	156
Total	\$ 2,547,945	6,337,297	5,345,364	3,539,878

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,727,356	5,693,821	(33,535)	5,723,896	5,999,932	276,036
DISBURSEMENTS	6,005,945	5,116,594	889,351	5,716,220	5,005,098	711,122
RECEIPTS OVER (UNDER) DISBURSEMENTS	(278,589)	577,227	855,816	7,676	994,834	987,158
CASH, JANUARY 1	3,512,115	3,512,115	0	2,517,280	2,517,280	0
CASH, DECEMBER 31	3,233,526	4,089,342	855,816	2,524,956	3,512,114	987,158
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	24,022	27,322	3,300	197,960	210,345	12,385
Sales taxes	2,170,000	2,288,995	118,995	2,160,000	2,163,791	3,791
Intergovernmental	413,775	517,062	103,287	438,187	455,706	17,519
Charges for services	405,000	346,180	(58,820)	342,500	372,040	29,540
Interest	65,000	43,363	(21,637)	65,000	93,213	28,213
Other	58,295	61,924	3,629	64,400	54,525	(9,875)
Transfers in	34,410	34,410	0	33,750	33,750	0
Total Receipts	3,170,502	3,319,256	148,754	3,301,797	3,383,370	81,573
DISBURSEMENTS						
County Commissioner	93,850	91,950	1,900	93,350	93,414	(64)
County Clerk	108,324	94,406	13,918	107,124	101,149	5,975
Elections	159,720	141,276	18,444	102,320	95,932	6,388
Buildings and grounds	168,448	169,208	(760)	147,470	155,216	(7,746)
Employee fringe benefit	301,700	271,074	30,626	279,500	237,841	41,659
County Treasurer	125,274	123,032	2,242	123,674	119,451	4,223
Ex Officio Recorder of Deed	124,460	115,038	9,422	125,760	117,046	8,714
Circuit Clerk	22,200	21,217	983	21,100	15,863	5,237
Associate Circuit Court	22,500	13,775	8,725	22,500	13,620	8,880
Associate Circuit (Probate)	33,600	20,398	13,202	28,200	20,831	7,369
Court administration	12,581	5,045	7,536	13,581	5,638	7,943
Public Administrator	40,324	39,247	1,077	32,500	32,789	(289)
Sheriff	765,151	788,694	(23,543)	730,477	690,828	39,649
Prosecuting Attorney	168,696	136,049	32,647	164,446	133,929	30,517
Juvenile Officer	407,483	220,644	186,839	399,108	211,107	188,001
County Coroner	30,000	23,691	6,309	30,000	18,980	11,020
Building improvements	50,000	19,209	30,791	300,000	21,945	278,055
Highway Engineer	100	0	100	100	0	100
Emergency management	20,610	20,454	156	20,070	18,087	1,983
Miscellaneous other expense	161,815	125,483	36,332	171,874	146,954	24,920
Public health and welfare service	6,600	6,500	100	6,600	6,600	0
Transfers out	440,498	440,498	0	175,000	435,903	(260,903)
Emergency Fund	95,115	0	95,115	80,000	0	80,000
Total Disbursements	3,359,049	2,886,888	472,161	3,174,754	2,693,123	481,631
RECEIPTS OVER (UNDER) DISBURSEMENTS	(188,547)	432,368	620,915	127,043	690,247	563,204
CASH, JANUARY 1	1,538,515	1,538,515	0	848,268	848,268	0
CASH, DECEMBER 31	1,349,968	1,970,883	620,915	975,311	1,538,515	563,204

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	1,647,000	1,478,422	(168,578)	1,590,000	1,644,955	54,955
Interest	25,000	25,642	642	25,000	46,422	21,422
Total Receipts	1,672,000	1,504,064	(167,936)	1,615,000	1,691,377	76,377
DISBURSEMENTS						
Road and bridge materials	12,000	913	11,087	12,000	693	11,307
Construction, repair, and maintenance	1,723,737	1,507,887	215,850	1,645,957	1,579,154	66,803
Transfers out	34,410	34,410	0	33,750	33,750	0
Total Disbursements	1,770,147	1,543,210	226,937	1,691,707	1,613,597	78,110
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,147)	(39,146)	59,001	(76,707)	77,780	154,487
CASH, JANUARY 1	1,223,737	1,223,737	0	1,145,957	1,145,957	0
CASH, DECEMBER 31	1,125,590	1,184,591	59,001	1,069,250	1,223,737	154,487
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	257,500	243,120	(14,380)	222,500	254,993	32,493
Interest	5,000	6,601	1,601	3,000	15,609	12,609
Total Receipts	262,500	249,721	(12,779)	225,500	270,602	45,102
DISBURSEMENTS						
Assessor	320,064	293,565	26,499	316,940	240,595	76,345
Total Disbursements	320,064	293,565	26,499	316,940	240,595	76,345
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,564)	(43,844)	13,720	(91,440)	30,007	121,447
CASH, JANUARY 1	198,549	198,549	0	168,542	168,542	0
CASH, DECEMBER 31	140,985	154,705	13,720	77,102	198,549	121,447
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	6,000	3,927	(2,073)	5,100	6,050	950
Interest	300	186	(114)	100	627	527
Total Receipts	6,300	4,113	(2,187)	5,200	6,677	1,477
DISBURSEMENTS						
Sheriff	7,000	519	6,481	4,500	4,723	(223)
Total Disbursements	7,000	519	6,481	4,500	4,723	(223)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	3,594	4,294	700	1,954	1,254
CASH, JANUARY 1	9,526	9,526	0	7,572	7,572	0
CASH, DECEMBER 31	8,826	13,120	4,294	8,272	9,526	1,254

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	900	830	(70)	900	896	(4)
Interest	250	194	(56)	100	620	520
Total Receipts	1,150	1,024	(126)	1,000	1,516	516
DISBURSEMENTS						
Prosecuting Attorney	5,000	0	5,000	5,000	0	5,000
Total Disbursements	5,000	0	5,000	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,850)	1,024	4,874	(4,000)	1,516	5,516
CASH, JANUARY 1	9,821	9,821	0	8,305	8,305	0
CASH, DECEMBER 31	5,971	10,845	4,874	4,305	9,821	5,516
<u>CAPITAL IMPROVEMENTS FUND</u>						
RECEIPTS						
Intergovernmental	0	10,782	10,782	0	19,234	19,234
Interest	0	4,405	4,405	0	9,925	9,925
Other	0	0	0	0	1,790	1,790
Transfers in	425,000	425,000	0	425,000	425,000	0
Total Receipts	425,000	440,187	15,187	425,000	455,949	30,949
DISBURSEMENTS						
Buildings and grounds	235,453	232,804	2,649	260,874	254,777	6,097
Total Disbursements	235,453	232,804	2,649	260,874	254,777	6,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	189,547	207,383	17,836	164,126	201,172	37,046
CASH, JANUARY 1	290,211	290,211	0	89,038	89,038	0
CASH, DECEMBER 31	479,758	497,594	17,836	253,164	290,210	37,046
<u>DRAINAGE DISTRICTS FUND</u>						
RECEIPTS						
Property taxes	29,900	27,851	(2,049)	25,500	29,830	4,330
Interest	5,915	1,569	(4,346)	5,000	11,040	6,040
Total Receipts	35,815	29,420	(6,395)	30,500	40,870	10,370
DISBURSEMENTS						
Drainage districts	75,000	11,731	63,269	75,000	66,542	8,458
Total Disbursements	75,000	11,731	63,269	75,000	66,542	8,458
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,185)	17,689	56,874	(44,500)	(25,672)	18,828
CASH, JANUARY 1	76,155	76,155	0	101,827	101,827	0
CASH, DECEMBER 31	36,970	93,844	56,874	57,327	76,155	18,828

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COUNTY FARM FUND						
RECEIPTS						
Other	0	0	0	0	2,500	2,500
Total Receipts	0	0	0	0	2,500	2,500
DISBURSEMENTS						
Other	34,000	0	34,000	50,000	24,755	25,245
Total Disbursements	34,000	0	34,000	50,000	24,755	25,245
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,000)	0	34,000	(50,000)	(22,255)	27,745
CASH, JANUARY 1	34,495	34,495	0	56,750	56,750	0
CASH, DECEMBER 31	495	34,495	34,000	6,750	34,495	27,745
ARCHIVES FUND						
RECEIPTS						
Intergovernmental	11,662	2,003	(9,659)	0	141	141
Interest	0	0	0	0	714	714
Transfers in	15,498	15,498	0	10,374	10,903	529
Total Receipts	27,160	17,501	(9,659)	10,374	11,758	1,384
DISBURSEMENTS						
Recorder of Deeds	32,117	18,251	13,866	17,367	13,250	4,117
Total Disbursements	32,117	18,251	13,866	17,367	13,250	4,117
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,957)	(750)	4,207	(6,993)	(1,492)	5,501
CASH, JANUARY 1	4,972	4,972	0	6,464	6,464	0
CASH, DECEMBER 31	15	4,222	4,207	(529)	4,972	5,501
PROSECUTING ATTORNEY ADMINISTRATION FUND						
RECEIPTS						
Charges for service:	19,500	20,551	1,051	18,000	19,682	1,682
Interest	1,000	228	(772)	1,000	2,116	1,116
Other	5,000	0	(5,000)	0	7,609	7,609
Transfers in	211	211	0	0	0	0
Total Receipts	25,711	20,990	(4,721)	19,000	29,407	10,407
DISBURSEMENTS						
Prosecuting Attorney	25,000	18,692	6,308	19,044	25,870	(6,826)
Total Disbursements	25,000	18,692	6,308	19,044	25,870	(6,826)
RECEIPTS OVER (UNDER) DISBURSEMENTS	711	2,298	1,587	(44)	3,537	3,581
CASH, JANUARY 1	17,884	17,884	0	14,347	14,347	0
CASH, DECEMBER 31	18,595	20,182	1,587	14,303	17,884	3,581

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S COMMISSARY FUND</u>						
RECEIPTS						
Charges for services	23,000	27,839	4,839	18,000	22,327	4,327
Interest	0	32	32	0	0	0
Total Receipts	23,000	27,871	4,871	18,000	22,327	4,327
DISBURSEMENTS						
Sheriff	19,000	24,198	(5,198)	18,000	19,795	(1,795)
Total Disbursements	19,000	24,198	(5,198)	18,000	19,795	(1,795)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	3,673	(327)	0	2,532	2,532
CASH, JANUARY 1	2,532	2,532	0	0	0	0
CASH, DECEMBER 31	6,532	6,205	(327)	0	2,532	2,532
<u>SHERIFF'S CIVIL PROCESS FUND</u>						
RECEIPTS						
Charges for services	21,000	22,120	1,120	26,500	20,340	(6,160)
Interest	0	2	2	0	0	0
Transfers in	118	118	0	0	0	0
Total Receipts	21,118	22,240	1,122	26,500	20,340	(6,160)
DISBURSEMENTS						
Sheriff	26,000	24,949	1,051	26,000	26,102	(102)
Total Disbursements	26,000	24,949	1,051	26,000	26,102	(102)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,882)	(2,709)	2,173	500	(5,762)	(6,262)
CASH, JANUARY 1	10,953	10,953	0	16,715	16,715	0
CASH, DECEMBER 31	6,071	8,244	2,173	17,215	10,953	(6,262)
<u>USE TAX FUND</u>						
RECEIPTS						
Interest	2,000	129	(1,871)	100	5,148	5,048
Total Receipts	2,000	129	(1,871)	100	5,148	5,048
DISBURSEMENTS						
Other	6,824	0	6,824	1,676	0	1,676
Total Disbursements	6,824	0	6,824	1,676	0	1,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,824)	129	4,953	(1,576)	5,148	6,724
CASH, JANUARY 1	6,824	6,824	0	1,676	1,676	0
CASH, DECEMBER 31	2,000	6,953	4,953	100	6,824	6,724
<u>RECORDER'S MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	21,000	22,967	1,967	22,500	20,683	(1,817)
Interest	2,000	842	(1,158)	2,200	4,091	1,891
Total Receipts	23,000	23,809	809	24,700	24,774	74
DISBURSEMENTS						
Recorder of Deeds	53,962	48,134	5,828	29,197	7,143	22,054
Total Disbursements	53,962	48,134	5,828	29,197	7,143	22,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,962)	(24,325)	6,637	(4,497)	17,631	22,128
CASH, JANUARY 1	48,575	48,575	0	30,944	30,944	0
CASH, DECEMBER 31	17,613	24,250	6,637	26,447	48,575	22,128

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	5,000	3,292	(1,708)	3,350	5,549	2,199
Interest	400	205	(195)	100	971	871
Total Receipts	5,400	3,497	(1,903)	3,450	6,520	3,070
DISBURSEMENTS						
Payments to shelter	6,000	6,000	0	6,000	6,000	0
Total Disbursements	6,000	6,000	0	6,000	6,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	(2,503)	(1,903)	(2,550)	520	3,070
CASH, JANUARY 1	8,019	8,019	0	7,499	7,499	0
CASH, DECEMBER 31	7,419	5,516	(1,903)	4,949	8,019	3,070
<u>CRIME REDUCTION FUND</u>						
RECEIPTS						
Interest	0	0	0	0	50	50
Total Receipts	0	0	0	0	50	50
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	161	0	161
Transfer out	211	211	0	0	0	0
Total Disbursements	211	211	0	161	0	161
RECEIPTS OVER (UNDER) DISBURSEMENTS	(211)	(211)	0	(161)	50	211
CASH, JANUARY 1	211	211	0	161	161	0
CASH, DECEMBER 31	0	0	0	0	211	211
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for services	1,000	2,195	1,195	300	1,052	752
Interest	200	58	(142)	75	441	366
Total Receipts	1,200	2,253	1,053	375	1,493	1,118
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,533	467	2,000	1,580	420
Total Disbursements	2,000	1,533	467	2,000	1,580	420
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	720	1,520	(1,625)	(87)	1,538
CASH, JANUARY 1	2,906	2,906	0	2,993	2,993	0
CASH, DECEMBER 31	2,106	3,626	1,520	1,368	2,906	1,538
<u>D.A.R.E. FUND</u>						
RECEIPTS						
Donations	0	0	0	0	13	13
Total Receipts	0	0	0	0	13	13
DISBURSEMENTS						
Transfers out	13	13	0	0	0	0
Total Disbursements	13	13	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13)	(13)	0	0	13	13
CASH, JANUARY 1	13	13	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	13	13

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FORFEITURE FUND</u>						
RECEIPTS						
Other	0	0	0	0	25	25
Total Receipts	0	0	0	0	25	25
DISBURSEMENTS						
Transfers out	105	105	0	0	0	0
Total Disbursements	105	105	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105)	(105)	0	0	25	25
CASH, JANUARY 1	105	105	0	80	80	0
CASH, DECEMBER 31	0	0	0	80	105	25
<u>P.O.S.T. FUND</u>						
RECEIPTS						
Charges for services	3,500	2,430	(1,070)	2,400	3,283	883
Interest	0	200	200	0	0	0
Total Receipts	3,500	2,630	(870)	2,400	3,283	883
DISBURSEMENTS						
Sheriff	6,000	4,422	1,578	3,000	2,686	314
Total Disbursements	6,000	4,422	1,578	3,000	2,686	314
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	(1,792)	708	(600)	597	1,197
CASH, JANUARY 1	10,739	10,739	0	10,142	10,142	0
CASH, DECEMBER 31	8,239	8,947	708	9,542	10,739	1,197
<u>COLLECTOR'S MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	22,000	24,976	2,976	15,000	21,933	6,933
Interest	0	140	140	0	0	0
Total Receipts	22,000	25,116	3,116	15,000	21,933	6,933
DISBURSEMENTS						
Ex Officio County Collector	23,000	1,369	21,631	15,000	4,560	10,440
Total Disbursements	23,000	1,369	21,631	15,000	4,560	10,440
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	23,747	24,747	0	17,373	17,373
CASH, JANUARY 1	17,373	17,373	0	0	0	0
CASH, DECEMBER 31	16,373	41,120	24,747	0	17,373	17,373

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

STODDARD COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2004 and 2003
Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Miscellaneous Fund	2004 and 2003
Crisis Intervention Fund	2004 and 2003
Sheriff's Revolving Fund	2004
Sheriff's Reserve Fund	2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Commissary Account Fund	2004 and 2003
Law Enforcement Training Fund	2003
Prosecuting Attorney Administration Fund	2003
Sheriff's Civil Process Fund	2003

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Archives Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2004 and 2003
Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Crisis Intervention Fund	2004 and 2003

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and*

Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Miscellaneous Fund cash balance of \$982 and the Crisis Intervention Fund cash balance of \$155 at January 1, 2003 were not previously reported but have been added.

Supplementary Schedule

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 1,024	1,457
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3204W	0	71,966
		ERS045-4204W	64,081	29,970
		ERS045-5204W	22,819	0
	Program Total		<u>86,900</u>	<u>101,936</u>
10.559	Summer Food Service Program for Children	ERS146-3204I	455	650
10.561	State Administrative Matching Grant: for Food Stamp Program	N/A	5,257	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2000-PF-155	14,444	113,856
		2001-PF-50	1,900	147,000
	Program Total		<u>16,344</u>	<u>260,856</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	2002-JAIBG-LG	5,632	1,440
16.580	Missouri Sheriff's Meth-Amphetamine Relief Team Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000-DDVX-0055	40,484	46,555
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	962	1,395

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO - 103(34)	582	0
		BRO - 103(37)	108,137	0
		BRO - 103(41)	0	47,293
		BRO - 103(42)	132,471	0
		BRO - 103(43)	0	179,793
		BRO - 103(44)	377	173,419
		BRO - 103(45)	79,466	94,143
	Program Total		321,033	494,648
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	28,558	2,480
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	562	0
39.011	Election Reform Payments	N/A	900	0
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
83.562	Emergency Management Performance Grants	N/A	10,120	4,413
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3204A	800	4,150
		N/A	45,491	38,839
		DHO40022065	2,627	982
	Program Total		48,918	43,971
93.288	Bioterrorism Enhanced Communication	3020-A	7,255	6,700
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	24,592	25,102

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-5204S	365	0
		PGA067-4204S	2,208	250
		PGA067-3204S	0	2,120
		PGA067-4204C	1,965	525
		PGA067-3204C	0	2,240
	Program Total		<u>4,538</u>	<u>5,135</u>
	Department of Social Services -			
93.667	Social Services Block Grant	026SSBG	43,761	43,552
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-30036	0	23,095
		ERS161-40074	7,772	13,848
		ERS161-50030	3,261	0
	Program Total		<u>11,033</u>	<u>36,943</u>
93.945	Assistance Programs for Chronic Disease Prevention and Control	DHO20063001	0	5,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3204M	14,176	22,276
		ERS146-4204M	10,409	2,025
		ERS175-2073F	11,170	12,000
		AOCO1380036	0	3,684
		N/A	0	405
	Program Total		<u>35,755</u>	<u>40,390</u>
	Total Expenditures of Federal Awards:		<u>\$ 694,083</u>	<u>1,122,623</u>

* Includes monies received under CFDA Number 83.562 and 97.04.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

STODDARD COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Stoddard County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services, and the amounts for the Donation of Federal Surplus

Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$321,033 and \$494,648 to subrecipients under the Highway Planning and Construction Program (CFDA number 20.205) during the years ended December 31, 2004 and 2003, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Stoddard County, Missouri

Compliance

We have audited the compliance of Stoddard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Stoddard County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-2 and 04-3.

Internal Control Over Compliance

The management of Stoddard County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-2 and 04-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 04-2 and 04-3, to be material weaknesses.

This report is intended for the information and use of the management of Stoddard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted?

☒ yes ☐ no

Federal Awards

Internal control over major programs:

- Material weakness identified? ☒ yes ☐ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

☒ yes ☐ no

Identification of major programs:

CFDA or
Other Identifying

Number
14.228
20.205

Program Title

Community Development Block Grants/State's Program
Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

04-1.

Budgetary Practices

Formal budgets were not prepared for the Circuit Division Interest Fund, Associate Division Interest Fund, Law Library Fund, Crisis Intervention Fund, and Miscellaneous Fund for the two years ended December 31, 2004. In addition, budgets were not prepared for the Sheriff's Revolving Fund and Sheriff's Reserve Fund for the year ended December 31, 2004. Disbursements for these funds totaled \$104,650 and \$340,266 in 2004 and 2003, respectively.

Chapter 50, RSMo, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year.

A similar condition was noted in prior reports.

WE AGAIN RECOMMEND the County Commission:

Ensure budgets are prepared or obtained for all county funds as required by state law.

AUDITEE'S RESPONSE

The County Commission will prepare a budget for the Miscellaneous Fund and require the fee agents to submit annual budgets for the other funds to the County Clerk for 2006.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO – 103(34); BRO – 103(37); BRO – 103(41); BRO – 103(42); BRO – 103(43); BRO – 103(44); BRO – 103(45)
Award Years:	2004 and 2003
Questioned Costs:	\$321,033 and \$494,648

During the years ended December 31, 2004 and 2003, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These funds were passed through to several townships and special road districts within the county. The County Commission did not adequately monitor these subrecipients for compliance with applicable laws and regulations. There was no indication that the County Commission had reviewed five of eleven invoices tested that were related to the Highway Planning and Construction Program. In addition, the county did not retain copies of supporting documentation accompanying these requests for payment. Grant funding for these programs totaled \$815,681 for the two years.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as the primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. The county did not enter into a written contract with the subrecipients regarding the use of the federal funds. In addition, the county did not obtain any documentation from the townships or special road districts indicating that the contractors were actually paid. By not properly monitoring the subrecipients, the county cannot ensure that the grant monies are being expended in accordance with federal requirements. As the grant recipient, the county is ultimately responsible for ensuring the compliance with federal requirements.

This same condition has been noted in two previous reports and although the County Commission indicated they would request and maintain documentation of payment by the subrecipients, this has not been done.

WE AGAIN RECOMMEND the County Commission properly monitor federal grant subrecipients to ensure compliance with applicable laws and regulations. The County Commission should resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE

The County Commission will work with the engineering companies to adequately monitor the sub-recipients and maintain adequate documentation to support all payments.

04-3. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO – 103(34); BRO – 103(37); BRO – 103(41); BRO – 103(42); BRO – 103(43); BRO – 103(44); BRO – 103(45)
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	2001-PF-50; 2000-PF-155
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2004 and 2003, the county's SEFA contained numerous errors and omissions. Expenditures relating to several federal grants were reported incorrectly or not included on the schedules and the County Clerk failed to include the required pass-through grantor's number on some of the programs that were reported. As a result, expenditures were understated by \$83,295 and overstated by \$70,248 for 2004 and 2003, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly report federal awards to the County Clerk to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

This same condition was noted in two previous reports and although the County Clerk indicated he would try to improve the schedule, little improvement has been made.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the County Commission should take steps to ensure other departments and/or officials properly track federal awards.

AUDITEE'S RESPONSE

The County Commission will keep working on preparing a more accurate schedule.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

STODDARD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

STODDARD COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings – Two Years Ended December 31, 2002

1. Subrecipient Monitoring

Federal Grantor:	U. S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-103
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

During the years ended December 31, 2002 and 2001, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway planning and Construction Program. These funds were passed through to several townships and special road districts within the county. The county did not receive a written contract with the subrecipients regarding the use of the federal funds. The county did not obtain any proof from the townships or special road districts that the contractors were actually paid.

Recommendation:

The County Commission obtain contracts and proof of payment from the subrecipients to ensure compliance with applicable laws and regulations.

Status:

Not implemented. See finding number 04-2.

2. Schedule of Expenditures and Federal Awards

Federal Grantor:	U. S. Department of Justice
Federal CFDA Number:	16.580
Program Title:	Methamphetamine Hot Spots
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable
Federal Grantor:	U. S. Department of Health and Human Services
Federal CFDA Number:	93.268
Program Title:	Immunization Grants
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

The county prepared a schedule of expenditures of federal awards for each of the two years ended December 31, 2002. The county's schedule did not include the juvenile block grants and included several grants for incorrect dollar amounts. As a result, the county over reported expenditures by approximately \$103,000 in 2002 and \$9,000 in 2001.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Clerk should make sure all the various departments that may provide information for this schedule are aware of the importance of the accuracy and provide guidance to them if necessary.

Status:

Not implemented. See finding number 04-3.

3. Report Reconciliation

Federal Grantor:	U. S. Department of Justice
Federal CFDA Number:	16.580
Program Title:	Methamphetamine Hot Spots
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

The Sheriff's department prepared all of the applicable financial reports for the Methamphetamine Hot Spots Grant and the Public Safety Partnership and Community Policing Grant. However, the financial information was not reconciled with the general ledger information prepared by the County Clerk's office. The amounts shown on the financial reports were incorrect in some instances and differences for these years were considered immaterial.

Recommendation:

All the financial reports for federal grants be reconciled with the general ledger before being submitted.

Status:

Not implemented. Although the Sheriff does not reconcile federal grant reports with information obtained from the County Clerk's office for some grants, there were no differences noted. Although not repeated in the current report, our recommendation remains as stated above.

Findings – Two Years Ended December 31, 2000

1. Subrecipient Monitoring

Federal Grantor:	U. S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-103 (30); BRO – 103 (32); BRO – 103 (33); BRO – 103 (34); BRO – 103 (35); BRO – 103 (36); BRO – 103 (37); BRO – 103 (38); BRO – 103 (39); and BRO – 103 (40)
Award Years:	2000 and 1999
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

During the years ended December 31, 2000 and 1999, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway planning and Construction Program. These funds were passed through to several townships and special road districts within the county. The County Commission did not adequately monitor these subrecipients for compliance with applicable laws and regulations. Grant funding for these programs totaled \$1,031,585 for the two years.

Recommendation:

The County Commission properly monitor federal grant subrecipients to ensure compliance with applicable laws and regulations.

Status:

Not implemented. See finding number 04-2.

2. Schedule of Expenditures and Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO – 103 (30); BRO – 103 (32); BRO – 103 (33); BRO – 103 (34); BRO – 103 (35); BRO – 103 (36); BRO – 103 (37); BRO – 103 (38); BRO – 103 (39); and BRO – 103 (40)
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Although the county prepared a schedule of expenditures of federal awards (SEFA) for each of the two years ended December 31, 2000; the information presented by the County Clerk for some of the programs was not accurate.

The county's schedule did not include all the juvenile and emergency management grants because the information obtained from the granting agencies and the juvenile office did not indicate they were federal awards. In addition, the amounts reported to the County Clerk by the Health Center were not adjusted for programs that were only in part federally funded and did not include non-cash awards such as vaccinations. Other programs reported did not include the required CFDA number or pass-through grantor's number. In addition, some non-federal programs were included and other programs were reported incorrectly. As a result, the county over reported expenditures on their SEFA schedule by approximately \$114,000 for 2000 and under reported expenditures by approximately \$62,000 for 1999.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

STODDARD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 12, 2005. We also have audited the compliance of Stoddard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 12, 2005.

Because the Health Center, Sheltered Facilities Board, and 911 Board are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than

those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Stoddard County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	County Disbursements
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Bids were not always solicited or advertised by the county, nor was bid documentation always retained. Some purchases for which bids were obtained, the low bidder was not selected nor was the justification for other selections documented. Adequate supporting documentation was not always obtained and reviewed or was not in sufficient detail for some disbursements, and an expenditure from the Sheriff's Commissary Fund did not appear to be a proper use of county funds.

- A. The county did not solicit bids or requests for proposals for various purchases nor did the County Clerk retain bid documentation. The County Clerk and the County Commission indicated bids are sometimes solicited through telephone calls or other direct contact with vendors; however, documentation of these contacts was not maintained or recorded in the county commission minutes. The following are examples of items purchased during the two years ended December 31, 2004 without bid documentation:

<u>Items Purchased</u>		<u>Cost</u>
Vehicle for Sheriff's department	\$	17,219
Computer equipment		6,816
Copier		5,695
Reader/printer		4,999
Security system		4,660
Excavating services		4,640

We also noted additional purchases for which bids were obtained; however, the low bid was not selected and no justification was documented noting the reasons why the low bidder was not selected. Examples of these purchases included a copier for \$6,510 with a low bid of \$2,295 and another copier for \$4,686 with a low bid of \$3,995.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive

bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

- B. Instances were noted in which the county approved payments to vendors without requiring or retaining adequate supporting documentation. Examples of items which could not be properly supported were as follows:

<u>Items Purchased</u>		<u>Cost</u>
Scanning equipment	\$	5,161
Computer		3,119
Printer/envelope feeder		2,954
Travel expenses		923

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds.

- C. In December 2003, the prior Sheriff authorized payment of \$389 from the Sheriff's Commissary Fund for an employee Christmas party. This payment, supported by a memo prepared by the prior Sheriff, was reviewed and approved by the County Commission. While the prior Sheriff apparently believed he had the discretion to use the Sheriff's Commissary Fund for such disbursements, this does not appear to be a prudent use of the fund. County officials should ensure county funds are spent only on items which are necessary and beneficial to county operations.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases and services in accordance with state law and maintain documentation of the bidding process, including all bids received and justification for selecting and rejecting bids.
- B. Ensure adequate supporting documentation is obtained to support all disbursements.
- C. And the Sheriff ensure all disbursements of county monies are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they did obtain bids for these items, which were not adequately documented. They will ensure future bids are documented and retained.*
- B. *The County Commission indicated they will obtain and retain invoices.*
- C. *The County Commission indicated they agree with the recommendation.*

The new Sheriff indicated this will not happen again.

2. Budgetary Practices

The county approved expenditures in excess of available monies for the Archives Fund and the Miscellaneous Fund had a negative cash balance at December 31, 2003. In addition, some funds were not included in the published financial statements.

- A. Although Section 50.740, RSMo, requires balanced budgets, the County Commission budgeted a deficit of \$529 for the Archives Fund for the year ended December 31, 2004. Also, the county paid for administrative services for the CDBG grant from the Miscellaneous Fund in excess of available monies. As a result, this fund had a negative \$4,018 cash balance as of December 31, 2003.

Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "no county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

The County Commission should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

- B. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.880, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

Similar conditions were noted in our prior report and although the County Commission stated they would ensure deficit fund balances would not occur, conditions have not improved.

WE AGAIN RECOMMEND the County Commission:

- A. Refrain from budgeting a deficit balance in any fund. In addition, refrain from approving expenditures in excess of available monies to ensure all funds are maintained with a positive cash balance.
- B. Ensure the published financial statements include all county funds as required by state law.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will make necessary amendments to prevent having a negative cash balance at year end, and will not budget a deficit balance.*
- B. *The County Commission indicated this was an oversight, and they will ensure no such error occurs in the future.*

3. Personnel Policies and Procedures

Time records reported to the county do not accurately reflect actual compensatory time earnings, usage, and accumulated balances. In addition, the county's established compensatory time procedures for the Sheriff's department employees do not appear to be in compliance with the FLSA. The policy indicates compensatory time for Sheriff's department employees is based on 173 hours in a month, while the FLSA indicates compensatory time for law enforcement personnel should be based on 171 hours in a 28 day period. Sheriff's department employees submit a timesheet to the county indicating a total of 173 hours worked each month and no compensatory time. However, some Sheriff's department employees keep their own records which differ from what is reported to the county and which reflect compensatory time earned, accumulated, and taken. At December 31, 2004, two deputies had compensatory time balances of 516 and 170.5 hours, respectively, that were documented on their records but not reported to the County Commission on their official timesheets. As a result, the county does not have adequate records to monitor overtime worked by county employees and its overall liability for compensatory time.

WE RECOMMEND the County Commission require all employees to report compensatory time earned and taken on their monthly time sheets. In addition, the county should ensure the personnel policy and procedures are in compliance with the FLSA.

AUDITEE'S RESPONSE

The County Commission indicated they are working on implementing this recommendation with the new Sheriff.

The new Sheriff indicated he has started recording the compensatory time and will work with the County Commission to ensure the policy is in compliance with the FLSA by January 1, 2006.

4. Property Records and Procedures

Property records and procedures are inadequate. In addition, the county did not have adequate procedures to ensure assets sold are handled properly.

- A. Property records and procedures are inadequate. Although similar recommendations were made in the 2000 audit report, as well as other previous reports, and the County Commission indicated the recommendations would be implemented by January 2002, conditions have not improved. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk has not updated the inventory listing of fixed assets held by county officials since 1995 and asset dispositions have not been recorded since this time. In addition, the County Clerk does not reconcile equipment purchases with additions to the fixed asset records. Examples of items purchased which were not included on the fixed asset listing include four vehicles for the Sheriff's department totaling approximately \$82,340, three copiers totaling \$16,891, a security camera totaling \$4,660 and other computer and related equipment totaling \$95,653.

In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and buildings have not been performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo, provides that the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk.

- B. The county does not have adequate procedures to ensure assets sold are handled properly. In November 2002, a sheriff's department vehicle was wrecked and the insurance company totaled it out and paid the county \$8,416. The prior Sheriff then purchased the vehicle himself for \$133 without approval by the County Commission.

The county filed criminal charges and as a result, the prior Sheriff paid \$1,367 (the determined value of the car) to the county for restitution. The county has not established formal written procedures for the disposal of fixed assets to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc.) allows for participation by the public and provides the best price for the county.

WE AGAIN RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed to all county owned property.
- B. Establish written procedures for the proper disposal of fixed assets.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they are working on improving the procedures for accounting and record keeping for the fixed asset system.*
- B. *The County Commission indicated that during the commission meeting on August 29, 2005, they will establish written procedures for the proper disposal of fixed assets.*

5. Computer Controls

The county uses a mainframe computer to perform its general ledger accounting, budgetary accounting and reporting, cash disbursing, assessment, and tax collection functions. Several concerns were noted including failure to periodically change passwords, failure to halt log-ins after several denied attempts, and failure to establish a formal contingency plan.

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. No security system is in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized

individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.

- C. The county does not have a formal contingency plan for the computer system in case of emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county.

Similar conditions were noted in our prior report and, although the County Commission stated they would implement the recommendations, no changes have been made.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

AUDITEE'S RESPONSE

- A-C. *The County Commission indicated that the County Clerk will work with a programmer on implementing the above recommendations.*

6. Sheriff's Controls and Procedures

Deposits are not made timely, checks and money orders are not restrictively endorsed upon receipt, duties are not adequately segregated, and monthly reconciled bank balances are not reconciled to listings of liabilities (open items). In addition, mileage reimbursements lack adequate documentation and vehicle usage logs are not maintained.

The Sheriff receives monies for civil and criminal fees, gun permits, board bills, bonds, and other miscellaneous receipts which are handled in the Sheriff's fee account. The Sheriff also maintains a separate inmate checking account to handle personal inmate monies. The Sheriff handled receipts totaling approximately \$220,000 and \$236,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Receipts are not always deposited timely. Deposits are generally made twice a week and average approximately \$2,000 per deposit. A cash count performed on April 14, 2005, totaling \$1,702 included \$1,487 of cash and receipts from April 4, 2005. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. The duties of receiving, recording, and depositing monies are not adequately segregated. During the two years ending December 31, 2004, the Sheriff's office manager was responsible for receiving the monies, recording the receipts, preparing the deposits, and writing the checks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

- D. Monthly listings of open items are not reconciled to cash balances for the Sheriff's inmate account. As of December 31, 2004, the reconciled bank balance was \$4,121 while the identified liabilities on the open items listing were \$4,479 for a cash shortage of \$358. Reconciling the book balance to the open items listing is necessary to ensure records are in balance, errors are detected and corrected on a timely basis and that sufficient cash is available to cover prisoner account balances.
- E. The Sheriff and his deputies frequently transport prisoners and serve papers for attorneys, courts, and other counties relating to civil cases. The Sheriff's department collects mileage reimbursements for these services. The following concerns were noted:
 - 1. Mileage reimbursements prepared by the Sheriff's employees lacked adequate documentation. During the years ended December 31, 2004 and 2003, the prior Sheriff and two deputies used their personal vehicles for criminal process and criminal investigative work. The county paid approximately \$49,000 and \$52,000, respectively, to these officers for mileage during this time period. Although the county indicated they would begin recording odometer readings after we reported similar findings in our audit for the two years ended December 31, 2000, no such records were maintained and the descriptions of places to and from which the officer traveled were vague. A

former deputy was able to take advantage of the situation and obtained mileage reimbursements totaling over \$14,000 for mileage which was not incurred. This was discovered by the former Sheriff and the deputy was charged with theft and found guilty. He has made restitution and is no longer employed by the county. However, the situation went unnoticed for over two years due to the control weaknesses noted above.

Section 57.430, RSMo, requires the Sheriff and deputies to file accurate and itemized mileage statements showing in detail the miles traveled by the officer, the date of the trip, the nature of the business engaged in during each trip, and the places to and from which the officer has traveled, when the officer is driving a personal vehicle.

To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the Sheriff and County Commission should require the requests to be adequately detailed, including the purpose and destination of each trip.

2. At December 31, 2004, the county owned five vehicles and no longer reimbursed mileage for use of personal vehicles; however, vehicle usage logs are not maintained in the county vehicles. Without adequate vehicle usage logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, employee utilizing the vehicle, and the number of gallons and amount of any gasoline purchased.

Similar conditions were noted in prior reports and although the prior Sheriff stated he would implement the recommendations, no changes were made.

WE AGAIN RECOMMEND the Sheriff:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Reconcile cash balances to monthly listings of open items.
- E.1. And the County Commission require the Sheriff's office employees to record detailed information as to destinations traveled and purpose of official county business on mileage reimbursement requests.

2. And the County Commission require complete vehicle usage logs be maintained for all county vehicles. In addition, the County Commission should review the logs periodically to monitor the usage of county-owned vehicles.

AUDITEE'S RESPONSE

- A. *The Sheriff indicated he has implemented this recommendation.*
- B. *The Sheriff indicated he has started endorsing checks and money orders immediately upon receipt.*
- C. *The Sheriff indicated he will have someone independent review the office manager's work.*
- D. *The Sheriff indicated they are working on reconciling cash balances to monthly listings of open items.*
- E.1. *The Sheriff indicated that the Sheriff's Department will not have mileage reimbursements after December 31, 2005 as they no longer have deputies driving personal vehicles.*
2. *The Sheriff indicated that he believes the gas record system and the dispatch logs that he is now monitoring are sufficient.*

7. Ex Officio Collector's Controls and Procedures
--

Duties are not segregated appropriately and voided transactions are not reviewed by the Ex-Officio Collector. These weaknesses allowed a clerk of the Ex Officio Collector's Office to misappropriate approximately \$47,000 of real and personal property tax payments between 2001 and 2004. In addition, the method of payment is not indicated on paid tax receipts, no reconciliation is performed between the composition of paid tax receipts and the composition of deposits, no supervisory review of monthly bank reconciliations is performed, unreconciled differences between the bank balance and listings of liabilities (open items) are not investigated and resolved, and interest earned on township collectors' accounts has not been distributed in a timely manner.

- A. Duties are not adequately segregated and receipts entered into the cash register and subsequently voided by one of the deputy collectors were not adequately reviewed by the Ex-Officio Collector and explanations of voided transactions were not documented. As a result, starting in January 2001, one employee was able to misappropriate tax receipts totaling approximately \$47,000. The clerk took payments made in cash by entering the transaction through the cash register and then voiding or clearing the transaction while the taxpayers were issued the tax receipt marked paid. The Ex-Officio Collector discovered the problem in April 2004, charges were filed, and the deputy was found guilty. She was terminated from her position, and has been ordered to pay restitution and serve five years probation.

To help ensure receipts are properly recorded and deposited, all voided transactions should be documented and reviewed by the Ex-Officio Collector. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

- B. The method of payment is not indicated on all paid tax receipts; therefore, the Ex-Officio Collector cannot perform a reconciliation between the composition of paid tax receipts and the monies deposited. To ensure all monies collected are properly recorded and deposited, daily comparisons of receipts and deposits should be performed.

To help ensure receipts are properly recorded and deposited, receipt slips should indicate the method of payment (ie. cash, checks, or money orders) and the composition should be reconciled to the bank deposits on a periodic basis.

- C. The Ex-Officio Collector did not review the monthly bank reconciliations prepared by the Deputy Collector. In addition, the Ex-Officio Collector did not follow up on unreconciled differences between the reconciled bank balance and the listing of liabilities in the collector's checking account even though she was aware of the differences. The unreconciled difference at February 28, 2005 was \$4,533; however, at our request, the Ex-Officio Collector identified several reconciling items and was able to reduce the difference between bank and liabilities to \$390 at February 28, 2005.

Preparing accurate listings of liabilities and agreeing the total with the reconciled cash balance helps ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. The Ex-Officio Collector should attempt to identify the remaining unreconciled difference in the collector's checking account. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with unclaimed property statutes.

- D. The Ex-Officio Collector has not distributed the interest received from township collectors on their bank deposits on a timely basis. A similar condition was noted in our prior report and although the Ex-Officio Collector indicated the interest would be distributed, no action has been taken. Interest earned from March 1997 through March 2005, totaling in excess of \$54,000 has not been distributed to other political subdivisions and is held in the General Revenue Fund.

WE RECOMMEND the Ex-Officio Collector:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented. In addition, ensure all voided transactions are adequately documented and reviewed.
- B. Ensure the method of payment is recorded on all tax statements and the composition of receipts is reconciled to deposits.
- C. Review monthly bank reconciliations, investigate and resolve the remaining unreconciled difference and ensure that open items listings are reconciled monthly to the cash balance. In addition, any monies remaining unidentified should be disposed of in accordance with state law.
- D. Allocate interest on a timely basis.

AUDITEE'S RESPONSE

- A. *The Ex-Officio Collector indicated she agrees with the recommendation, and has started checking the clerk's work and voided receipts closely.*
- B. *The Ex-Officio Collector indicated she has started reconciling the composition of receipts to deposits. She also now ensures that method of payment is recorded.*
- C&D. *The Ex-Officio Collector indicated she does not have enough time and resources to review reconciliations and allocate interest on a timely basis; however, she will try to implement these recommendations.*

8. County Treasurer's Controls and Procedures
--

Receipt slips are not prenumbered and the method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. As a result, the composition of monies received cannot be reconciled to the amounts deposited. In addition, the County Treasurer does not post the receipts to her electronic accounting records on a timely basis. Not posting receipts on a timely basis can cause problems in reconciling to the bank and to the County Clerk records.

Similar conditions were noted in our prior report.

To reduce the risk of loss or misuse of county resources, the County Treasurer should use prenumbered receipt slips, post the receipts to the accounting records in a timely manner, record the method of payment on the receipt slips and account for their numerical sequence, and reconcile the composition of receipts to the amounts deposited.

WE AGAIN RECOMMEND the County Treasurer account for the numerical sequence of receipts and post receipts to the accounting records on a timely basis. In addition, the County Treasurer should indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of deposits.

AUDITEE'S RESPONSE

The Treasurer indicated that due to lack of available resources, she can not implement this recommendation; however, she will try.

9. Juvenile Officer's Controls and Procedures
--

The Crisis Intervention Fund administrative fees totaling \$68 for the years ended December 31, 2003 and 2004 were paid to the Juvenile Officer. In addition, concerns with the Juvenile Officer's controls and procedures noted bank balances are not reconciled to liability listings and various accounting duties are not adequately segregated.

- A. Monies received for Crisis Intervention Fund cases from the Department of Social Services - Children's Division (DSS - CD) are maintained in a bank account by the Juvenile Officer and are used to pay for services that help families in crisis to remain safely together and prevent out-of-home placement of children.

The contract with the DSS-CD indicates the account administrator can receive a ten percent administrative fee for each of these cases. The Juvenile Officer paid the \$68 of administrative fees collected in 2003 and 2004 to himself. Because the county pays the operating costs of the Juvenile Office, it appears that these fees should be paid to the county.

The Juvenile Officer should reimburse the county for the \$68 paid to himself and turn over future administrative fees to the county.

- B. Monthly listings of liabilities (open items) are not prepared for the restitution account and, consequently, open items are not reconciled with bank balances. The reconciled bank balance as of December 31, 2004, totaled approximately \$165 and the Juvenile Officer indicated he was unaware of how this money should be disbursed.

Preparing accurate listings of open items and agreeing the total with the reconciled bank balance helps ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. The juvenile officer should attempt to resolve the monies in the juvenile restitution account. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with unclaimed property statutes.

- C. Duties are not adequately segregated. Currently duties including receiving and recording restitution payments, depositing monies, and preparing monthly bank reconciliations are performed by one clerk, with no independent oversight.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If duties cannot be adequately segregated, at a minimum, a periodic supervisory review of the records should be performed and documented.

WE RECOMMEND the Juvenile Officer:

- A. Turn over all administrative fees to the county.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balances. In addition, the juvenile officer should attempt to identify the unidentified balances and any monies remaining unidentified should be disposed of in accordance with state law.
- C. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

- A. *The Juvenile Officer indicated he would pay back the \$68, if required.*
- B. *The Juvenile Officer indicated they have identified the recipients for the remaining balances, and will pay out the balance and close the account by December 31, 2005.*
- C. *The Juvenile Officer indicated he will provide oversight over the secretary's work.*

AUDITOR'S COMMENT

- A. The juvenile officer's salary is paid by the state and expenses of the office are paid by the county. Any administrative fees should not be retained by him personally.

10. Prosecuting Attorney's Controls and Procedures

Receipts are not transmitted to the County Treasurer timely and are not kept in a secure location. In addition, adequate records of monies collected on criminal cases are not maintained and there appears to be no legal authority to collect these payments and transmit them to a not-for-profit organization.

The Prosecuting Attorney's office received monies for bad check restitution, court-ordered restitution payments, and other miscellaneous items totaling \$20,100 and \$26,800 for the years ended December 31, 2004 and 2003, respectively.

- A. Bad check fees are not transmitted to the County Treasurer timely. Transmittals are typically made only once a week and averaged approximately \$300 for the years ended December 31, 2004 and 2003. In addition, receipts are not maintained in a secure location until transmitted. We noted receipts are kept in an unlocked desk drawer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be maintained in a secure location and transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.

Similar conditions were noted in our prior report and although the Prosecuting Attorney stated the recommendation was implemented, no changes have been made.

- B. The Prosecuting Attorney collects monies on some criminal cases as part of the determination of charges to be filed. Adequate records of these monies are not maintained. In 2003 and 2004, the monies collected were transmitted to the Stoddard County Children's Home (SCCH), a not-for-profit organization. The amount of funds transmitted to the SCCH is not documented as neither the SCCH nor the Prosecuting Attorney maintained records of these monies.

The Prosecuting Attorney could provide no legal authority to collect these payments during our audit period or transmit them to a not-for-profit organization. In 2005, the county established a new fund known as the Crime Reduction - Law Enforcement Restitution Fund for the collection of similar type funds per Section 50.565, RSMo 2004. The County Clerk indicated a total of \$1,215 in crime reduction fees had been turned over from January through March of 2005. However, the Prosecuting Attorney indicated he still transmitted some monies to the SCCH during this time period. The Prosecuting Attorney could not justify the reasons for choosing to transmit some monies to the SCCH and some monies to the Crime Reduction-Law Enforcement Restitution Fund.

To properly account for all transactions associated with any criminal cases, records should be maintained of any such payments made. In addition, the Prosecuting Attorney should pay any such monies collected to the Crime Reduction - Law Enforcement Restitution Fund, as allowed by state law.

WE RECOMMEND the Prosecuting Attorney:

- A. Maintain receipts in a secure location and transmit bad check fees daily or when accumulated receipts exceed \$100.

- B. Maintain records of payments made in relationship to criminal cases and transmit such monies to the county Crime Reduction - Law Enforcement Restitution Fund.

AUDITEE'S RESPONSE

The Prosecuting Attorney responded:

The Stoddard County Prosecutor's Office will continue to guard such county finances as flow through this office in a timely, efficient, prudent and responsible manner with personnel who are dedicated to providing efficient and excellent criminal prosecution to the people of Stoddard County and are willing to work overtime, on holidays and Saturdays to ensure our citizens receive the best possible prosecution services at the lowest possible cost.

AUDITOR'S COMMENT

Continuing to follow these same procedures does not effectively guard county finances in a responsible manner.

11. Recorder of Deeds' Controls and Procedures

Monies are not deposited on a timely basis and checks and money orders are not restrictively endorsed immediately upon receipt. In addition, the method of payment is not noted on the daily abstract of fees and the composition of receipts to deposits is not compared.

Although similar instances were noted in prior reports, conditions have not improved. The Recorder of Deeds' office collected various fees for recording documents such as marriage licenses, deeds, etc. totaling \$268,653 and \$291,893 for the years ended December 31, 2004 and 2003, respectively.

- A. Receipts are not deposited on a timely basis. Our review of deposits made during December 2004, indicated deposits are made approximately twice a week and averaged more than \$1,000. A cash count performed on March 3, 2005, totaled \$1,129 including \$130 cash and receipts from March 1, 2005. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. The endorsements are applied at the end of the day.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100 and all checks and money orders should be restrictively endorsed immediately upon receipt.

- B. The method of payment is not recorded on the ledger. As a result, the Recorder can not ensure the composition of the deposit agrees to the composition of the daily abstract of fees and monies actually received.

To ensure all receipts are deposited, the Recorder should ensure the composition of receipts recorded on the daily abstract of fees agrees to the composition of the deposits.

WE AGAIN RECOMMEND the Recorder of Deeds:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders immediately upon receipt.
- B. Record the method of payment for all fees on the abstract of fees or other supporting schedules and reconcile the composition of receipts to amounts deposited.

AUDITEE'S RESPONSE

- A. *The Recorder stated that because the bank is in Dexter, it is not feasible to make deposits daily. She will continue to endorse checks at the end of each day.*
- B. *The Recorder indicated she will try recording the method of payments and reconciling the composition of receipts to the deposits.*

12. Circuit Clerk's Controls and Procedures
--

Several problems were noted concerning the Circuit Clerk's controls and procedures including deposit concerns and inadequate supervisory review by the Circuit Clerk. In addition, the Circuit Clerk does not restrictively endorse checks immediately upon receipt.

During the years ended December 31, 2004 and 2003, the Circuit Clerk's office collected approximately \$1,452,515 and \$504,771, respectively, for civil and criminal court costs.

- A. Circuit court receipts are not deposited in a timely manner. Although a similar recommendation was made in prior reports and the Circuit Clerk indicated the recommendation would be implemented immediately, conditions have not improved. In 2004, deposits were only made approximately once per week. On February 15, 2005, we counted cash and checks on hand in the Circuit Clerk's office totaling approximately \$5,300 including receipts dating back to February 3, 2005. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. They are endorsed by the Circuit Clerk when the deposit is prepared.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

- B. There is no adequate supervisory review of the bank reconciliation prepared by the Deputy Clerk. The Circuit Clerk also indicated she does not review the numerical sequence of receipts to ensure all monies are accounted for properly. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. At a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited and the bank reconciliation should be reviewed by an independent person.

WE RECOMMEND the Circuit Clerk:

- A. Deposit all monies daily or when accumulated receipts exceed \$100. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. Ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

- A. *The Circuit Clerk indicated they have started depositing receipts daily, and also, she is now endorsing all checks and money orders immediately upon receipt.*
- B. *The Circuit Clerk indicated she will start reviewing the clerk's work.*

Follow-Up on Prior Audit Findings

STODDARD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Stoddard County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Sheriff's Reserve Bank Accounts

- A. The "Stoddard County Sheriff's Department, Reserve Commissary Account" was not properly operated. The money was not held in the county treasury, federal grant program reimbursements were improperly deposited into the account, the Sheriff's department used the account as a petty cash fund, and its operations were not adequately monitored as the account balance at December 31, 2000, was negative \$588.
- B. The "Sheriff's Reserve Canine Fund" appeared to have been for the expenses of the drug dog and the Sheriff's helicopter; however, additional federal grant program reimbursements had been deposited into the account and there was no assurance that the account did not include additional accountable monies or that disbursements were appropriate.
- C. The "Stoddard County Sheriff's Reserve" account appeared to have been for the expenses of reserve officers' vehicles and equipment and for donations received in exchange for security services; however, there was no assurance that the account did not include additional accountable monies or that disbursements were appropriate.

The Sheriff is authorized by statute to receive and distribute various fees and monies. However, Attorney General's Opinion No. 45-92 to Henderson states sheriffs of third class counties are not authorized to maintain a bank account for law endorsement purposes separate from the county treasury.

Recommendation:

The Sheriff identify all accounts and their purpose to ensure he is in compliance with the Attorney General's Opinion. He and the County Commission should determine the appropriate handling of the commissary profits. In addition, the Sheriff needs to ensure that all accountable monies are transmitted to the County Treasurer.

Status:

The Sheriff's Commissary Account and the Sheriff's Reserve Canine Fund were closed when the prior Sheriff left office in December 2004. The closing balances of \$1,341 and \$5,681 respectively, were turned over to the County Treasurer and placed in the Sheriff's Commissary Fund and the new Sheriff's Reserve Fund. The Stoddard County Sheriff's Reserve Account is handled by the Stoddard County Reserve Association and includes donations received for the reserve officers in exchange for security services.

2. Sheriff's Cost Reimbursements

- A.1. Reimbursement claims submitted by the Sheriff and his deputies for civil and criminal mileage, when their personal vehicles were used, lacked adequate documentation.
- 2. Mileage logs were not maintained in the county owned vehicles.
- B. The County Commission had no assurance payments made to the Sheriff for preparing and serving meals to the prisoners were reasonable and based on costs incurred by the Sheriff. The County Commission had reimbursed the Sheriff for meals at a daily rate of \$3.25 per prisoner. The County Commission had not received or reviewed invoices supporting the actual food costs incurred by the Sheriff.

Recommendation:

The Sheriff:

- A. And the County Commission require the submission of detailed and accurate mileage claims to verify the actual miles driven by officers in their personal vehicles. Mileage logs for county owned vehicles should be maintained. The County Commission should review the claims and mileage logs to determine if the number of miles claimed is reasonable.
- B. Produce complete documentation of actual food costs incurred from feeding prisoners. Furthermore, the County Commission should consider having the grocery store bill the county direct for all food costs associated with the boarding of prisoners. In addition, if the present nonaccountable reimbursement method is continued, the reimbursements made should be reported on the Sheriff's W-2 form.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Implemented. The county did include the nonaccountable reimbursements paid to the prior Sheriff on his W-2 form, which were \$57,444 and \$57,876 for 2003 and

2004 respectively. In 2005, after the new Sheriff took office, the county no longer reimburses the Sheriff for the cost of providing food to prisoners. The county now uses various outside vendors to provide food to prisoners and the vendors bill the county directly.

3. Sheriff's Fee Account Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipts were not deposited on a timely basis, checks were not restrictively endorsed immediately upon receipt, and receipt slips were not written for some monies received.
- C. The Sheriff's office manager maintained a cash control ledger for the various monies received through the Sheriff's office; however, the ledger was not complete and had not been reconciled to the reconciled bank balance.

Recommendation:

The Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse all checks when received. In addition, prenumbered receipt slips should be issued for all monies received and the composition of receipts should be reconciled to the composition of bank deposits.
- C. Ensure all receipts and disbursements are posted to the cash control ledger on a timely basis, totaled, and reconciled monthly to bank statements.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Partially implemented. The Sheriff issues receipt slips for all monies received and reconciles the composition of monies received to the composition of bank deposits. However, deposits are still not made timely and checks are not restrictively endorsed upon receipt. See MAR finding number 6.
- C. Implemented.

4. Sheriff's Inmate Account Controls and Procedures

- A. Monthly bank reconciliations had not been prepared for the inmate account since October 1999 and monthly listings of liabilities were not agreed to the reconciled bank and book balance.
- B. Inventory records of commissary supplies were not adequately maintained and periodic physical inventory counts were not performed.
- C. Receipts were not deposited on a timely basis and checks were not restrictively endorsed when they were received.

Recommendation:

The Sheriff:

- A. Perform monthly bank reconciliations between accounting records, bank statements, and open items. Any discrepancies noted should be investigated and resolved in a timely manner.
- B. Maintain inventory records and ensure a periodic physical count of inventory is performed. Reconciliations of monies received to items purchased and remaining in inventory should be performed.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100 and restrictively endorse all checks when received.

Status:

A&C. Not implemented. See MAR finding number 6.

- B. Partially implemented. The Sheriff's office maintains inventory records and performs a periodic physical count of inventory for all items except sodas sold through the vending machine. The Sheriff's office is also reconciling monies received to items purchased and remaining in inventory. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Officials' Salaries

The Stoddard County's Associate County Commissioners were each given a mid-term salary increase of \$8,955 per year.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The County Commission has agreed the mid-term salary increases will not be paid back to the county; however, the Associate County Commissioners have agreed not to claim mileage reimbursements for travel associated with official county duties. However, no record is kept of this mileage so it is not possible to determine if the amounts not claimed as mileage will approximate the increases in salaries. Although not repeated in the current MAR, our recommendation remains as stated above.

6. County Expenditures and Procedures

- A. Several county employees responsible for receiving and depositing monies were not bonded.
- B. The county had not entered into written contracts with the township road and bridge departments and special road districts related to distributions made. In addition, the County Commission had not monitored the townships' and special road districts' use of county monies.
- C. In 2000, the County Commission had approved Archives Fund expenditures in excess of available monies and had not transferred monies from the General Fund as budgeted, resulting in a deficit balance.

Recommendation:

The County Commission:

- A. Consider obtaining adequate bond coverage for all persons with access to negotiable assets.
- B. Obtain written agreements, which specifically state what services are to be provided to the county, for any distribution of county aid road trust monies and highway Planning and Construction Program grant monies. In addition, the written agreements should allow the County Commission to monitor the political subdivisions' expenditures of the county monies.
- C. Refrain from approving expenditures in excess of available monies.

Status:

- A. Implemented.
- B. Partially implemented. The county now has written agreements with the townships for the distribution of county aid road trust monies and obtains annual financial reports from each township; however, the county does not ensure the financial statements are published by the townships annually as required by law. In addition, the contracts do not specify services to be provided for Highway Planning and Construction grant monies. See finding number 04-01.
- C. Not implemented. See MAR finding number 2.

7. General Fixed Asset Records and Procedures

The County Commission or its designee had not maintained a complete detailed record of county property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or identified as county-owned property.

Status:

Not implemented. See MAR finding number 3.

8. Budgetary Practices

Budgets were not prepared for the Circuit Division Interest Fund, Associate Circuit Division Interest Fund, and the Law Library Fund for the two years ended December 31, 2000.

Recommendation:

The County Commission require budgets be prepared or obtained for all county funds in accordance with state law.

Status:

Not implemented. See finding number 04-1.

9. Computer Controls

- A. Passwords required to access programs were not changed periodically by users or kept confidential.
- B. No security system was in place to detect and stop incorrect log-on attempts after a certain number of tries.
- C. The county did not have a formal contingency plan for the computer systems.

Recommendation:

The County Commission:

- A. Establish procedures to maintain the confidentiality of and periodically change user passwords.
- B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. Develop a formal contingency plan for its computer systems.

Status:

A, B

&C. Not implemented. See MAR finding number 4.

10. County Clerk's Tax Book Procedures

- A. There was no evidence that the County Clerk adequately verified the tax books charged to the Ex Officio County Collector.
- B. The County Clerk had not reconciled the account book with the Ex Officio Collector's annual settlements.

Recommendation:

The County Clerk:

- A. Prepare the back tax books or verify the totals generated by the Ex Officio Collector's office.
- B. Make use of the County Clerk's account book to verify the Ex Officio Collector's annual settlements.

Status:

- A. Implemented.
- B. Not implemented. The County Clerk still does not reconcile the account book with the Ex Officio Collector's annual settlements, but the County Commission reviews the annual settlements and the supporting documents. Although not repeated in the current MAR, our recommendation remains as stated above.

11. County Treasurer's and Ex Officio Collector's Controls and Procedures

- A. Receipts were not deposited on a timely basis.
- B. The Treasurer's receipt slips did not indicate the method of payment.

Recommendation:

The County Treasurer/Ex Officio Collector:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Issue prenumbered receipt slips immediately upon receipt, record the method of payment on the receipt slips and account for their numerical sequence, and reconcile the composition of receipts to amounts deposited.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 7.

12. Prosecuting Attorney's Controls and Procedures

- A. Bad check and court-ordered restitution payments and fees were not transmitted to the County Treasurer or courts on a timely basis. In addition, a transmittal listing or other documentation of items turned over was not maintained.
- B. Checks and money orders received were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Transmit restitution and bad check fees daily or when accumulated receipts exceed \$100 and retain a listing documenting the monies that were transmitted.
- B. Restrictively endorse checks and money orders made payable to Stoddard County immediately upon receipt.

Status:

- A. Partially implemented. Although the Prosecuting Attorney now retains copies of all checks transmitted, the restitution payments and bad check fees are still not transmitted to the County Treasurer on a timely basis. See MAR finding number 10.
- B. Implemented.

13. Recorder of Deeds' Controls and Procedures

- A. The Recorder of Deeds did not deposit receipts intact or on a timely basis and checks and money orders were not restrictively endorsed immediately upon receipt. Refunds of overpayments were issued from cash on hand and checks were cashed at the bank to make additional change.
- B. The method of payment was not documented on the daily abstract of fees or elsewhere for any fees.

Recommendation:

The Recorder of Deeds:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders immediately upon receipt. In addition, the Recorder of Deeds should discontinue the practice of paying refunds in cash and cashing receipts to make change. If necessary, a change fund should be established and maintained at a constant amount.
- B. Record the method of payment for all fees on the abstract of fees or other supporting schedules and reconcile the composition of receipts to amounts deposited.

Status:

A&B. Not implemented. See MAR finding number 11.

14. Circuit Clerk's Controls and Procedures

Circuit Court receipts were not deposited on a timely basis.

Recommendation:

The Circuit Clerk deposit all receipts daily or when accumulated receipts exceed \$100.

Status:

Not implemented. See MAR finding number 12.

15. Township Collectors' Interest Distribution

The County Clerk and the Ex-Officio Collector had not distributed the interest received from township collectors on their bank deposits on a timely basis.

Recommendation:

The County Clerk and Ex-Officio Collector allocate interest on a timely basis in accordance with state statutes and Attorney General's opinions.

Status:

Not implemented. See MAR finding number 7.

STATISTICAL SECTION

History, Organization, and
Statistical Information

STODDARD COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1835, the county of Stoddard was named after Major Amos Stoddard, a civil commandant of upper Louisiana. Stoddard County is a township-organized, third-class county and is part of the Thirty-Fifth Judicial Circuit. The county seat is Bloomfield, Missouri.

Stoddard County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 29,009 in 1980 and 29,705 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	192.5	186.6	181.6	177.0	118.0 48.4
Personal property		89.2	86.5	89.1	83.2	26.9 12.3
Railroad and utilities		43.9	40.2	40.8	40.9	31.0 21.8
Total	\$	325.6	313.3	311.5	301.1	175.9 82.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Stoddard County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	0.0000	0.0000	0.0700	0.1400
Health Center Fund		0.1000	0.1000	0.1000	0.1000
Sheltered Workshop Fund		0.0800	0.0800	0.0800	0.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	2005	2004	2003	2002
State of Missouri	\$ 99,075	94,892	93,116	88,254
General Revenue Fund	98,471	112,246	316,858	465,542
Special Road and Bridge Fund	221,203	211,814	200,558	197,127
Assessment Fund	170,362	134,540	134,497	128,579
Health Center Fund	325,881	312,806	306,871	290,878
Senate Bill 40 Board Fund	260,967	250,227	245,745	232,944
School districts	10,388,604	9,846,330	9,642,658	9,090,866
Ambulance district	653,611	627,357	614,877	582,333
Townships General Revenue Fund	254,704	244,314	239,227	225,989
Townships Road and Bridge Fund	1,118,941	1,072,136	1,025,000	963,857
Townships Johnson Grass Fund	127,880	125,033	121,822	113,411
Junior College	7,100	6,748	6,561	6,342
Drainage Districts	48,717	48,015	46,006	40,396
Surtax	89,887	84,310	80,347	81,460
Investment Interest	36,973	7,087	10,590	9,315
Cities	52,709	47,754	48,855	48,902
County Clerk	377	418	354	307
County Employees' Retirement	47,159	45,939	44,683	33,955
Tax Maintenance Fund	24,897	23,693	974	
Commissions and fees:				
General Revenue Fund	95,997	89,573	89,534	80,184
Township Collectors	89,104	85,859	85,304	83,546
Total	\$ 14,212,619	13,471,091	13,354,436	12,764,187

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2002	
Real estate	92.4	92.4	91.5	92.6	%
Personal property	90.7	89.8	89.4	89.0	
Railroad and utilities	100.0	100.0	100.0	99.7	

Stoddard County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.0100	None	*

*The county passed an additional ½ cent sales tax in 2002. The ballot indicated the property tax rate would be reduced to zero per \$100 assessed valuation.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Greg Mathis, Presiding Commissioner		31,700	31,700		
Jerry Elder, Presiding Commissioner				30,380	30,380
Frank Sifford, Associate Commissioner		29,700	29,700	28,380	28,380
Ray Coats, Associate Commissioner		29,700	29,700	28,380	28,380
Kay Asbell, Recorder of Deeds		45,000	45,000	43,000	43,000
Don White, County Clerk		45,000	45,000	43,000	43,000
Briney Welborn, Prosecuting Attorney		55,000	55,000	53,000	53,000
Steve Fish, Sheriff (1)		107,876	107,444	103,686	96,514
Wm. Morgan Sifford, County Coroner		16,000	15,631		
Greg Mathis, County Coroner				15,000	15,000
Brenda Wilson, Public Administrator		25,000	25,000	25,000	25,000
Carla Moore, Treasurer and Ex Officio County Collector, year ended February 28 (29),	57,078	57,078	57,078	57,078	
Jody Lemmon, County Assessor (2), year ended August 31,		45,900	45,900	43,900	43,900
Dallas Peters, County Surveyor (3)					

(1) Includes \$57,876, \$57,444, \$53,686 and \$46,514 for reimbursement of prisoner board costs for the years ended December 31, 2004, 2003, 2002 and 2001, respectively.

(2) Includes annual compensation received from the state; \$751, \$878, \$900, and \$900, respectively.

(3) Compensation on a fee basis.

State-Paid Officials:

Martha Ware, Circuit Clerk	45,829	47,300	47,300	47,300
Sherry Disney, Circuit Clerk	2,071			
Joe Z. Satterfield, Associate Circuit Judge	96,000	96,000	96,000	96,000
Stephen R. Mitchell, Associate Circuit Judge	96,000	96,000	96,000	96,000

The county entered into a lease purchase agreement with United Missouri Bank on August 1, 2000. The terms of the agreement call for the county to lease land for the new Justice Center to United Missouri Bank, who then leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. The lease is scheduled to be paid off in 2025. The remaining principal and interest due on the lease at December 31, 2004, was \$1,780,000 and \$644,315, respectively.



Claire McCaskill

Missouri State Auditor

September 2005

Morgan County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Morgan, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Morgan County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Various federal program expenditures were not included on the 2004 Schedule of Expenditures of Federal Awards (SEFA) resulting in an under statement of approximately \$162,000. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.
- The County Commission approved an expenditure of approximately \$10,000 from the Special Road and Bridge Fund for repaving the Justice Center parking lot and the anticipated financial condition was not adequately projected for the Neighborhood Improvement District (NID) Ongoing Construction and Maintenance Fund. Published financial statements did not include all financial activity for the Senior Services and Senate Bill 40 Funds or bonded debt information for the Justice Center and various NID projects. The current compensatory time policy does not address all necessary aspects such as maximum accumulation of compensatory time for some employees which could result in the county's liability for compensatory time, which was approximately \$20,000 at April 30, 2005, becoming even more significant. Although expenditures of the Special Road and Bridge Fund exceeded \$1 million, a formal road and bridge maintenance plan has not been prepared. There are no current written contracts with the special road districts.
- The County Clerk does not maintain an account book with the County Collector or verify the delinquent tax books. In addition, the County Collector and County Commission have not entered into a written agreement with the Tri-County Lodging Association to collect lodging taxes and collections and distributions of lodging taxes were not included on the County Collector's annual settlements.

(over)

YELLOW SHEET

- A written policy related to the handling and accounting of fixed assets has not been developed. In addition, a current listing of all county property has not been maintained, property tags have not been affixed to most county property, and annual physical inventories have not been conducted.
- There is no a written policy regarding the use of county owned vehicles. In addition, concerns were noted regarding vehicle mileage logs, vehicle expense logs, personal usage logs, and the current mileage reimbursement policy.
- Accounting duties over bad check restitution monies are not adequately segregated in the Prosecuting Attorney's office. Concerns were noted related to controls over the accounting system for bad checks and court ordered restitution including untimely updates to the accounting system, errors in the bank reconciliation, failure to prepare and maintain open items listings, and the lack of procedures to routinely follow up on outstanding checks and old bank accounts. In addition, fees were not always transmitted to the County Treasurer on a timely basis and expenditures totaling approximately \$950 made from the Law Library Fund did not appear to be in accordance with state law.
- Accounting duties in the Sheriff's office are not adequately segregated. In addition, generic receipt slips are issued and checks and money orders are not endorsed immediately upon receipt. Deposits are not made timely when the employee assigned that duty is absent for extended periods. Procedures have not been established to routinely follow up on outstanding checks and old bank accounts. Open items listings for inmate monies are not prepared and compared to cash balances. Monies from commissions on inmate commissary purchases and telephone card sales are maintained by the Sheriff outside the county treasury. U.S. Marshals prisoners are not always correctly identified in the tacking system and the system does not always correctly compute the number of days held resulting in inaccurate billings.
- Accounting duties over traffic monies processed by the Associate Circuit Division are not adequately segregated, open items listings are not performed in a timely manner, bank reconciliations for the bond account are not performed in a timely manner, and old outstanding checks and bond monies are not adequately investigated. In addition, listings of accrued costs owed to the court are not maintained and monitoring procedures related to accrued costs are not adequate.

Other recommendations suggested improvements in computer controls, the Assessor's receipting procedures and the County Clerk's handling of vending machine proceeds.

Several officials agreed with the recommendations and indicated steps have already been taken to implement most recommendations or they are planning to do so.

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MORGAN COUNTY, MISSOURI

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MORGAN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Morgan County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Morgan County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Morgan County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 2, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Morgan County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 2, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Terese Summers, CPA
	Anne Jenkins
	Jennifer L. Carter



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Morgan County, Missouri

We have audited the financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Morgan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Morgan County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Morgan County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 2, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

MORGAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 812,606	2,818,362	2,570,230	1,060,738
Special Road and Bridge	767,657	1,663,596	1,398,495	1,032,758
Assessment	0	376,238	376,238	0
Law Enforcement Training	594	3,694	2,473	1,815
Prosecuting Attorney Training	803	1,083	1,600	286
Johnson Grass	136,889	7,193	5,486	138,596
911	0	440,801	440,801	0
Local Emergency Planning Committee	10,109	2,451	3,624	8,936
Prosecuting Attorney Delinquent				
Sales Tax	3,100	1,700	2,935	1,865
Recorder User Fees	22,997	36,066	31,545	27,518
Domestic Violence	1,837	1,757	1,837	1,757
Bad Check Collection	3,551	18,168	16,816	4,903
Law Library	10,635	9,085	11,441	8,279
Law Enforcement Sales Tax	0	2,244,449	2,244,449	0
Neighborhood Improvement District				
Debt Service Bond	703,940	460,785	465,351	699,374
Neighborhood Improvement District				
Ongoing Construction & Maintenance	602,227	114,112	104,232	612,107
Sheriff Fees	10,608	24,255	26,002	8,861
Election Services	2,685	1,455	0	4,140
MoSmart Grant	0	46,545	46,545	0
Inmate Security	426	3,451	0	3,877
Senate Bill 40	72,372	152,611	139,096	85,887
Senior Services	61,845	151,218	163,751	49,312
Collector Tax Maintenance	20,425	33,569	5,096	48,898
Local Law Enforcement Block Grant	916	1,684	2,600	0
2002 Local Law Enforcement Block Grant	10,285	123	8,280	2,128
Sheriff's Seizures	95	2	0	97
Circuit Clerk Interest	26,537	2,416	178	28,775
Associate Circuit Court Interest	16,525	1,035	0	17,560
HAVA	0	15,024	13,703	1,321
Jury Script	1,250	5,500	5,842	908
Sheriff Revolving	0	6,115	0	6,115
Total	\$ 3,300,914	8,644,543	8,088,646	3,856,811

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MORGAN COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 748,887	2,154,364	2,090,645	812,606
Special Road and Bridge	815,399	1,602,000	1,649,742	767,657
Assessment	0	334,453	334,453	0
Law Enforcement Training	1,485	3,061	3,952	594
Prosecuting Attorney Training	6,293	870	6,360	803
Johnson Grass	30,595	115,752	9,458	136,889
911	1,156	390,421	391,577	0
Local Emergency Planning Committee	5,145	5,693	729	10,109
Prosecuting Attorney Delinquent				
Sales Tax	5,503	346	2,749	3,100
Recorder User Fees	19,415	34,738	31,156	22,997
Domestic Violence	1,561	1,837	1,561	1,837
Bad Check Collection	15,015	12,359	23,823	3,551
Law Library	10,930	8,656	8,951	10,635
Law Enforcement Sales Tax	0	1,875,596	1,875,596	0
Neighborhood Improvement District				
Debt Service Bond	719,337	437,439	452,836	703,940
Neighborhood Improvement District				
Ongoing Construction & Maintenance	497,802	104,425	0	602,227
Sheriff Fees	672	38,601	28,665	10,608
Election Services	2,874	966	1,155	2,685
Family Access	1,174	0	1,174	0
MoSmart Grant	0	55,573	55,573	0
Inmate Security	0	426	0	426
Senate Bill 40	82,138	146,869	156,635	72,372
Senior Services	68,591	147,109	153,855	61,845
Collector Tax Maintenance	2,738	33,623	15,936	20,425
Local Law Enforcement Block Grant	9,491	4,572	13,147	916
2002 Local Law Enforcement Block Grant	0	12,024	1,739	10,285
Sheriff's Seizures	91	4	0	95
Circuit Clerk Interest	23,822	3,202	487	26,537
Associate Circuit Court Interest	15,911	1,107	493	16,525
Jury Script	2,479	2,000	3,229	1,250
Total	\$ 3,088,504	7,528,086	7,315,676	3,300,914

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 8,911,400	8,632,928	(278,472)	7,891,962	7,525,660	(366,302)
DISBURSEMENTS	9,018,644	8,082,804	935,840	8,790,255	7,312,447	1,477,808
RECEIPTS OVER (UNDER) DISBURSEMENTS	(107,244)	550,124	657,368	(898,293)	213,213	1,111,506
CASH, JANUARY 1	3,299,959	3,299,664	(295)	3,086,025	3,086,025	0
CASH, DECEMBER 31	3,192,715	3,849,788	657,073	2,187,732	3,299,238	1,111,506
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	298,000	324,316	26,316	300,000	321,535	21,535
Sales taxes	860,000	904,737	44,737	872,000	858,863	(13,137)
Intergovernmental	20,000	8,654	(11,346)	13,500	2,150	(11,350)
Charges for services	1,278,700	1,437,339	158,639	835,900	859,960	24,060
Interest	20,000	27,298	7,298	20,000	18,667	(1,333)
Other	50,800	85,953	35,153	36,750	46,612	9,862
Transfers in	60,400	30,065	(30,335)	60,500	46,577	(13,923)
Total Receipts	2,587,900	2,818,362	230,462	2,138,650	2,154,364	15,714
DISBURSEMENTS						
County Commissior	116,868	116,016	852	115,620	115,133	487
County Clerk	101,202	94,712	6,490	94,142	92,986	1,156
Elections	32,700	33,367	(667)	12,200	6,312	5,888
Buildings and grounds	73,948	74,945	(997)	72,492	69,196	3,296
Employee fringe benefit	112,400	93,950	18,450	100,616	86,571	14,045
County Treasurer	37,300	35,465	1,835	36,800	34,860	1,940
County Collector	112,900	114,440	(1,540)	112,292	110,506	1,786
Ex Officio Recorder of Deed	63,718	61,470	2,248	62,833	64,021	(1,188)
Circuit Clerk	8,800	6,997	1,803	6,200	5,105	1,095
Associate Circuit Court	29,220	21,178	8,042	27,900	22,538	5,362
Court administration	5,000	7,500	(2,500)	6,000	2,000	4,000
Public Administrator	61,640	57,521	4,119	58,687	55,134	3,553
Prosecuting Attorney	164,640	166,304	(1,664)	147,930	143,615	4,315
Juvenile Offices	63,787	29,202	34,585	68,332	40,341	27,991
County Coroner	27,200	19,002	8,198	27,180	21,308	5,872
Circuit Judges-Divisions 1 & 2	12,046	6,246	5,800	11,840	6,834	5,006
Insurance	6,500	10,844	(4,344)	15,000	2,910	12,090
University Extension Service	30,740	30,021	719	29,712	27,177	2,535
Emergency managemen	7,000	7,193	(193)	4,400	9,143	(4,743)
Utilities	13,000	10,048	2,952	12,000	12,487	(487)
Telephone	10,500	10,076	424	10,500	10,354	146
Outside services	50,000	76,901	(26,901)	10,000	27,887	(17,887)
Equipment	100,000	206,341	(106,341)	200,000	203,900	(3,900)
Capital improvements-jai	65,000	55,148	9,852	15,000	43,377	(28,377)
Capital improvements-courthous	15,000	11,353	3,647	5,000	1,589	3,411
Inventory	0	3,834	(3,834)	0	19,865	(19,865)
Other	26,000	28,298	(2,298)	30,500	30,061	439
Transfers out	1,315,351	1,181,858	133,493	773,785	825,435	(51,650)
Emergency Fund	80,000	0	80,000	56,700	0	56,700
Total Disbursements	2,742,460	2,570,230	172,230	2,123,661	2,090,645	33,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(154,560)	248,132	402,692	14,989	63,719	48,730
CASH, JANUARY 1	812,606	812,606	0	748,887	748,887	0
CASH, DECEMBER 31	658,046	1,060,738	402,692	763,876	812,606	48,730

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	329,000	335,863	6,863	330,000	321,830	(8,170)
Intergovernmental	1,734,000	1,283,430	(450,570)	1,575,000	1,240,742	(334,258)
Interest	18,000	23,739	5,739	20,000	20,563	563
Other	25,000	20,482	(4,518)	255,000	18,557	(236,443)
Transfers in	500	82	(418)	500	308	(192)
Total Receipts	2,106,500	1,663,596	(442,904)	2,180,500	1,602,000	(578,500)
DISBURSEMENTS						
Salaries	460,000	450,210	9,790	427,000	445,521	(18,521)
Employee fringe benefit	98,400	91,226	7,174	86,200	88,354	(2,154)
Supplies	120,000	115,028	4,972	110,000	109,090	910
Insurance	27,500	27,689	(189)	25,000	25,535	(535)
Road and bridge materials	165,000	140,051	24,949	166,000	153,733	12,267
Equipment repairs	50,000	61,531	(11,531)	50,000	38,167	11,833
Equipment purchases	250,000	41,478	208,522	600,000	398,080	201,920
Construction, repair, and maintenance	700,000	221,829	478,171	649,000	146,574	502,426
CART and marine gas tax to special road district	190,330	203,059	(12,729)	180,000	186,517	(6,517)
Other	15,800	16,394	(594)	13,800	13,171	629
Transfers out	53,800	30,000	23,800	60,000	45,000	15,000
Total Disbursements	2,130,830	1,398,495	732,335	2,367,000	1,649,742	717,258
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,330)	265,101	289,431	(186,500)	(47,742)	138,758
CASH, JANUARY 1	767,657	767,657	0	815,399	815,399	0
CASH, DECEMBER 31	743,327	1,032,758	289,431	628,899	767,657	138,758
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	302,000	314,279	12,279	328,785	293,179	(35,606)
Interest	700	937	237	835	697	(138)
Other	200	0	(200)	0	207	207
Transfers in	105,414	61,022	(44,392)	25,145	40,370	15,225
Total Receipts	408,314	376,238	(32,076)	354,765	334,453	(20,312)
DISBURSEMENTS						
Assessor	408,314	376,238	32,076	354,765	334,453	20,312
Total Disbursements	408,314	376,238	32,076	354,765	334,453	20,312
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	3,500	3,664	164	3,100	3,037	(63)
Interest	30	30	0	50	24	(26)
Other	0	0	0	200	0	(200)
Total Receipts	3,530	3,694	164	3,350	3,061	(289)
DISBURSEMENTS						
Sheriff	3,530	2,473	1,057	6,500	3,952	2,548
Total Disbursements	3,530	2,473	1,057	6,500	3,952	2,548
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,221	1,221	(3,150)	(891)	2,259
CASH, JANUARY 1	594	594	0	1,485	1,485	0
CASH, DECEMBER 31	594	1,815	1,221	(1,665)	594	2,259
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	800	930	130	700	754	54
Interest	0	7	7	400	116	(284)
Transfers in	0	146	146	0	0	0
Total Receipts	800	1,083	283	1,100	870	(230)
DISBURSEMENTS						
Prosecuting Attorney	1,600	1,600	0	7,073	6,360	713
Total Disbursements	1,600	1,600	0	7,073	6,360	713
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	(517)	283	(5,973)	(5,490)	483
CASH, JANUARY 1	803	803	0	6,293	6,293	0
CASH, DECEMBER 31	3	286	283	320	803	483
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	0	3,944	3,944	111,750	113,206	1,456
Interest	1,850	3,249	1,399	2,500	1,897	(603)
Other	0	0	0	0	644	644
Transfers in	0	0	0	0	5	5
Total Receipts	1,850	7,193	5,343	114,250	115,752	1,502
DISBURSEMENTS						
Salaries	4,819	4,762	57	4,759	4,785	(26)
Office expenditures	50	36	14	40	39	1
Equipment	0	0	0	3,950	0	3,950
Maintenance	500	24	476	500	4,014	(3,514)
Other	1,160	664	496	810	620	190
Total Disbursements	6,529	5,486	1,043	10,059	9,458	601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,679)	1,707	6,386	104,191	106,294	2,103
CASH, JANUARY 1	136,889	136,889	0	30,595	30,595	0
CASH, DECEMBER 31	132,210	138,596	6,386	134,786	136,889	2,103

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Intergovernmental	80,000	76,799	(3,201)	88,175	79,222	(8,953)
Charges for service:	250,000	256,625	6,625	272,000	249,251	(22,749)
Interest	250	144	(106)	0	264	264
Other	0	177	177	0	357	357
Transfers in	123,217	107,056	(16,161)	27,101	61,327	34,226
Total Receipts	453,467	440,801	(12,666)	387,276	390,421	3,145
DISBURSEMENTS						
Salaries	338,251	338,730	(479)	323,391	317,702	5,689
Office expenditure:	21,216	19,972	1,244	17,864	18,875	(1,011)
Equipment	10,000	9,898	102	8,000	8,401	(401)
Mileage and training	9,000	9,877	(877)	7,500	7,631	(131)
Line charges	74,000	61,224	12,776	43,000	38,035	4,965
Other	1,000	1,100	(100)	1,400	933	467
Total Disbursements	453,467	440,801	12,666	401,155	391,577	9,578
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(13,879)	(1,156)	12,723
CASH, JANUARY 1	0	0	0	1,156	1,156	0
CASH, DECEMBER 31	0	0	0	(12,723)	0	12,723
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	5,700	2,451	(3,249)	2,100	5,693	3,593
Total Receipts	5,700	2,451	(3,249)	2,100	5,693	3,593
DISBURSEMENTS						
Local emergency planning	7,600	3,624	3,976	5,700	729	4,971
Total Disbursements	7,600	3,624	3,976	5,700	729	4,971
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(1,173)	727	(3,600)	4,964	8,564
CASH, JANUARY 1	10,109	10,109	0	5,145	5,145	0
CASH, DECEMBER 31	8,209	8,936	727	1,545	10,109	8,564
<u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u>						
RECEIPTS						
Charges for service:	250	1,659	1,409	500	241	(259)
Interest	50	41	(9)	400	105	(295)
Total Receipts	300	1,700	1,400	900	346	(554)
DISBURSEMENTS						
Prosecuting Attorney	3,000	2,935	65	3,025	2,749	276
Total Disbursements	3,000	2,935	65	3,025	2,749	276
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	(1,235)	1,465	(2,125)	(2,403)	(278)
CASH, JANUARY 1	3,100	3,100	0	5,503	5,503	0
CASH, DECEMBER 31	400	1,865	1,465	3,378	3,100	(278)

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEES FUND</u>						
RECEIPTS						
Intergovernmental	0	4,639	4,639	0	0	0
Charges for service:	35,000	30,847	(4,153)	32,000	34,298	2,298
Interest	500	580	80	500	440	(60)
Total Receipts	35,500	36,066	566	32,500	34,738	2,238
DISBURSEMENTS						
Ex Officio Recorder of Deed	35,000	31,545	3,455	28,700	31,156	(2,456)
Total Disbursements	35,000	31,545	3,455	28,700	31,156	(2,456)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	4,521	4,021	3,800	3,582	(218)
CASH, JANUARY 1	22,997	22,997	0	19,415	19,415	0
CASH, DECEMBER 31	23,497	27,518	4,021	23,215	22,997	(218)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	2,400	1,737	(663)	1,600	1,820	220
Interest	25	20	(5)	25	17	(8)
Total Receipts	2,425	1,757	(668)	1,625	1,837	212
DISBURSEMENTS						
Payments to domestic violence shelter	1,837	1,837	0	1,561	1,561	0
Total Disbursements	1,837	1,837	0	1,561	1,561	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	588	(80)	(668)	64	276	212
CASH, JANUARY 1	1,837	1,837	0	1,561	1,561	0
CASH, DECEMBER 31	2,425	1,757	(668)	1,625	1,837	212
<u>BAD CHECK COLLECTION FUND</u>						
RECEIPTS						
Charges for service:	20,000	18,018	(1,982)	16,500	12,096	(4,404)
Interest	50	150	100	500	263	(237)
Total Receipts	20,050	18,168	(1,882)	17,000	12,359	(4,641)
DISBURSEMENTS						
Prosecuting Attorney	16,545	16,816	(271)	24,474	23,823	651
Total Disbursements	16,545	16,816	(271)	24,474	23,823	651
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,505	1,352	(2,153)	(7,474)	(11,464)	(3,990)
CASH, JANUARY 1	3,551	3,551	0	15,015	15,015	0
CASH, DECEMBER 31	7,056	4,903	(2,153)	7,541	3,551	(3,990)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	0	9,085	9,085	7,500	8,656	1,156
Total Receipts	0	9,085	9,085	7,500	8,656	1,156
DISBURSEMENTS						
Law library	10,930	11,441	(511)	7,500	8,951	(1,451)
Total Disbursements	10,930	11,441	(511)	7,500	8,951	(1,451)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,930)	(2,356)	8,574	0	(295)	(295)
CASH, JANUARY 1	10,930	10,635	(295)	10,930	10,930	0
CASH, DECEMBER 31	0	8,279	8,279	10,930	10,635	(295)

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	925,000	967,364	42,364	925,000	924,385	(615)
Intergovernmental	45,000	41,393	(3,607)	49,610	52,756	3,146
Charges for services	84,000	204,941	120,941	82,760	153,891	71,131
Interest	2,000	3,460	1,460	2,000	2,193	193
Other	24,000	15,900	(8,100)	0	22,194	22,194
Transfers in	1,218,132	1,011,391	(206,741)	717,039	720,177	3,138
Total Receipts	2,298,132	2,244,449	(53,683)	1,776,409	1,875,596	99,187
DISBURSEMENTS						
Salary expenditures	963,822	961,976	1,846	789,360	789,360	0
Office expenditure:	48,500	48,276	224	36,000	36,426	(426)
Equipment	49,000	8,583	40,417	6,100	4,271	1,829
Mileage and training	100,000	100,617	(617)	73,700	78,780	(5,080)
Other expenditures	38,860	35,531	3,329	33,400	33,887	(487)
Jail	242,000	258,114	(16,114)	150,000	135,318	14,682
Fringe benefits	201,450	182,247	19,203	150,608	149,716	892
Bond payment	474,500	474,817	(317)	472,000	471,194	806
Utilities	52,000	49,842	2,158	51,000	50,490	510
Insurance	78,000	77,901	99	70,000	68,216	1,784
Transfers out	50,000	46,545	3,455	57,787	57,938	(151)
Total Disbursements	2,298,132	2,244,449	53,683	1,889,955	1,875,596	14,359
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(113,546)	0	113,546
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	(113,546)	0	113,546
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT DEBT SERVICE BOND FUND</u>						
RECEIPTS						
Property taxes	434,961	443,648	8,687	341,458	429,303	87,845
Interest	10,551	17,137	6,586	14,638	8,136	(6,502)
Total Receipts	445,512	460,785	15,273	356,096	437,439	81,343
DISBURSEMENTS						
Bond payments	373,435	373,363	72	367,032	363,535	3,497
Administration fee	4,878	3,132	1,746	5,296	4,632	664
Asphalt	0	0	0	40,146	0	40,146
Transfers out	87,042	88,856	(1,814)	84,860	84,669	191
Total Disbursements	465,355	465,351	4	497,334	452,836	44,498
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,843)	(4,566)	15,277	(141,238)	(15,397)	125,841
CASH, JANUARY 1	703,940	703,940	0	719,337	719,337	0
CASH, DECEMBER 31	684,097	699,374	15,277	578,099	703,940	125,841

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT ONGOING CONSTRUCTION & MAINTENANCE FUND</u>						
RECEIPTS						
Interest	8,100	11,423	3,323	11,150	6,930	(4,220)
Other	13,000	13,833	833	12,627	12,826	199
Transfers in	87,042	88,856	1,814	84,861	84,669	(192)
Total Receipts	108,142	114,112	5,970	108,638	104,425	(4,213)
DISBURSEMENTS						
Road maintenance	0	104,232	(104,232)	606,440	0	606,440
Total Disbursements	0	104,232	(104,232)	606,440	0	606,440
RECEIPTS OVER (UNDER) DISBURSEMENTS	108,142	9,880	(98,262)	(497,802)	104,425	602,227
CASH, JANUARY 1	602,227	602,227	0	497,802	497,802	0
CASH, DECEMBER 31	710,369	612,107	(98,262)	0	602,227	602,227
<u>SHERIFF FEES FUND</u>						
RECEIPTS						
Charges for service:	36,000	24,042	(11,958)	26,500	36,066	9,566
Interest	79	213	134	86	49	(37)
Transfers in	0	0	0	0	2,486	2,486
Total Receipts	36,079	24,255	(11,824)	26,586	38,601	12,015
DISBURSEMENTS						
Sheriff	28,545	26,002	2,543	28,468	28,665	(197)
Total Disbursements	28,545	26,002	2,543	28,468	28,665	(197)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,534	(1,747)	(9,281)	(1,882)	9,936	11,818
CASH, JANUARY 1	10,608	10,608	0	672	672	0
CASH, DECEMBER 31	18,142	8,861	(9,281)	(1,210)	10,608	11,818
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	2,800	1,373	(1,427)	0	930	930
Interest	50	82	32	60	36	(24)
Total Receipts	2,850	1,455	(1,395)	60	966	906
DISBURSEMENTS						
County Clerk	0	0	0	1,300	1,155	145
Total Disbursements	0	0	0	1,300	1,155	145
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,850	1,455	(1,395)	(1,240)	(189)	1,051
CASH, JANUARY 1	2,685	2,685	0	2,874	2,874	0
CASH, DECEMBER 31	5,535	4,140	(1,395)	1,634	2,685	1,051

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Charges for services				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Transfers out				1,174	1,174	0
Total Disbursements				1,174	1,174	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,174)	(1,174)	0
CASH, JANUARY 1				1,174	1,174	0
CASH, DECEMBER 31				0	0	0
<u>MOSMART GRANT FUND</u>						
RECEIPTS						
Other	0	0	0	0	122	122
Transfers in	47,159	46,545	(614)	49,610	55,451	5,841
Total Receipts	47,159	46,545	(614)	49,610	55,573	5,963
DISBURSEMENTS						
Sheriff	47,159	46,545	614	57,787	55,573	2,214
Total Disbursements	47,159	46,545	614	57,787	55,573	2,214
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(8,177)	0	8,177
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	(8,177)	0	8,177
<u>INMATE SECURITY FUND</u>						
RECEIPTS						
Charges for services	900	3,436	2,536			
Interest	0	15	15			
Total Receipts	900	3,451	2,551			
DISBURSEMENTS						
Disbursements	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	3,451	2,551			
CASH, JANUARY 1	426	426	0			
CASH, DECEMBER 31	1,326	3,877	2,551			

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes	145,000	150,654	5,654	142,106	144,573	2,467
Interest	1,800	1,888	88	1,500	1,991	491
Other	0	69	69	0	305	305
Total Receipts	146,800	152,611	5,811	143,606	146,869	3,263
DISBURSEMENTS						
Morgan County Mental Health	9,861	9,861	0	9,861	9,861	0
Stover Developmental Center	0	0	0	14,400	14,400	0
Lake Ozark Developmental Center	10,000	11,667	(1,667)	30,000	28,750	1,250
Quality Industries	66,000	66,000	0	56,000	55,980	20
Central Region Center	44,967	37,991	6,976	41,442	32,315	9,127
Haw Creek	0	0	0	10,530	75	10,455
Wonderland Campership	12,000	11,700	300	12,000	11,700	300
Other	3,000	1,877	1,123	5,000	3,554	1,446
Total Disbursements	145,828	139,096	6,732	179,233	156,635	22,598
RECEIPTS OVER (UNDER) DISBURSEMENTS	972	13,515	12,543	(35,627)	(9,766)	25,861
CASH, JANUARY 1	72,372	72,372	0	82,138	82,138	0
CASH, DECEMBER 31	73,344	85,887	12,543	46,511	72,372	25,861
<u>SENIOR SERVICES FUND</u>						
RECEIPTS						
Property taxes	147,930	150,331	2,401	150,000	144,299	(5,701)
Interest	0	858	858	1,300	1,076	(224)
Other	0	29	29	150	1,734	1,584
Total Receipts	147,930	151,218	3,288	151,450	147,109	(4,341)
DISBURSEMENTS						
Postage	0	33	(33)	15	0	15
Bond	0	172	(172)	0	172	(172)
Publication expense	0	171	(171)	0	173	(173)
Nutrition Sites	65,929	57,250	8,679	0	54,250	(54,250)
MO Home Care	6,500	8,000	(1,500)	0	7,500	(7,500)
Homemaker Health Care	50,000	49,500	500	0	52,000	(52,000)
Regal Home Care	5,000	4,750	250	0	0	0
West Central Missouri Community Action Agency	10,250	16,575	(6,325)	0	14,950	(14,950)
Stover Betterment	1,000	1,500	(500)	0	1,500	(1,500)
Haw Creek Therapeutic Center	0	0	0	0	250	(250)
Four Seasons	5,000	12,800	(7,800)	0	12,060	(12,060)
Golden Age Nursing Guild	4,000	8,000	(4,000)	0	6,000	(6,000)
Oats Bus	4,000	5,000	(1,000)	0	5,000	(5,000)
Unclassified	0	0	0	149,985	0	149,985
Total Disbursements	151,679	163,751	(12,072)	150,000	153,855	(3,855)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,749)	(12,533)	(8,784)	1,450	(6,746)	(8,196)
CASH, JANUARY 1	61,845	61,845	0	68,591	68,591	0
CASH, DECEMBER 31	58,096	49,312	(8,784)	70,041	61,845	(8,196)

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	30,000	33,343	3,343	13,400	33,507	20,107
Interest	0	226	226	100	116	16
Total Receipts	30,000	33,569	3,569	13,500	33,623	20,123
DISBURSEMENTS						
County Collector	30,000	5,096	24,904	16,000	15,936	64
Total Disbursements	30,000	5,096	24,904	16,000	15,936	64
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	28,473	28,473	(2,500)	17,687	20,187
CASH, JANUARY 1	20,425	20,425	0	2,738	2,738	0
CASH, DECEMBER 31	20,425	48,898	28,473	238	20,425	20,187
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,684	(316)	9,491	4,482	(5,009)
Interest	85	0	(85)	0	90	90
Other	0	0	0	0	0	0
Total Receipts	2,085	1,684	(401)	9,491	4,572	(4,919)
DISBURSEMENTS						
Sheriff	2,085	2,600	(515)	0	2,419	(2,419)
Transfers out	0	0	0	14,000	10,728	3,272
Total Disbursements	2,085	2,600	(515)	14,000	13,147	853
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(916)	(916)	(4,509)	(8,575)	(4,066)
CASH, JANUARY 1	916	916	0	9,491	9,491	0
CASH, DECEMBER 31	916	0	(916)	4,982	916	(4,066)
<u>2002 LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	1,272	1,272	0
Interest	150	123	(27)	100	24	(76)
Transfers in	0	0	0	10,728	10,728	0
Total Receipts	150	123	(27)	12,100	12,024	(76)
DISBURSEMENTS						
Sheriff	10,435	8,280	2,155	2,000	1,739	261
Total Disbursements	10,435	8,280	2,155	2,000	1,739	261
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,285)	(8,157)	2,128	10,100	10,285	185
CASH, JANUARY 1	10,285	10,285	0	0	0	0
CASH, DECEMBER 31	0	2,128	2,128	10,100	10,285	185

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S SEIZURES FUND</u>						
RECEIPTS						
Interest	0	2	2	0	4	4
Total Receipts	0	2	2	0	4	4
DISBURSEMENTS						
Sheriff	95	0	95	91	0	91
Total Disbursements	95	0	95	91	0	91
RECEIPTS OVER (UNDER) DISBURSEMENTS	(95)	2	97	(91)	4	95
CASH, JANUARY 1	95	95	0	91	91	0
CASH, DECEMBER 31	0	97	97	0	95	95
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	3,200	2,416	(784)	1,900	3,202	1,302
Total Receipts	3,200	2,416	(784)	1,900	3,202	1,302
DISBURSEMENTS						
Circuit Judge	1,600	178	1,422	1,800	487	1,313
Total Disbursements	1,600	178	1,422	1,800	487	1,313
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,600	2,238	638	100	2,715	2,615
CASH, JANUARY 1	26,537	26,537	0	23,822	23,822	0
CASH, DECEMBER 31	28,137	28,775	638	23,922	26,537	2,615
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	1,100	1,035	(65)	1,000	1,107	107
Total Receipts	1,100	1,035	(65)	1,000	1,107	107
DISBURSEMENTS						
Associate Circuit Judge	1,089	0	1,089	3,500	493	3,007
Total Disbursements	1,089	0	1,089	3,500	493	3,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	11	1,035	1,024	(2,500)	614	3,114
CASH, JANUARY 1	16,525	16,525	0	15,911	15,911	0
CASH, DECEMBER 31	16,536	17,560	1,024	13,411	16,525	3,114

Exhibit B

MORGAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,					
2004			2003		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HAVA FUND</u>					
RECEIPTS					
Intergovernmental	15,000	15,000	0		
Interest	25	24	(1)		
Total Receipts	15,025	15,024	(1)		
DISBURSEMENTS					
County Clerk	15,000	13,703	1,297		
Total Disbursements	15,000	13,703	1,297		
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	1,321	1,296		
CASH, JANUARY 1	0	0	0		
CASH, DECEMBER 31	\$ 25	1,321	1,296		

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

MORGAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Senate Bill 40 Board, or the Senior Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Jury Script Fund for the years ended December 31, 2004 and 2003, the Sheriff Revolving Fund for the year ended December 31, 2004, and the Inmate Security Fund for the year ended December 31, 2003.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2004 and 2003
Senior Services Tax Fund	2004 and 2003
Bad Check Collection Fund	2004
Neighborhood Improvement District Ongoing Construction and Maintenance Fund	2004
Local Law Enforcement Block Grant Fund	2004
Recorder User Fees Fund	2003
Sheriff Fees Fund	2003

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2003
911 Fund	2003
Law Enforcement Sales Tax Fund	2003
Sheriff Fees Fund	2003
MoSmart Grant Fund	2003

These deficits were the result of amending budgeted appropriations without also amending the related funding sources.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, for the Senior Services Fund and Senate Bill 40 Fund, the county's published financial statements for the years ended December 31, 2004 and 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing

public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by an independent holding bank in the county's name or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The Senate Bill 40 Board's and Senior Services Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance.

However, because of significantly higher bank balances for the Senior Services Board at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustments

The Collector Tax Maintenance Fund's cash balance of \$2,738 at January 1, 2003, was not previously reported but has been added.

The Circuit Clerk Interest Fund's cash balance at January 1, 2003, as previously stated, has been increased by \$394 to reflect an unidentified difference between accounting records and the amount presented in the prior audit report.

The Health Center Fund's cash balance of \$89,874 at January 1, 2003, was previously reported but has been removed from this report because the Health Center has engaged a CPA firm to perform an audit for the two years ended December 31, 2004.

Supplementary Schedule

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3171W	\$ 0	42,879
		ERS045-4171	42,627	11,458
		ERS045-5171	13,588	0
	Program Total		56,215	54,337
10.559	Summer Food Service Program for Children	ERS146-31711	0	260
		ERS146-4171i	65	0
	Program Total		65	260
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2003-13	0	49,208
		SD-2004-24	39,493	0
	Program Total		39,493	49,208
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2001-LBBX1909	0	3,217
		2002 LBBX-1298	7,452	1,565
	Program Total		7,452	4,782
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,602	1,228
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-NBIL-071(6)	7,956	30,878
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	299	371
Passed through Secretary of State				
39.011	Election Reform Payment	N/A	13,703	0

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
83.562	Public Assistance Grants	N/A	5,700	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A	27,057	32,920
		N/A	2,142	0
		PGA064-3171A	0	2,150
		PGA064-4171A	0	1,900
	Program Total		29,199	36,970
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	A0C03380052	0	42,907
		A0C04380087	48,541	18,203
		A0C05380123	22,248	0
		A0C03380059	0	33,779
		A0C04380029	30,968	25,159
		ERS161-30001	0	1,325
		ERS161-40070	1,392	1,159
		ERS161-50071	591	0
	Program Total		103,740	122,532
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	118	550
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-3171C	0	1,000
		PGA067-3171S	0	330
		PGA067-4171C	845	0
		PGA067-4171S	444	250
		PGA067-5171S	80	0
	Program Total		1,369	1,580
	CEMO Cares -			
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program	1 D04 RH 00518-01	55,506	22,946

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
	Department of Health and Senior Services -			
93.994	Maternal and Child Health Services Block Grant to the States	ERS175-3046F	0	2,434
		ERS175-1171F	0	2,965
		N/A	0	297
		A0C02380196	0	1,750
		A0C03380065	0	2,128
		A0C04380015	14,762	9,551
		A0C05380089	7,275	0
		A0C05380090	3,150	0
		A0C05380091	2,625	0
		A0C05380092	7,275	0
		A0C05380093	3,075	0
	Program Total		<u>38,162</u>	<u>19,125</u>
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	2204-GE-T4-0049	24,430	0
	Total Expenditures of Federal Award:		\$ <u>385,009</u>	<u>344,767</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

MORGAN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Morgan County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for the Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Morgan County, Missouri

Compliance

We have audited the compliance of Morgan County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Morgan County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-01.

Internal Control Over Compliance

The management of Morgan County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Morgan County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 2, 2005 (fieldwork completion date)

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance

93.912 Rural Health Services Outreach and Rural Health Network Development Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-01	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-3171W, ERS045-4171, ERS045-5171
Award Year:	2004 and 2003
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	93.283
Program Title:	Centers for Disease Control and Prevention - Investigations and Technical Assistance
Pass-Through Entity	
Identifying Number:	A0C03380052, A0C04380087, A0C05380123, A0C03380059, A0C04380029, ERS161-30001 ERS161-40070, ERS161-50071
Award Year:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	CEDO Cares
Federal CFDA Number:	93.912
Program Title:	Rural Health Services Outreach and Rural Health Network Development Program
Pass-Through Entity	
Identifying Number:	1 D04 RH 00518-001
Award Year:	2004 and 2003
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county and health center do not have procedures in place to adequately track federal awards for preparation of the SEFA. Although the amounts presented on the 2003 SEFA were generally accurate, several programs were omitted from the 2004 SEFA which was understated by approximately \$162,000. In addition, pass-through entity identifying numbers were not indicated on the 2004 SEFA schedule and only one pass-through entity identifying number was included on the 2003 SEFA schedule.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated she will implement the recommendation. The Health Center Administrator indicated she agrees with the recommendation and will prepare a complete and accurate SEFA to give to the County Clerk.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MORGAN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MORGAN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS -
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2000

00-3. Schedule of Expenditures of Federal Awards (SEFA)

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.592
Program Title:	Local Law Enforcement Block Grants Program
Pass-Through Entity	
Identifying Number:	2000-BU-BX-3025
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1253-DR-MO
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

The county did not have a procedure in place to adequately track federal awards for preparation of the SEFA.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 04-01.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MORGAN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 2, 2005. We also have audited the compliance of Morgan County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 2, 2005.

Because the Health Center Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Morgan County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Procedures and Published Financial Statements
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The County Commission approved an unallowable expenditure from the Special Road and Bridge Fund, the budgets did not adequately project the anticipated financial condition for one fund, and the published financial statements did not include all financial activity as required by state law. In addition, the current compensatory time policy neglects to address all necessary aspects of such a policy. A formal road and bridge maintenance plan has not been prepared, there are not current written contracts with the special road districts, and the County Commission does not monitor usage of monies distributed to the special road districts. Bids were not always solicited or documentation retained by county officials.

- A. During 2003, the County Commission authorized repavement of the Morgan County Justice Center parking lot, costing \$10,107 from the Special Road and Bridge Fund. The monies credited to the Special Road and Bridge Fund are legally restricted to disbursements for road and bridge purposes. As a result, the County Commission should consider reimbursing the Special Road and Bridge Fund \$10,107 from the General Revenue Fund or the Law Enforcement Sales Tax Fund.
- B. The county's budgets did not adequately project the anticipated financial condition for the Neighborhood Improvement District Ongoing Construction and Maintenance Fund. The anticipated disbursements were significantly under/overstated resulting in an anticipated ending cash balance that was significantly different than actual.

For the budget documents to be of maximum assistance to the county as a planning tool and to adequately inform county residents of the current financial position and operations, the budgets should reflect reasonable estimates of receipts and disbursements, and the anticipated ending cash balances.

- C. The county's annual published financial statements did not include all financial activity as required by state law. Only the monies received by the County Treasurer and distributed to the Senior Services and Senate Bill 40 Funds were included in the 2004 and 2003 published financial statements. The fund disbursements and cash balances for these two funds were not included. In addition, the amounts of bonded debt and other related bond information was not included in the published financial statements for the bonds issued for the Morgan County Justice Center and the various neighborhood improvement district projects. For the published financial statements

to adequately inform the citizens of the county's financial activities, financial information for all county funds and other required information should be included.

Sections 50.800 and 50.810, RSMo, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund. In addition, it requires the presentation of bonded debt of the county and other information related to bond activity.

- D. The county's compensatory time policy does not address the issues of maximum accumulation of compensatory time and usage periods for some employees. The current employee personnel manual addresses how compensatory time for all county employees may be earned. In addition, it addresses the maximum accrual of compensatory time that can be earned by Sheriff Department's employees, but does not address the maximum accrual that can be earned by other county employees. Because of the lack of a comprehensive policy, some county employee compensatory time balances are not being adequately monitored. Excessive compensatory time balances represent a large liability for a county which could require significant cash resources upon payment. Upon our request, the County Clerk compiled compensatory time accumulated for the Sheriff and Road and Bridge departments' employees, which are generally the departments where employees earn compensatory time. As of April 30, 2005, the total liability was 1,743.5 hours, or approximately \$20,000 (exclusive of fringe benefits). Without a comprehensive policy which is monitored and enforced, the county's potential liability related to compensatory time could become even more significant.

- E. A formal maintenance plan has not been prepared to document expected work on the county's roads and bridges. During each of the years ended December 31, 2004 and 2003, Special Road and Bridge Fund disbursements exceeded \$1 million (excluding distributions to special road districts and administrative transfers). A maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and be approved by the commission. In addition, the commission should consider holding a public hearing to obtain input from county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in repair and maintenance throughout the year.

- F. There are three special road districts located within the county which receive a portion of the county's County Aid Road Trust (CART) revenues. In addition, the

county also distributes a portion of its Marine Gas Tax revenues to one of the special road districts. During the years ended December 31, 2004 and 2003, payments totaling \$203,059 and \$186,517 were made from the Special Road and Bridge Fund to the special road districts, respectively. Our review of the county's distributions to the special road districts noted the following concerns:

1. Payments were made to special road districts without current written contracts. The County Commission entered into written agreements with the three special road districts within the county in March 1994; however, the contracts have not been updated since that time.

There appears to be no statutory authority for the County Commission to make these distributions to the special road districts without some type of contractual agreement. Although the county does have contractual agreements with the road districts, updated written agreements would help ensure that monies distributed to other entities are expended in compliance with constitutional and statutory provisions and as intended by the County Commission.

2. The County Commission does not adequately monitor the special road districts' usage of the CART and Marine Gas Tax funds. While budgets and periodic financial reports are received from some of the special road districts, they are not received for all of the road districts. Section 231.441, RSMo, requires that CART funds be used specifically for construction, maintenance, and repairs of roads and bridges. In addition, Section 142.827, RSMo, requires that Marine Gas Tax funds be used specifically for construction, maintenance, and repairs of public roads in the county which connect a state highway with a lake having one hundred miles of shoreline or more. Without obtaining adequate financial information from the special road districts, the County Commission cannot ensure the road districts are expending the funds in compliance with state law.

- G. Bids were not always solicited or documentation retained of bids solicited in accordance with statute for purchases made by various county officials during the audit period. Examples of items purchased without bids or for which bid documentation was not maintained included the following:

- The Ex Officio Recorder of Deeds entered into a multi-year record microfilming contract costing a minimum of \$1,850 per month, plus shipping, installation, and training on the equipment totaling \$4,900. Bids were not solicited for this contract.
- The Prosecuting Attorney purchased a bad check software system from the Bad Check Collection Fund costing approximately \$8,100. The Prosecuting Attorney stated he discussed the purchase of a bad check software system

with other Prosecuting Attorneys and various vendors; however, no documentation was retained.

Section 50.660, RSMo, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

WE RECOMMEND the County Commission:

- A. Ensure Special Road and Bridge funds are restricted to county road and bridge purposes and consider reimbursing the Special Road and Bridge Fund \$10,107 from the General Revenue Fund or the Law Enforcement Sales Tax Fund.
- B. Ensure budget estimates for revenues and expenditures are based on actual expected occurrences.
- C. Ensure all required financial information is properly reported in the published financial statements.
- D. Modify the compensatory time policy to include all issues.
- E. Prepare a formal maintenance plan for county roads and bridges at the beginning of the calendar year and periodically update the plan throughout the year. In addition, the County Commission should review the progress made in the repair and maintenance of the roads and bridges to make appropriate decisions on future projects.
- F. 1. Enter into current written contracts with the special road districts.
 - 2. Ensure adequate financial information is obtained from all special road districts, and monitor the road districts' usage of funds received from the county.
- G. Ex Officio Recorder of Deeds and Prosecuting Attorney solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be retained. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They plan to reduce the anticipated administrative fee transfer from the Special Road and Bridge Fund to the General Revenue Fund to repay this amount.*
- B. *They will try to comply with the recommendation.*
- C&F. *The recommendations will be implemented.*
- D. *The compensatory time policy in the personnel manual will be amended.*
- E. *The recommendation will be implemented and a reference to the plan will be included in the budget message.*
- G. *This issue will be addressed with applicable officials.*

The Ex Officio Recorder of Deeds indicated she will try to comply in the future.

The Prosecuting Attorney indicated he agrees with the recommendation; bids will be solicited for purchases of \$4,500 or more and documentation shall be retained.

2. Property Tax System Controls and Lodging Taxes
--

Several control weaknesses exist over the property tax system. The County Clerk does not maintain an account book with the County Collector, verify the annual settlements, or reconcile tax additions and abatements to the monthly report received from the County Collector. In addition, the County Clerk does not prepare the current or back tax books or verify the back tax books. Furthermore, the County Collector has not entered into a written agreement with the Tri-County Lodging Association to collect current lodging taxes and the amount collected is not reported on the annual settlement.

- A. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements are not adequately reviewed. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly collection reports, and the tax books, would enable the County Clerk to ensure the amount of taxes charged to the County Collector and reported credits are complete and accurate.

In addition, the County Clerk does not reconcile original additions and abatements information with the monthly report of additions and abatements received from the

County Collector. The County Collector creates a monthly report of additions and abatements which is forwarded to the County Clerk. The County Clerk maintains the original orders of additions and abatements in the County Commission minutes book; however, the monthly report and original orders are not reconciled to ensure the County Collector is accurately recording all additions and abatements. Once reconciled, this information should be recorded on the account book and used to verify the accuracy of the County Collector's annual settlement.

Section 51.150.2, RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and the County Commission to verify the County Collector's annual settlements.

- B. The County Clerk does not prepare or verify the back tax books. The County Collector prints both the back tax books and the delinquent tax statements. The property tax system automatically calculates the amount due for delinquent taxes and charges. After the tax bills are printed, the Deputy County Collector indicated she chooses approximately ten delinquent tax statements to verify the accuracy of the amounts to be collected. However, the County Clerk does not verify the delinquent tax book totals. To ensure the back tax books are accurate, the County Clerk should perform procedures such as footing the back tax books or verifying individual entries.

Section 140.050, RSMo, requires the County Clerk to prepare the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances. Failure to perform adequate reviews of the tax books could result in errors and irregularities going undetected.

- C. The County Collector and County Commission have not entered into a written agreement with the Tri-County Lodging Association to collect lodging taxes from businesses located within Morgan County, nor were lodging tax collections and distributions included on the County Collector's annual settlement.

The lodging tax is equal to three percent of the amount of sales or charges for all sleeping rooms offered to the public and paid by transient guests of hotels, motels and resorts situated within the district. The businesses located in Morgan County are required to remit this tax either monthly or quarterly to the County Collector. The monies are distributed to the Tri-County Lodging Association except for a two percent commission which is withheld and distributed to the General Revenue Fund. The County Collector received approximately \$40,000 in lodging taxes during each of the four years ended December 31, 2004. During our review of lodging taxes we noted the following:

- 1. The County Collector and County Commission have not entered into a written agreement with the lodging association outlining the responsibilities

and duties of each party related to the collection of lodging taxes. Written agreements are necessary to prevent misunderstandings and should document the rights, responsibilities, and duties of each party. Such an agreement could include provisions related to the determination of which businesses are required to pay lodging tax, responsibility of collecting and enforcing the payment of current and delinquent lodging taxes, timeliness of distribution of monies collected, and the commission rate. In addition, Section 67.1177, RSMo, states "... the advisory board shall enter into an agreement with the county collector of the county where the district is situated for the purpose of collecting the tax". According to a representative of the Tri-County Lodging Association, the Association considers Section 67.1177, RSMo, to be the agreement between the Association and the County. However, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing. To ensure compliance with state law and to prevent misunderstandings a written contract should be entered into for the collection of lodging taxes.

2. Collections and distributions of lodging taxes were not included on the County Collector's annual settlements or otherwise reported to the County Commission. Section 139.160, RSMo, states that "...the collector shall. . . settle his accounts of all monies received by him on account of taxes and other sources of revenue. . ." By not including the lodging taxes, the County Collector has not provided the County Commission with an accurate and complete settlement.

WE RECOMMEND:

- A. The County Clerk maintain an account book with the County Collector in accordance with state law. The County Clerk and County Commission should consider using the account book to verify the annual settlements of the County Collector. In addition, the County Clerk should reconcile the original additions and abatements orders to the monthly report of additions and abatements received from the County Collector.
- B. The County Clerk perform and document verification of the back tax books.
- C. The County Commission and County Collector enter into a written agreement for the collection of the lodging taxes. In addition, the County Collector should include lodging tax collections and distribution on the annual settlement.

AUDITEE'S RESPONSE

- A. *The County Clerk and County Commission indicated the recommendation will be implemented.*
- B. *The County Clerk indicated the recommendation will be implemented.*

- C. *The County Collector indicated he has contacted the Tri-County Lodging Association and their attorney is making a written contract agreement. This should be implemented by September 30, 2005. The collections and distributions of lodging taxes will be included in future annual settlements.*

The County Commission indicated they will review the proposed agreement.

3. County Computer Controls

Passwords are not effectively utilized and/or changed periodically and backup disks are not always prepared and stored at an offsite location.

- A. Passwords are not effectively utilized and/or changed periodically to ensure confidentiality. Although the Prosecuting Attorney's staff uses password protection, all employees use the same password. In addition, personnel in the Sheriff's and County Collector's offices do not periodically change their passwords to ensure confidentiality. The lack of an effective system of user passwords may allow unauthorized access and/or changes to the respective systems.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals through the use of passwords. A password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- B. Backup disks are not always prepared and stored at a secure off-site location. Backups are not prepared for the Prosecuting Attorney's computer data. In addition, while backups are prepared for all other offices located in the justice center and the County Clerk's office, the backups are not stored off-site. Failure to store computer backup disks at a secure off-site location results in the backup disks being susceptible to the same damage as the data on the computer. Preparation of backup disks, preferably on a daily or at least weekly basis, along with off-site storage, would provide increased assurance that county data could be recreated if necessary.

WE RECOMMEND the County Commission ensure county officials:

- A. Utilize password protection and that employee passwords are periodically changed to prevent unauthorized access to the various computerized operating systems.
- B. Prepare backup disks and that such disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *The recommendation will be implemented.*

The County Collector indicated he will utilize password protection and periodically change them.

The Prosecuting Attorney indicated that passwords are used on all computers in the office.

- B. *Voter registration data is currently stored off-site and the recommendation will be implemented for other offices.*

The Prosecuting Attorney agrees with the recommendation and backup disks are prepared weekly and stored at a secure offsite location.

4. General Fixed Assets

The County Commission has not developed a written policy related to the handling and accounting of fixed assets. A written policy providing guidance on accounting and record keeping of fixed assets should define who is responsible for inventory records, the procedures to be followed, and the content of the records. Due to the lack of oversight regarding fixed assets, the necessary records, procedures, and controls which would ensure compliance with state law and proper handling of fixed assets have not been developed and implemented. We noted the following deficiencies related to the handling of fixed assets:

- An updated listing of all county property has not been maintained.
- Additions and deletions of county property have not been accurately tracked.
- Property tags have not been affixed to most county property since 1999.
- Annual physical inventories have not been conducted for most county property since 1999.

County property purchased for use in the Morgan County Justice Center was affixed with property tags and recorded on a general fixed assets listing in 2000; however, the fixed asset listing for the justice center has not been updated since that time. A general fixed asset listing is maintained by the 911 director for 911 asset purchases; however, the listing did not appear complete. In addition, during our review of expenditures, we noted eight items, totaling approximately \$35,000, which were not recorded on the county's general fixed asset listing or tagged as county property. These items included a rock breaker, printers, computers, and copy machines.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper

insurance coverage required on county property. Physical inventories of county property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, Section 49.093, RSMo, requires each county official or the county official's designee to assume the responsibility for performing an annual inventory of all personal property belonging to the county with an individual value of two hundred fifty dollars or more or any property with an aggregate value of one thousand dollars or more. In the event an official or the official's designee does not perform such as inventory, the county clerk is required to inventory all remaining property. The reports required by this section shall be signed by the County Clerk. Property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. Besides providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset dispositions, and any other concerns associated with county property. In addition, all fixed asset purchases and dispositions should be recorded as they occur, fixed asset purchases should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipt. The County Clerk should ensure physical inventories are performed annually.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated they are in the process of implementing the recommendation.

5. Vehicle Procedures

The County Commission does not have a written policy regarding the use of county owned vehicles. In addition, controls and monitoring of county owned vehicle usage and mileage reimbursements are in need of improvement.

The County Commission does not have a written policy regarding the use of county owned vehicles. In addition, vehicle mileage logs are not maintained for some vehicles and personal usage logs are not submitted to the county by employees who are allowed to use county owned vehicles for commuting purposes. Additionally, fuel billing statements are not adequately reconciled with vehicle expense logs and the county's mileage reimbursement policy does not require adequate detailed information.

A listing is not maintained of county owned vehicles other than Sheriff Department vehicles; however, the county's 2004 insurance policy schedule includes 47 vehicles (exclusive of heavy equipment and trailers). The vehicles are assigned to the Sheriff and his deputies, County Commissioners, Emergency Management Supervisor, and various employees of the

Road and Bridge Department. In addition, other vehicles assigned to the county's Road and Bridge and Sheriff Departments are considered pool vehicles and are used by county personnel of the respective departments when needed. For those departments not assigned county vehicles, employees use their personal vehicles and request mileage reimbursement. We noted the following concerns related to vehicle usage monitoring:

- A. The County Commission has not developed a written policy regarding the use of county vehicles. A formal written county vehicle policy is needed to inform county officials and employees of the vehicles' proper use, outline usage log documentation requirements, address and define personal use of vehicles, and ensure compliance with related IRS guidelines and reporting requirements.
- B.
 - 1. Vehicle mileage logs are not maintained for county vehicles other than the Sheriff's Department transport vehicles. Vehicle logs are necessary to document appropriate use of the vehicles and support fuel charges. Vehicle logs should include the date, vehicle operator, purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure all mileage is recorded and the vehicles are being properly utilized.
 - 2. Vehicle expense logs are maintained for vehicles assigned to Sheriff deputies; however, there is no independent reconciliation of the logs to monthly billing statements and the gas purchases and mileage amounts recorded on the logs are not reviewed for reasonableness. Sheriff Department deputies purchase gasoline for county owned vehicles through the gas purchasing cards and the county receives a monthly billing statement for these purchases. When gasoline is purchased for these vehicles, the deputies document the mileage of the vehicle and number of gallons purchased on the vehicle expense logs. The information on these logs is not utilized in any way to ensure billings are correct or mileage driven and gas purchased is reasonable. Disbursements for gasoline reflected on the Law Enforcement Sales Tax Fund budget totaled approximately \$55,000 and \$32,000 during 2004 and 2003, respectively. To ensure the validity and propriety of amounts billed and mileage driven, the vehicle expense logs should be reconciled to the monthly billing statement and reviewed for reasonableness.
- C. Procedures have not been established to ensure Internal Revenue Service (IRS) regulations are followed. Personal usage logs are not submitted to the county by various employees, including the County Commissioners, Emergency Management Administrator, and several road and bridge employees, who are allowed to use county vehicles to commute to and from work. In addition, the county does not report personal commuting mileage to the IRS.

IRS reporting guidelines provide that personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. Failure to comply with IRS guidelines may subject the county to penalties and/or fines for failure to report all taxable benefits.

- D. The county's current mileage reimbursement policy does not require adequate detailed information. The current policy requires only total miles driven, by odometer, be included. Additional information should be required by policy to be included on mileage reimbursement requests, such as dates, destinations traveled and purpose of official county business. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the establishment and enforcement of a policy which requires adequate detailed information is necessary.

WE RECOMMEND the County Commission:

- A&C. Establish a written policy regarding the appropriate use of county vehicles. The policy should include necessary definitions, address allowable and unallowable use of vehicles and the records required to account for such use, justification for assigning vehicles to individuals, and justification for commuting. In addition, the county should comply with IRS guidelines related to commuting use, as appropriate.
- B.1. Ensure vehicles logs are maintained for all county vehicles. In addition, the logs should be reviewed for accuracy and reasonableness.
 - 2. Ensure vehicle expense logs are reconciled to billing statements. In addition, the logs should be reviewed for reasonableness.
- D. Develop and enforce a mileage reimbursement policy which requires destination and purpose, in addition to the information already required.

AUDITEE'S RESPONSE

The County Commission indicated:

- A&C. A policy will be established and compliance with IRS guidelines will be discussed.*
- B.1. This has not been successful in the past and the recommendation will not be implemented.*
- B.2. The recommendation will be implemented. The Sheriff indicated he will provide copies of the expense logs to the County Commission.*
- D. They will attempt to develop and enforce a policy.*

6.**Prosecuting Attorney's Accounting Controls and Procedures**

Accounting duties over bad check restitution monies were not adequately segregated. In addition, controls over the electronic accounting system maintained to account for the bank account activity of bad check and court ordered restitution monies are in need of improvement. Furthermore, fees were not remitted in a timely manner, and some expenditures from the Law Library bank account did not appear proper.

The Prosecuting Attorney collected and deposited bad check fees and restitution and victim restitution monies totaling approximately \$228,000, \$123,000, \$140,000, and \$140,000 during 2004, 2003, 2002, and 2001, respectively.

- A. Accounting duties over bad check restitution monies were not adequately segregated. One individual was responsible for receipting, recording, depositing, and preparing the disbursement checks for these monies. While an independent person prepared the monthly bank reconciliation, there was no independent reconciliation of the composition and total of monies received to bank deposits. In addition, there was no independent review of information posted to case files for either bad check or court ordered restitution.

To ensure proper accountability, the duties of receiving and recording bad check restitution payments should be segregated from the duties of depositing and disbursing monies. If the duties cannot be adequately segregated, at a minimum, someone independent should periodically review the bad check records and compare records of monies received with deposits and documentation of disbursement to the victims, as well as ensuring recorded dispositions appear proper. In addition, information posted to case files should be periodically reviewed to ensure amounts collected and disbursed appear proper. Failure to adequately segregate duties or provide supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Controls over the electronic accounting system maintained to account for the bank account activity of bad check and court ordered restitution monies are in need of improvement. Our review of the accounting system and bank reconciliations noted the following concerns:

1. All deposits and disbursements for bad check collections and court ordered restitution are recorded in the accounting system; however, the accounting system is not updated timely. According to the legal clerk that maintained the system, total deposits and disbursements made into/from the bank account for the month were generally posted at the beginning of the following month when the bank reconciliation was performed.

To ensure accounting records are accurate and reflect current information, deposits should be posted in a timely manner.

2. Bank reconciliations were not retained. The legal clerk indicated she prepared the bank reconciliation through the accounting system program, but did not retain the reconciliation. Upon our request, the April 2005 bank reconciliation was retained. This bank reconciliation contained numerous errors, including deposits which cleared the bank but were still considered uncleared, and outstanding checks not included as reconciling items. In addition, the legal clerk stated she compared the reconciled cash balance to open items; however, she was unable to produce a listing of open items. Although we requested an updated open items listing, a listing was not prepared.

Monthly listings of open items and accurate and complete bank reconciliations should be prepared and reconciled to ensure all monies are accounted for properly, accounting records are in balance, errors are detected and corrected on a timely basis, and sufficient funds are available for the payment of all liabilities.

3. The Prosecuting Attorney's office has not established procedures to routinely follow up on outstanding checks. At April 18, 2005, the Prosecuting Attorney's general bank account had outstanding checks totaling approximately \$4,800 that were between four and nine years old and an additional \$3,700 that were over one year old. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Prosecuting Attorney should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.
4. The Prosecuting Attorney's office has not established procedures to follow up on old bank accounts. The dormant Prosecuting Attorney Trust Fund account was opened during the prior Prosecuting Attorney's term of office and carries a balance of \$521. The status of the old open items should be reviewed to determine if any disbursements are necessary. If disbursement is possible, but proper payees cannot be located the monies should be disposed of in accordance with state law.

- C. Fees received were not always transmitted to the County Treasurer on a timely basis. The Prosecuting Attorney's office collects bad check and Missouri Office of Prosecution Services (MOPS) fees, deposits them into the Prosecuting Attorney Trust Fund bank account, and disburses the monies to the County Treasurer. Total combined bad check and MOPS fees averaging approximately \$1,600 and \$1,200 per month were collected during 2004 and 2003, respectively. November and December

2004 fees were not distributed until February 2005 and February and March 2004 fees were not distributed until the end of April 2004. Similar delays in turnovers were noted during 2003 and 2002. Section 56.340, RSMo, requires that the Prosecuting Attorney turn over all fees collected to the County Treasurer monthly.

- D. During the two years ended December 31, 2004, payments for cellular telephone and pager charges totaling approximately \$950 were made from the Law Library Fund. Sections 488.426 through 488.429, RSMo, restrict Law Library Fund expenditures to disbursements for maintaining the law library. Effective August 28, 2004, these monies may also be used for courtroom renovation, technology enhancement or debt service on county bonds for such renovation or enhancement projects. As a result, it appears \$950 is due to the Law Library Fund from the General Revenue Fund or Bad Check Collection Fund.

Condition A was noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Provide for adequate segregation of duties and/or perform independent reconciliations and reviews of accounting records.
- B.1. Ensure the cash control system is updated timely and provides a complete and accurate representation of the office's accounting activity.
- 2. Prepare and retain monthly bank reconciliations and listings of open items. Bank reconciliations should be compared to open items listing and any differences should be investigated and resolved.
- 3&4. Process old outstanding checks according to the law and turn over to unclaimed fees if the owner of the funds cannot be located. In addition, ensure all monies in the dormant Prosecuting Attorney Trust Fund account are distributed to the appropriate funds or parties. For any amounts that remain unclaimed or unidentified, the monies should be disposed of in accordance with state law.
- C. Ensure bad check and MOPS fees are transmitted to the County Treasurer on a timely basis.
- D. Ensure Law Library funds are expended in accordance with state law. In addition, the Law Library Fund should be reimbursed \$950 from the General Revenue Fund or the Bad Check Collection Fund.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated he agrees with the recommendations. He also indicated that:

- A. Since the audit, segregation of duties has been established.*
- B.1. The accounting system is now updated weekly.*
 - 2. One person is responsible for all bank reconciliations, retention of documents needed for paper trails, and files. Copies of every check deposited and the deposit slip are kept to reconcile the account. A separate account has been opened for restitution for cases not involving bad checks and the trust account is for bad check restitution only. An open items list is being created. The accounts will be balanced on a monthly basis at the same time of account reconciliation.*
 - 3. During the monthly bank reconciliation the list of old outstanding checks will be updated and the location of payees reviewed. If payees cannot be located or identified, after six months, these monies shall be disposed of in accordance with state law.*
 - 4. The old bank account shall be disposed of in accordance with state law by October 1, 2005.*
- C. All fees will be sent to the Treasurer no later than the tenth day of each month.*
- D. The Law Library Fund shall be reimbursed in the sum of \$950 from the Bad Check Collection Fund.*

7. Sheriff's Accounting Controls and Procedures
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Duties over cash custody and record keeping are not adequately segregated and controls over various accounting functions are in need of improvement. In addition, billing statements submitted by the Sheriff for housing Bureau of Immigration and Customs Enforcement and U.S. Marshalls Service prisoners were not always accurate or timely.

- A. The duties of cash custody and record keeping are not adequately segregated. One Sheriff's office employee is primarily responsible for recording, depositing, and disbursing fee, bond and escrow monies. Another employee is primarily responsible for recording, depositing, and disbursing inmate and commissary monies. There are no documented supervisory reviews of the accounting records. In addition, there are no independent reconciliations between monies received and deposited.*

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a

minimum, periodic supervisory reviews of the records should be performed and documented.

B. Controls over the functions of cash receipting, depositing, disbursing, and reconciling procedures are in need of improvement. Our review of these functions revealed the following concerns:

1. The numeric sequence of receipt slips issued for inmate monies received at the jail is not accounted for properly. Generic, pre-numbered receipt slips are issued for all monies received; however, the books are not purchased or issued in numerical order. To adequately account for all receipts, official pre-numbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for.
2. Checks and money orders received for inmate monies and bonds are not endorsed immediately upon receipt by the booking section. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
3. Deposits are not made timely when the employee assigned the duties of depositing monies into the general and escrow accounts is absent for extended periods. Bond monies and sheriff fees collected in the month of December 2004, totaling over \$8,900, were not deposited until January 2005. Cash, checks, and money orders related to bond monies and sheriff fees totaling \$2,994 which were received between February 28, 2005 and March 7, 2005, were not deposited until March 8, 2005. The Office Manager indicated the untimely deposits were the result of leave taken by the employee who deposits these monies. To adequately safeguard receipts, procedures should be developed to ensure timely deposits in the absence of employees who normally performed that task.
4. The Sheriff's office has not established procedures to routinely follow up on outstanding checks and old bank accounts. At December 31, 2004, the inmate commissary account had outstanding checks totaling approximately \$690 that were over one year old. In addition, the Sheriff is holding approximately \$680 in an old inmate account which cannot be traced to specific inmates, and \$6,800 in an old escrow account that was confiscated during various investigations, some of which date back to 1994. These old outstanding checks and accounts create additional and unnecessary recordkeeping responsibilities. The Sheriff should adopt procedures to routinely follow up on outstanding checks and bank accounts, and reissue checks if payees can be identified and located. If payees cannot be identified or located, these monies should be disposed of in accordance with state law.

5. Listings of open items for inmate monies are not prepared and compared to cash balances in the inmate commissary bank account. The cash balance in the account at December 31, 2004, was approximately \$15,900. Although requested, an open items listing for the account was not prepared. Monthly listings of open items should be prepared and reconciled to the reconciled bank balance to ensure all monies are accounted for properly, accounting records are in balance, errors are detected and corrected on a timely basis, and sufficient funds are available for the payment of all liabilities.
6. The Sheriff receives commissions on inmate commissary purchases and telephone card sales. These monies are deposited in the inmate commissary bank account. In addition, the Sheriff does not account for the receipts or disbursements related to these commissions. Based on information obtained from the Sheriff and the commissary vendor, commissions received in 2004 and 2003 were approximately \$6,600 and \$2,100, respectively.

Maintaining these funds outside the county treasury circumvents the appropriation process and the checks and balances system in place for most other county funds. In addition, there is no statutory authority for the Sheriff to maintain such accounts outside the county treasury. Attorney General's Opinion No. 45, 1992 to Henderson, states "...sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury." The current balance of commissions from commissary purchases and telephone card sales should be transmitted to the County Treasurer and future receipts should be transmitted to the County Treasurer.

- C. The Sheriff participates in contracts to house persons detained by the Bureau of Immigration and Customs Enforcement and U.S. Marshals Service in the Morgan County jail. Approximately \$956,000 and \$295,000 was received by the county as the result of these two contracts during 2004 and 2003, respectively. Our review of these contracts and related billings noted the following concerns:
 1. Most billings submitted by the Sheriff to the U.S. Marshals Service in 2003 and 2004 were adjusted by the U.S. Marshals Service. We noted four months during this time period where the billings were each adjusted over \$1,500 because the U.S. Marshals Service either added prisoners that had not been billed by the county or adjusted the number of days prisoners were housed in Morgan County. Monthly billings are prepared using the computerized inmate tracking system. It appears that U.S. Marshals prisoners are not always correctly identified in the tracking system. For those prisoners properly identified as U.S. Marshals prisoners, the system does not always correctly compute the number of days held. In addition, we noted several billings which were not submitted in a timely manner to the U.S. Marshals Service. The March, April, and August 2004 billings were each submitted at least two months after the prisoners were housed in Morgan County.

Accurate and timely billings to the U.S. Marshals Service are necessary to ensure all revenues earned are received in a timely manner.

2. When adjustments to the Sheriff's billings were made by the U.S. Marshals Service, the Sheriff did not properly investigate the discrepancies to ensure adjustments were proper. Proper follow-up of any discrepancy identified by the U.S. Marshals Service is necessary to ensure full payment for services rendered is received.

WE RECOMMEND the Sheriff:

- A. Provide for adequate segregation of duties and/or perform independent reconciliations and reviews of accounting records.
- B.1. Purchase official prenumbered receipt slip books and account for the numerical sequence of receipts issued.
 2. Ensure checks and money orders are restrictively endorsed immediately upon receipt.
 3. Develop procedures to ensure monies are deposited timely in the absence of key employees who perform this task.
 4. Investigate old outstanding checks and bank accounts. If the owner of the funds cannot be identified or located the monies should be disposed of in accordance with state law.
 5. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and resolved.
 6. Transfer the balance and turn over all future commissary and phone card commissions to the County Treasurer.
- C.1. Ensure billings submitted to the U.S. Marshals Service for housing their prisoners are accurate and timely.
 2. And the County Commission ensure any discrepancies between billings submitted to the U.S. Marshals Service and adjustments made by the U.S. Marshals Service are investigated and resolved.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. *He does not have the manpower to segregate duties. He reviews documentation as much as possible. He will periodically compare receipts to deposits and will document the review.*

B.1-3

&5 The recommendations will be implemented.

B.4. The old inmate account of \$680 was turned over to the County Treasurer as unclaimed property on July 12, 2005. One distribution has been made from the old escrow account and his staff is currently investigating the other monies in this account. If the distribution of the escrow account is not resolved by December 31, 2005, the monies will be turned over to the County Treasurer to be forwarded to the State Treasurer as unclaimed property. His staff will investigate or turn over old outstanding checks in the inmate commissary account and will continue to follow up on old outstanding checks.

B.6. He will consider turning these monies over to the County Treasurer and will discuss this with the County Commission.

C1

&2. This is a bookkeeping problem. An independent third person that works with both federal agencies will review the listing of U.S. Marshall prisoners before billings are submitted. They will continue to investigate differences.

C.2. The County Commission indicated they will discuss this recommendation with the Sheriff.

8. Associate Circuit Division Accounting Controls and Procedures

Accounting duties over traffic monies are not adequately segregated, open items listings are not prepared for the civil and traffic accounts, bank reconciliations for the bond account are not performed in a timely manner, and old outstanding checks and bond monies are not adequately investigated. In addition, a listing of accrued costs owed to the court for traffic and civil cases is not maintained and monitored properly.

A. The duties of receipting, depositing, and performing bank reconciliations for traffic monies are not adequately segregated. Both clerks share the duties of receiving, while one clerk deposits and prepares bank reconciliations and the other clerk disburses monies. There is no documentation that an independent review of the amount and composition of deposits and accounting records is performed. Better segregation could be achieved by separating the duties of depositing and performing bank reconciliations.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the functions of receiving and depositing traffic monies from that of reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and a review of bank reconciliations.

B. Our review of procedures related to open items and bank reconciliations noted the following concerns:

1. Monthly bank reconciliations on the bond account were not prepared in a timely manner. The July through December 2004 bank reconciliations were completed in March and April 2005. In addition, as of June 2, 2005, the bank reconciliations for January through April 2005 had not been performed. The ending bank balance on the bond bank statement for April 2005 was approximately \$77,800.
2. Monthly listings of open items (liabilities) were not prepared for the civil or bond accounts, and consequently, liabilities were not reconciled with cash balances. Upon our request, an open items listing was prepared for the civil account as of March 31, 2005. The reconciled account balance totaling approximately \$25,200 exceeded identified open items by approximately \$9,700. In addition, the open items listing included cases that had been dismissed or closed. Although requested, an open items listings for the bond account was not completed.
3. The Associate Division has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, the Associate Division had outstanding checks over one year old, totaling approximately \$626. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed in accordance with state law.

Monthly listings of open items and bank reconciliations should be prepared and reconciled to ensure all monies are accounted for properly, accounting records are in balance, errors are detected and corrected on a timely basis, and sufficient funds are available for the payment of all liabilities. Any unidentified differences should be investigated.

C. Listings of accrued costs owed to the court for civil or traffic monies are not maintained and monitoring procedures related to accrued costs are not adequate. Associate Circuit Division procedures for following-up on accrued costs include issuing monthly letters for accrued civil costs and issuing warrants at three to four month intervals for accrued traffic costs. In reviewing the civil accrued cost case fee sheets, we found five cases of seventeen reviewed where past due letters were not issued for uncollected fees and there was no payment activity. Our review of the traffic division's procedures found that for six of the nine cases reviewed, a warrant was not issued in accordance within the Associate Circuit Division's established time frame.

A complete and accurate listing of accrued costs would allow the Associate Court to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

- D. The proper disposition of the reserve bond account has not been determined. This account was opened in January 1994 for bond monies received prior to 1990. The only account activity is an annual transfer of the interest earned to the interest bank account. At December 31, 2004, the reserve bond account had a balance of \$15,990, which is the same amount deposited in 1994 establishing the account. The status of old open items should be routinely reviewed to determine if any disbursements are necessary. If disbursement is possible, but proper payees cannot be located the monies should be disposed of in accordance with state law. This condition was noted in a previous report.

WE RECOMMEND the Associate Circuit Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and bank reconciliations and reconcile the listings to the cash balances. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law. In addition, procedures to routinely follow up on old outstanding checks should be established.
- C. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- D. Ensure all monies in the reserve bond account are distributed to the appropriate funds or parties. For any amounts that remain unclaimed or unidentified, the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Associate Circuit Judge indicated they are preparing to implement the Justice Information System (JIS) in November 2005 and will address all of the recommendations at that time.

9. Assessor's Accounting Control and Procedures
--

Controls over monies received by the Assessor are in need of improvement. Prenumbered receipt slips are not issued for all monies received and do not always indicate method of payment, and checks are not restrictively endorsed immediately upon receipt. The Assessor transmitted approximately \$4,500 and \$2,300 to the County Treasurer during the years ended

December 31, 2004 and 2003, respectively, from the sale of maps and photocopies. While the Assessor does not collect a large amount of fees, control weaknesses such as these need to be improved. Our review identified the following control weaknesses:

- A. Prenumbered receipt slips are not issued for all monies received. The Assessor's office uses request forms as receipt slips, which include the name of the customer, date of the request, number of copies or maps ordered, amount collected, and if applicable, the map numbers. These forms are not prenumbered and the method of payment is not always indicated on the form. Although it appears the Assessor does compare the request forms to the amount turned over to the County Treasurer, because the request forms are not prenumbered, the Assessor cannot ensure all request forms and related monies are accounted for.

To help ensure receipts are properly recorded and transmitted, the request forms used by the Assessor's office should be prenumbered. In addition, the request forms should indicate method of payment and the composition of monies received should be reconciled to the composition of the monies transmitted to the County Treasurer.

- B. Checks are not restrictively endorsed immediately upon receipt. Endorsements are applied after monies are turned over to the County Treasurer. To adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Assessor:

- A. Ensure the request forms are prenumbered. In addition, the Assessor should ensure the method of payment is indicated on all request forms and a reconciliation of the composition of receipts to the composition of monies transmitted to the County Treasurer should be performed.
- B. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

The County Assessor indicated:

- A. *He collects these fees as a convenience to the taxpayer and will continue with his current procedures. However, if the county will pay the expense of prenumbered receipt slips from the General Revenue Fund he will use them and if there is a cash/check box his employees will mark the box.*
- B. *He will not implement the recommendation.*

The County Clerk does not have adequate controls or records related to the proceeds of the soda and vending machines located in the County courthouse. Cash disbursements using the proceeds are made by the County Clerk to replenish soda and vending machine products. The County Clerk periodically turns over excess proceeds to the County Treasurer who maintains a bank account for the funds which are used to pay for the county's annual Christmas party. In 2004 and 2003, approximately \$220 and \$620 were turned over to the County Treasurer, and \$595 and \$550 expended for the annual Christmas party. At February 14, 2005, we counted cash on hand related to these monies totaling approximately \$175.

There are two vending machines and one soda machine located in the lower level of the courthouse. The County Clerk's office is responsible for ordering and purchasing soda and vending machine inventory, replenishing the machines, and emptying the change from the machines on a periodic basis. Our review of the County Clerk's controls over these monies noted the following concerns:

- The monies are not turned over to the County Treasurer timely.
- Accounting records to account for receipts, disbursements, and cash balances are not maintained.
- Invoices of soda and vending machine purchases are not always maintained.

Without proper accounting records and documentation of expenditures, an independent reconciliation of soda and vending purchases, inventory on hand, and sales cannot occur. This could result in a loss or misuse of funds not being detected. In addition, without retaining invoices or other supporting documentation and paying for all disbursements by check, the county cannot ensure all purchases were received by the county or that the purchase is a proper disbursement of county funds.

WE RECOMMEND the County Clerk maintain a ledger documenting receipts, disbursements, and the balance of the commissions and turn monies over to the County Treasurer in a timely manner. In addition, all supporting documentation should be retained, and an independent reconciliation of purchases, inventory, and sales should be performed.

AUDITEE'S RESPONSE

The County Clerk indicated the recommendation has been implemented. A ledger and invoices are now maintained. Two individuals remove and count the monies and monies are turned over to the Treasurer on a timely basis.

Follow-Up on Prior Audit Findings

MORGAN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Morgan County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Neighborhood Improvement Districts

- A. The county included a maintenance levy in the special assessments levied to landowners of the Neighborhood improvement Districts (NIDs). The statute in effect at the time the first five projects were established (prior to August 28, 1994) and the ballot wording did not provide for the assessment and collection of a maintenance levy. A new provision of this statute, effective August 28, 1994, allowed the county to obtain voter approval for the assessment and collection of this maintenance levy after the bonds issued to fund the project were fully paid. However, the county had never obtained such voter approval for the first five projects. Also, for these projects and five additional projects established between August 28, 1994, and January 1, 1999, the county was collecting the maintenance levy even though the bonds for these projects had not yet been paid in full.
- B. The County Commission changed the levies used to collect special assessments for each NID annually based on changes in the assessed valuation or parcel counts, as applicable depending on the assessment method for that district.

Recommendation:

The County Commission:

- A. Discontinue the maintenance levy on all NIDs and refund all maintenance monies previously collected to the affected property owners. In addition, if the assessment of a maintenance levy is determined to be necessary for the original five projects, appropriate district petitions should be obtained or elections held authorizing such an assessment. If approved, any maintenance assessments should be levied and collected according to law only after the applicable bonds have been paid in full.
- B. Ensure special assessments are assessed to property owners in accordance with state law. This would require the County Commission to revise the assessment method to ensure the assessment installments are substantially equal over the life of the assessment collection period.

Furthermore, if the County Commission decides to continue its current practices, a written legal opinion supporting its action should be obtained from the Prosecuting Attorney and the county should seek legislative approval for any continued collections which are not allowed under current NID statutes.

Status:

- A. Partially implemented. The County Commission actively sought legislation that would allow for a maintenance levy to be assessed during the period any bonds issued for NIDs were outstanding. Sections 67.456 and 67.457, RSMo, allow for assessments during the term of the bonds or notes issued to be used for maintenance of the project for NIDs established after August 28, 2004. The county has not obtained voter approval to assess a maintenance levy during the term of the bonds issued for the first ten NIDs; however, the county did include such language in the ballots of the four most recently established NIDs (three in 1999 and 2000 and one in 2004). While the county included ballot language concerning provisions for maintenance of the project during the term of the bonds for the three NIDs established in 1999 and 2000, there was no statutory authority at that time allowing the county to include such language. The County Commission has not refunded the monies for the unlawful collections and stated they have no plans to do so. The County Commission did not obtain a written legal opinion from the Prosecuting Attorney supporting its actions. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. Each year, the commission levies a tax against the property of NID residents who did not pay their total assessments when the project was authorized. Since 2002, the county began determining each year's levy amount by calculating an average annual debt service amount, adjusted for expected non or late payments, and dividing the average by the assessed valuation. The county uses the monies collected from such special assessments to pay the principal and interest on its general obligation bonds issued for such improvements. By adjusting the levy each year, the installments paid by individuals are not substantially equal. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Bidding Procedures

Bids were not always solicited or advertised by the county nor was the selection process always documented for various purchases made by the county during the two years ended December 31, 2000.

Recommendation:

The County Commission solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or

sole source procurement is necessary, the County Commission or County Clerk should retain documentation of these circumstances.

Status:

Implemented. Although the County Commission has implemented this recommendation, see MAR finding number 1 for comments related to various county officials' bidding procedures.

3. Officials' Salaries

- A. The 1997 salary commission voted to set salaries for all county officials, effective January 1, 1998, at 100% of the statutory salary tables newly established that year by the legislature. As a result, each elected official received a raise within their term of office.
- B. In 1998, Morgan County's Associate County Commissioners salaries were each increased approximately \$6,390 yearly. Based on a May 15, 2001, Missouri Supreme Court decision, the raises given to each of the three Associate County Commissioners who held office during the three years ended December 31, 2000, should be repaid.
- C. The County Collector and County Assessor received raises, effective January 1, 2001, due to a change in assessed valuation of the county. The County Collector and County Assessor received these raises prior to their dates of incumbency.

Recommendation:

The County Commission and the salary commission:

- A&C. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into affect on January 1, 1998 and January 1, 2001, and obtain repayment of any raises determined to be unallowable.
- B. Review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

- A&B. Not implemented. No repayments have been made. The County Commission stated these issues were discussed with the Prosecuting Attorney who indicated his opinion would not be favorable to the county; therefore, the County Commission has not requested a written opinion from the Prosecuting Attorney as to the legality of the salary increases. The County Commission believes requiring repayments would have to be pursued through the court system, and the county does not plan to pursue the matter legally. Although not repeated in the current MAR, our recommendation remains as stated above.

- C. Implemented. In 2001, the County Collector's and County Assessor's respective salaries were reduced over a period of several months to recoup the amounts deemed unallowable.

4. Published Financial Statements

The annual published financial statements of the county did not include financial activity of the Circuit Clerk Interest Fund, Associate Circuit Court Interest Fund, or the Jury Scrip Fund and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Fund, and the Senior Citizens Service Fund. In addition, the amounts of bonded debt and other related bond information for the Justice Center bonds or for the bonds issued for the neighborhood improvement district projects were not included.

Recommendation:

The County Commission ensure all required financial information for all county funds is properly reported in the published financial statements.

Status:

Not implemented. The annual published financial statements for 2003 and 2004 included the financial activity of the Circuit Clerk Interest Fund, Associate Circuit Court Interest Fund, and the Jury Scrip Fund; however, the county did not include all financial activity of the Health Center Fund, Senate Bill 40 Fund, and the Senior Citizens Service Fund, nor the amounts of bonded debt and other related bond information for the Justice Center bonds or the neighborhood improvement district projects bonds. See MAR finding number 1.

5. Apportionment of Railroad and Utility Taxes

The County Clerk did not correctly apportion 1999 or 2000 railroad and utility taxes to the school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

Status:

Implemented. Adjustments were made to the December 2001 railroad and utility tax apportionments.

6. County Sales Tax

The county had not sufficiently reduced its general revenue property tax levy to reduce property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Morgan County voters. As of the tax year ended December 31, 2000, the county had collected excess property taxes of approximately \$51,424. However, the County Commission included adjustments for prior years' excess property tax collections in the calculation of the 2001 General Revenue Fund tax levy.

Recommendation:

The County Commission continue to ensure in subsequent years that appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Implemented.

7. Fixed Assets

The County Commission or its designee had not maintained a complete, detailed record of county property. The County Assessor had submitted an annual listing of property in his office to the County Clerk; however, none of the other elected officials had submitted the required reports. In addition, the County Clerk indicated officials had not requested property tags for use on any new assets since August 1999.

Recommendation:

The County Commission establish a written policy related to handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipt.

Status:

Not implemented. See MAR finding number 4.

8. Collector's Collateral Security

The collateral securities pledged by the County Collector's depository bank to cover deposits were insufficient during December 2000 and January 2001, by as much as \$3.8 million dollars.

Recommendation:

The County Collector monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.

Status:

Implemented.

9. Prosecuting Attorney's Accounting Controls and Procedures

- A. Duties were not adequately segregated.
- B.1. Receipts were not deposited timely. In addition, checks and money orders were not restrictively endorsed until the deposit was prepared.
- 2. One-write ledger entries were not always recorded accurately. In addition, the Prosecuting Attorney did not reconcile the receipt ledger's deposit column activity to the bank information.
- 3. The Prosecuting Attorney required bad check and court ordered restitution to be submitted in the form of money orders made payable to the victim. However, the Prosecuting Attorney's office did not obtain documentation from the victim when the restitution money orders were turned over.
- 4. Monthly listings of open items (liabilities) were not prepared and, consequently, open items were not reconciled to cash balances. At our request, an open items listing was prepared as of December 31, 2000. The reconciled cash balance at December 31, 2000, exceeded identified open items on the listing by approximately \$2,800.
- C. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, had not been established.

Recommendation:

The Prosecuting Attorney:

- A. Provide for adequate segregation of duties and/or performance of independent reconciliations and reviews of accounting records.
- B.1. Restrictively endorse checks and money orders immediately upon receipt and deposit all monies intact daily or when accumulated receipts exceed \$100.

2. Review the information recorded on the receipt ledger for accuracy and ensure that the deposit column activity is reconciled to the bank information.
 3. Obtain documentation from the victims when restitution money orders are turned over or deposit all receipts and remit restitution by a check issued from the Prosecuting Attorney's bank account.
 4. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies remaining unidentified should be disbursed in accordance with state law.
- C. Record additional information on the bad check log to adequately account for bad check complaints received as well as the ultimate disposition of each complaint. The log should include merchant data, amount of the bad check and administrative fee, disposition of the bad check, date restitution and fees were paid, date restitution and fees were remitted to the merchant or County Treasurer, and the criminal case number under which charges were filed, if applicable.

Status:

- A. Partially implemented. Office duties are still not adequately segregated; however, the Prosecuting Attorney has begun some oversight in the office, such as signing checks. See MAR finding number 6.
- B.1. Not implemented. However, the only checks noted during our review which are not restrictively endorsed immediately upon receipt are Law Library funds. Although fees are not deposited daily, deposits are made approximately twice weekly. Although not repeated in the current MAR, our recommendation remains as stated above.
- 2&
3. Implemented.
4. Not implemented. See MAR finding number 6.
- C. Implemented. In January 2003, the Prosecuting Attorney's office implemented a computerized bad check system which accounts for bad check complaints received as well as the ultimate disposition of each complaint.

10. Sheriff's Accounting Controls and Procedures

- A. The duties of cash custody and record keeping were not adequately segregated. There were no documented supervisory reviews of the accounting records. In addition, there were no independent reconciliations between monies receipted and deposits or between cash balances and inmate balance records.

- B. As of June 21, 2001, bank reconciliations had not been performed on the commissary account since it was established in January 2001. In addition, deposits had not been recorded, and a balance had not been maintained, in the manual check register since May 2001.
- C.1. Receipt slips were not always issued for monies received from or on behalf of inmates.
- 2. Checks and money orders deposited in the commissary account were not endorsed immediately upon receipt
- 3. The inmate and commissary receipts were held in the booking area after receipt and all persons on duty had access to the monies until the monies were remitted to the inmate and commissary account custodians. There was no documentation of the transfer of monies between the jail and the account custodians. In addition, there was no independent reconciliation between receipts and deposits.
- 4. Adequate supporting documentation was not obtained from the inmates or retained for some cash refunds to the inmates.
- 5. The total inmate and commissary bank account balances had not been reconciled to the individual inmate account balances per the computer system.
- D. Escrow accounts checks totaling at least \$8,000 had been outstanding since the prior audit and were still carried forward on the Sheriff's books as of December 31, 2000. In addition, the Sheriff was holding over \$6,800 on deposit in the escrow account that was confiscated during various investigations, some of which dated back to 1994.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly bank reconciliations and maintain a complete and accurate check register with a running balance.
- C.1. Issue prenumbered receipt slips for commissary monies immediately upon receipt and account for their numerical sequence.
- 2. Restrictively endorse checks and money orders immediately upon receipt.

3. Implement the use of a locked drop box for inmate and commissary receipts and ensure that the transfer of receipts between the jail and the account custodians is documented.
 4. Deposit all inmate funds in an official bank account and issue refunds to inmate by official check or obtain adequate supporting documentation for any refunds not made by check and reconcile monies received to monies deposited and documentation of monies refunded in cash.
 5. Reconcile the inmate and commissary bank account balances to the computerized individual inmate balance records at least monthly and investigate any difference. Any monies remaining unclaimed should be disposed of in accordance with state law.
- D. Attempt to resolve the old outstanding check and confiscated monies on deposit and establish routine procedures to investigate outstanding checks and monies on deposit which have remained on the accounting records for a considerable period of time.

Status:

- A. Partially implemented. The Sheriff indicated he began reviewing the monthly bank reconciliations and he generally signs the checks for the general bank account. However, he performs no other independent review of work performed and does not sign the checks for the inmate/commissary bank account. See MAR finding number 7.

B&

- C.3. Implemented.

- C.1. Partially implemented. Generic, pre-numbered receipt slips are issued for all inmate monies received; however, the numerical sequence of receipts issued is not accounted for. See MAR finding number 7.

2&

5. Not implemented. See MAR finding number 7.
4. Implemented. The Sheriff's office now obtains adequate supporting documentation for any refunds not made by check.
- D. Partially implemented. The Sheriff resolved \$8,000 of outstanding checks by reissuing the checks to the applicable parties. However, the Sheriff is still holding over \$6,800 on deposit in the escrow account. See MAR finding number 7.

11. Health Center Accounting Controls and Procedures

- A.1. Receipt slips were not written for monies received in the mail and for some donation or service receipts when paid by check.
 - 2. Checks were not endorsed immediately upon receipt.
 - 3. The donation jar was not emptied nightly and the Health Center had not established a regular time frame for emptying the jar and depositing the monies along with other receipts.
- B. The Health Center Board did not maintain worker's compensation insurance from December 3, 1998 through May 10, 2001.

Recommendation:

The Health Center Board:

- A.1. Issue prenumbered receipts slips for all monies received, note the method of payment on the receipt slips and account for the numerical sequence of those receipt slips. In addition, an independent person should periodically reconcile the composition of receipt slips to the composition of deposits.
 - 2. Restrictively endorse checks immediately upon receipt.
 - 3. Empty the donation jar daily, record the receipts on a receipt slip, and deposit the receipts along with other receipts.
- B. Monitor insurance policies to ensure adequate coverages are maintained.

Status:

A.1,2

&B. Implemented.

- A.3. Implemented. Although the donation jar is not emptied nightly, the jar is locked up each night to safeguard any monies received that have not yet been deposited. Two or three times a week, the jar is emptied and the monies are deposited along with other receipts. The composition and source of each deposit is tracked on an excel spreadsheet which identifies these monies as donations.

12. Senior Citizens Service Board Controls and Procedures

- A. Collateral securities were not pledged by the Senior Citizens Service Board's depository bank for deposits in excess of the Federal Depositary Insurance Corporation (FDIC) coverage.
- B.1. The Board considered the approved annual funding requests submitted by not-for-profit (NFP) organizations to be the NFPs' contract for the year. However, the requests did not always provide sufficient detail regarding the specific types or levels of service to be provided, the number of clients to be served, or any other measurable basis for determining if the funding requested was reasonable in relationship to the services the NFP planned to provide.
 - 2. Some NFPs did not submit monthly or quarterly reports that detailed the number of clients served or levels of service provided.
 - 3. The Board made semi-annual payments to each NFP based on the funding amount approved each year. These payments were not based on reimbursement for actual services provided and the NFPs were not required to provide such documentation to be eligible for additional payments.
- C. Three Senior Citizens Service Board members also served on the boards of the Versailles or Laurie Nutrition Centers at the time those entities received funding from the Senior Citizens Service Board.

Recommendation:

The Senior Citizens Service Board:

- A. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.
- B. Enter into written contracts which specify the amounts to be paid, the services to be provided, and the time period covered by the contracts and ensure payments made to NFPs are made in relationship to the levels of services provided and/or the number of clients served. In addition, the Board should provide for independent monitoring of NFP activities.
- C. Ensure members do not have administrative or financial ties with its funding recipients. Senior Citizens Service Board members who serve on the service providers' boards should either remove themselves from one of the boards or ensure that minutes of board meetings clearly indicate that they are abstaining from voting on funding requests and have no involvement in monitoring their NFP board's activities on behalf of the Senior Citizens Service Board.

Status:

- A. Not implemented. While the Board was adequately collateralized at year end, it was under collateralized in January 2004 and 2003 by approximately \$18,000 and \$22,000, respectively. The Board was adequately collateralized during January 2005. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The Board entered into written contracts with the NFPs. In addition, we noted the Board requires quarterly reports from the majority of NFPs detailing the activities the Board's funds were used to perform. Through review of the quarterly reports received from the NFPs, the Board provides independent monitoring of NFP activities. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MORGAN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Morgan was named after General Daniel Morgan, a Revolutionary War hero. Morgan County is a county-organized, third-class county and is part of the 26th Judicial Circuit. The county seat is Versailles.

Morgan County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 475 miles of county roads and 54 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 13,807 in 1980 and 19,309 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	240.6	236.0	228.7	221.6	106.8 30.7
Personal property		66.2	64.0	59.8	53.6	12.6 7.5
Railroad and utilities		25.1	23.6	27.8	31.2	20.8 14.5
Total	\$	331.9	323.6	316.3	306.4	140.2 52.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Morgan County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	0.1017	0.0897	0.0962	0.0757
Special Road and Bridge Fund *		0.1764	0.1764	0.1761	0.1738
Health Center		0.0827	0.0827	0.0826	0.0824
Senate Bill 40 Board Fund		0.0459	0.0458	0.0458	0.0458
Senior Services Board Fund		0.0459	0.0459	0.0459	0.0458
Johnson Grass Fund		0.0000	0.0000	0.0459	0.0000

* The county retains all tax proceeds from areas not within road districts. The county has three road districts that receive four-fifths of the tax collections from property within these

districts, and the Special Road and Bridge Fund retains one-fifth. One of the road districts also has an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. In addition, pursuant to Section 67.1177, RSMo, the county collects a three percent lodging tax from resorts and other places of business that provide lodging in Morgan County which is distributed to the Lake of the Ozarks Lodging Association. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 100,565	97,772	94,515	91,174
General Revenue Fund	360,414	318,433	325,359	265,589
Special Road and Bridge Fund				
and special road districts	694,805	680,577	657,398	624,099
Assessment Fund	206,872	167,477	124,719	130,534
Health Center Fund	273,161	266,460	258,255	250,174
Senate Bill 40 Fund	151,472	147,455	143,059	138,746
School districts	9,780,332	9,393,518	9,100,781	8,704,028
Library district	273,193	266,527	257,699	248,589
Ambulance districts	540,244	525,805	510,066	493,179
Fire protection districts	824,846	801,417	769,444	736,617
Nursing home districts	559,888	541,203	526,575	504,507
Johnson Grass Fund	2,847	8,786	130,094	1
Junior College	30,534	28,132	27,447	29,560
Senior Services Fund	150,882	147,219	142,766	136,380
County Employment Retirement				
Fund	12,625	17,154	13,435	14,460
Neighborhood Improvement				
Districts	426,860	439,388	421,029	515,145
Cities	29,742	28,525	31,929	31,326
Tax Sale Surplus Fund	117,420	192,652	56,790	47,484
Lodging association*	40,369	41,025	36,607	38,605
Commissions and fees:				
General Revenue Fund	319,945	317,762	288,077	260,913
Total	\$ 14,897,016	14,427,287	13,916,044	13,261,110

* Amounts reported are on a calendar year basis.

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2002	
Real estate	92.6	92.1	91.5	90.8	%
Personal property	89.9	89.7	89.0	90.2	
Railroad and utilities	99.3	99.3	97.6	99.8	

Morgan County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0500	N/A	50	%
Law Enforcement	.0500	2017	N/A	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Rodney Schad, Presiding Commissioner		31,700	31,700	31,700	30,378
Bill Arment, Associate Commissioner		29,700	29,700	29,700	28,380
Warren Anderson, Associate Commissioner		29,700	29,700	29,700	28,380
Cathy Daniels, County Clerk		45,000	45,000		
Donna Chasteen, County Clerk				45,000	43,000
Marvin W. Opie, Prosecuting Attorney		55,000	55,000	1,774	
Stephen Concannon, Prosecuting Attorney				53,374	53,000
Jim Petty, Sheriff		50,000	50,000	50,000	12,000
Rick Bias, Acting Sheriff					8,000
L. M. (Sonny) Earnest, Sheriff					28,000
Louella Pryor, County Treasurer		33,300	33,300		
Debbie K. Hutchison, County Treasurer				33,300	31,820
Gary Garber, County Coroner		16,000	15,000	16,000	14,000
Carolyn Hedrick, Public Administrator		45,000	45,000		
Carmen E. Hayden, Public Administrator				45,000	43,000
Clark Hunter, County Collector (1), year ended February 28 (29),	45,000	45,000	45,000	42,750	
Bob Raines, County Assessor (2), year ended August 31,		45,751	45,878	42,900	43,400

(1) Salary for the year ended February 29, 2002, was reduced \$250 for salary over payment during the year ended February 28, 2001.

(2) Includes \$751, \$878, \$900, and \$900 annual compensation received from the state for year ended August 31, 2004, 2003, 2002, and 2001, respectively. Salary for the year ended August 31, 2002, was reduced \$1,000 for salary over payment during the year ended August 31, 2001.

State-Paid Officials:

Cheryl Morris, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300		
Barbara Barnard, Circuit Clerk and Ex Officio Recorder of Deeds			47,300	47,300
Kevin Schehr, Associate Circuit Judge	96,000	96,000		
Patricia Scott, Associate Circuit Judge			96,000	96,000



Claire McCaskill

Missouri State Auditor

September 2005

Lewis County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Lewis, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Lewis County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The financial condition of the General Revenue Fund has declined significantly since 2002. During the years ended December 31, 2003 and 2004, disbursements of the General Revenue Fund increased due to capital improvements made to the courthouse. In addition, during 2003, a tornado damaged several county businesses and as a result sales tax receipts for the General Revenue Fund decreased.
- The County Collector's accounting controls and procedures need improvement. The Collector does not reconcile daily receipts and deposits to a daily abstract and does not perform reconciliations between the bank balance and related liabilities. As of February 28, 2005, the cash balance was \$4,228 less than the liabilities identified. Also, the Collector does not ensure back property tax charges reported on the annual settlement agree to the total credits reported on the prior year's annual settlement.

In addition, the Collector does not perform adequate monthly bank reconciliations for the Collector Tax Maintenance Fund and expenditures from that fund are not adequately supported by invoices and in some cases appear questionable. An erroneous payment of a personal cable bill was not reimbursed for 18 months and a \$300 cash withdrawal was not supported.

- The county's procedures to track federal awards for preparation of the Schedule of Expenditures of Federal Awards (SEFA) should be improved. The county's SEFA contained several errors which resulted in expenditures being overstated for the year ended December 31, 2004 and understated for the year ended December 31, 2003. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements.

(over)

YELLOW SHEET

- The county did not always solicit bids or retain bid documentation for various expenditures. Additionally, the county distributed landfill fees to the Industrial Development Authority but did not obtain financial reports to show these fees were spent for economic development.
- The Sheriff's accounting controls and procedures need improvement. The Sheriff's Office does not obtain receipt slips from the Associate and Circuit Courts for turnover of bond monies, does not obtain written contracts for the boarding of prisoners, and does not maintain adequate documentation of invoices sent to other entities for the boarding of prisoners. Receipts are not deposited on a timely basis and the Sheriff failed to withhold \$1,755 in accountable fees from a partition sale, which would have been paid to the County General Revenue Fund.

Inmate account balances are not consistently verified prior to commissary orders being placed, commissary purchases are not always deducted from inmate account balances, and the balance of the commissary account is not being reconciled to the individual inmate balances plus commissary profits. Order forms for cigarettes and phone cards are not always maintained in the inmate's file, commissary profits are not periodically turned over to the county, and inventory records are not maintained for cigarettes and phone cards purchased by the Sheriff's Office.

- The Circuit Clerk and ex officio Recorder of Deeds made several questionable disbursements from the Records Technologies Fund and the Records Preservation Fund during the period from February to June 2004.
- Problems were noted related to the E-911 Board's accounting controls and procedures. Closed meeting minutes were not always prepared. Budget documents prepared by the board were not accurate. Several receipting procedures relating to issuing receipts slips, restrictively endorsing checks and money orders, and making timely deposits should be improved. Some expenditures were not approved by the board prior to payment, bids were not obtained for some purchases, several invoices were not paid in a timely manner, and there were no procedures in place to ensure Forms 1099 were filed. Property records did not include a radio system purchased by the board and did not include all necessary information for other assets. The E-911 Director handles receipts and disbursements and is not bonded.
- The Health Center's controls and procedures need improvement. Actual expenditures exceeded budgeted amounts during 2004. Pre-numbered receipt slips are not issued for some monies received, the composition of receipt slips is not reconciled to the bank deposits, and receipts are not posted to the general ledger in a timely manner. Additionally, Health Center employees received payments that appeared to be bonuses.

Also included in the audit were recommendations related to budgetary practices and payroll procedures. The audit also suggested improvements in the procedures of the Prosecuting Attorney, Circuit Clerk, and Recorder.

All reports are available on our website: www.auditor.mo.gov

LEWIS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Lewis County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Lewis County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Lewis County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 14, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Lewis County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Carl E. Zilch, Jr.
Audit Staff:	Kate Petschonek
	Julie Moore
	Heather Stiles



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Lewis County, Missouri

We have audited the financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Lewis County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Lewis County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Lewis County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

LEWIS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 225,640	1,281,017	1,373,183	133,474
Special Road and Bridge	71,775	794,428	836,303	29,900
Assessment	16,703	129,148	129,904	15,947
Road and Bridge Capital Improvement	27,117	302,297	257,901	71,513
Law Enforcement Training	3,938	4,065	2,385	5,618
Prosecuting Attorney Training	3,242	741	6	3,977
County Farm	61,169	29,501	50,911	39,759
Domestic Violence	3,312	3,160	3,312	3,160
Prosecuting Attorney Retirement	375	0	375	0
Prosecuting Attorney Bad Check	1,519	3,912	3,497	1,934
DWI	1,662	666	1,205	1,123
Records Preservation	6,960	4,216	6,290	4,886
Records Technologies	6,369	2,582	4,130	4,821
Law Enforcement Operating	6,287	564,349	517,977	52,659
Sheriff Civil Fees	7,660	15,602	16,162	7,100
D.A.R.E.	599	1,326	1,300	625
Election Services	5,248	2,419	3,615	4,052
Law Enforcement Restitution	0	2,453	0	2,453
Collector Tax Maintenance	7,854	10,252	7,061	11,045
Circuit Clerk Interest	4,993	2,288	5,764	1,517
E-911	193,037	290,974	406,090	77,921
Health Center	379,936	778,822	778,895	379,863
Law Library	200	550	523	227
Total	\$ 1,035,595	4,224,768	4,406,789	853,574

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LEWIS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 366,989	1,381,747	1,523,096	225,640
Special Road and Bridge	25,768	842,779	796,772	71,775
Assessment	13,943	121,686	118,926	16,703
Road and Bridge Capital Improvement	3,377	368,593	344,853	27,117
Law Enforcement Training	1,343	3,950	1,355	3,938
Prosecuting Attorney Training	2,609	688	55	3,242
County Farm	55,742	31,261	25,834	61,169
Domestic Violence	2,934	3,312	2,934	3,312
Prosecuting Attorney Retirement	3,336	1,169	4,130	375
Prosecuting Attorney Bad Check	1,682	3,314	3,477	1,519
DWI	1,043	624	5	1,662
Records Preservation	3,306	4,823	1,169	6,960
Records Technologies	3,521	2,853	5	6,369
Law Enforcement Operating	4,395	537,112	535,220	6,287
Sheriff Civil Fees	12,320	15,666	20,326	7,660
D.A.R.E.	536	1,557	1,494	599
Election Services	4,157	1,096	5	5,248
C.D.B.G Grant 2002 Pf-42	0	2,200	2,200	0
Collector Tax Maintenance	588	13,169	5,903	7,854
Circuit Clerk Interest	4,855	2,503	2,365	4,993
Associate Judge Interest	906	226	1,132	0
E-911	274,625	466,927	548,515	193,037
Health Center	401,175	743,040	764,279	379,936
Law Library	150	560	510	200
Total	\$ 1,189,300	4,550,855	4,704,560	1,035,595

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,118,987	4,224,218	(894,769)	4,531,703	4,550,295	18,592
DISBURSEMENTS	5,712,076	4,406,266	1,305,810	5,148,437	4,704,050	444,387
RECEIPTS OVER (UNDER) DISBURSEMENTS	(593,089)	(182,048)	411,041	(616,734)	(153,755)	462,979
CASH, JANUARY 1	920,073	1,035,395	115,322	1,197,778	1,189,150	(8,628)
CASH, DECEMBER 31	326,984	853,347	526,363	581,044	1,035,395	454,351
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	231,000	203,614	(27,386)	221,900	273,085	51,185
Sales taxes	607,000	593,321	(13,679)	585,700	601,122	15,422
Intergovernmental	280,873	117,158	(163,715)	213,558	126,459	(87,099)
Charges for services	211,100	201,508	(9,592)	188,750	223,383	34,633
Interest	6,000	6,496	496	10,000	9,381	(619)
Landfill fees	135,000	139,975	4,975	152,000	134,865	(17,135)
Other	1,300	1,867	567	5,500	2,452	(3,048)
Transfers in	17,123	17,078	(45)	11,000	11,000	0
Total Receipts	1,489,396	1,281,017	(208,379)	1,388,408	1,381,747	(6,661)
DISBURSEMENTS						
County Commissioner	78,480	78,275	205	80,329	77,583	2,746
County Clerk	58,363	58,065	298	58,173	58,792	(619)
Elections	35,516	35,323	193	12,637	14,042	(1,405)
Buildings and grounds	65,392	47,782	17,610	86,516	49,671	36,845
Employee fringe benefit	112,000	116,166	(4,166)	103,350	99,725	3,625
County Treasurer	29,215	29,454	(239)	30,950	30,146	804
County Collector	67,518	64,848	2,670	67,212	66,729	483
Ex Officio Recorder of Deed	32,675	31,059	1,616	35,328	35,180	148
Circuit Clerk	20,700	20,874	(174)	14,000	12,567	1,433
Associate Circuit Court	700	379	321	8,750	10,962	(2,212)
Court Reporter	1,005	395	610	1,005	375	630
Court administration	7,869	9,565	(1,696)	7,742	5,704	2,038
Public Administrator	45,750	42,723	3,027	48,812	42,995	5,817
Prosecuting Attorney	75,609	70,331	5,278	74,402	64,419	9,983
Juvenile Officer	83,809	78,271	5,538	88,543	81,647	6,896
County Coroner	14,660	11,385	3,275	14,610	12,435	2,175
Industrial Development Authority (IDA)	135,000	139,975	(4,975)	152,000	134,865	17,135
Insurance (property and liability)	27,831	21,799	6,032	24,500	24,327	173
County employee retirement	42,000	46,444	(4,444)	38,000	41,522	(3,522)
University Extension	21,815	21,799	16	21,396	21,364	32
Public health and welfare service	180,490	13,081	167,409	0	0	0
A.D.A improvement	94,000	63,532	30,468	261,300	202,261	59,039
Room additions and improvement	21,000	18,652	2,348	75,000	82,949	(7,949)
Other	44,355	22,000	22,355	56,710	28,706	28,004
Transfers out	356,507	331,006	25,501	334,132	324,130	10,002
Emergency Fund	60,000	0	60,000	60,000	0	60,000
Total Disbursements	1,712,259	1,373,183	339,076	1,755,397	1,523,096	232,301
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,863)	(92,166)	130,697	(366,989)	(141,349)	225,640
CASH, JANUARY 1	225,540	225,640	100	366,989	366,989	0
CASH, DECEMBER 31	2,677	133,474	130,797	0	225,640	225,640

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	252,192	220,683	(31,509)	251,500	283,194	31,694
Intergovernmental	488,233	499,050	10,817	505,525	515,338	9,813
Charges for services	19,000	21,373	2,373	38,500	21,254	(17,246)
Interest	2,000	1,619	(381)	2,500	1,905	(595)
Other	4,070	1,898	(2,172)	10,200	11,088	888
Transfers in	30,000	49,805	19,805	30,000	10,000	(20,000)
Total Receipts	795,495	794,428	(1,067)	838,225	842,779	4,554
DISBURSEMENTS						
Salaries	263,401	251,714	11,687	258,454	255,532	2,922
Employee fringe benefit	107,800	100,912	6,888	105,964	100,139	5,825
Supplies	85,500	69,460	16,040	85,500	66,661	18,839
Insurance	25,000	23,660	1,340	25,000	9,958	15,042
Road and bridge materials	239,500	228,756	10,744	226,882	218,882	8,000
Equipment repairs	60,000	47,691	12,309	60,000	59,674	326
Rentals	1,000	294	706	1,750	163	1,587
Equipment purchases	39,644	27,269	12,375	39,643	44,004	(4,361)
Rock and sap hauling	40,000	62,322	(22,322)	56,000	37,794	18,206
Other	5,100	4,225	875	4,800	3,965	835
Transfers out	0	20,000	(20,000)	0	0	0
Total Disbursements	866,945	836,303	30,642	863,993	796,772	67,221
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,450)	(41,875)	29,575	(25,768)	46,007	71,775
CASH, JANUARY 1	71,775	71,775	0	25,768	25,768	0
CASH, DECEMBER 31	325	29,900	29,575	0	71,775	71,775
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	81,545	78,132	(3,413)	91,515	95,624	4,109
Interest	300	437	137	400	387	(13)
Other	900	72	(828)	400	50	(350)
Transfers in	50,507	50,507	0	25,625	25,625	0
Total Receipts	133,252	129,148	(4,104)	117,940	121,686	3,746
DISBURSEMENTS						
Assessor	129,570	113,201	16,369	120,875	107,926	12,949
Transfers out	16,703	16,703	0	11,000	11,000	0
Total Disbursements	146,273	129,904	16,369	131,875	118,926	12,949
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,021)	(756)	12,265	(13,935)	2,760	16,695
CASH, JANUARY 1	16,703	16,703	0	13,943	13,943	0
CASH, DECEMBER 31	3,682	15,947	12,265	8	16,703	16,695

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales Tax	191,000	185,888	(5,112)	181,000	188,594	7,594
Intergovernmental	883,137	95,829	(787,308)	359,800	179,551	(180,249)
Interest	500	580	80	500	447	(53)
Other	0	0	0	0	1	1
Transfers in	0	20,000	20,000	0	0	0
Total Receipts	1,074,637	302,297	(772,340)	541,300	368,593	(172,707)
DISBURSEMENTS						
Contract labor	23,000	22,346	654	13,000	8,535	4,465
Bridge construction	883,137	91,147	791,990	359,800	203,251	156,549
Road and bridge materials	40,500	15,627	24,873	35,500	26,343	9,157
Equipment expenses	111,878	76,938	34,940	43,428	42,819	609
Bank loan repayment	0	0	0	51,750	51,073	677
Other	12,238	2,038	10,200	10,238	2,832	7,406
Transfers out	30,000	49,805	(19,805)	30,000	10,000	20,000
Total Disbursements	1,100,753	257,901	842,852	543,716	344,853	198,863
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,116)	44,396	70,512	(2,416)	23,740	26,156
CASH, JANUARY 1	26,117	27,117	1,000	3,377	3,377	0
CASH, DECEMBER 31	1	71,513	71,512	961	27,117	26,156
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,395	395	900	1,238	338
Charges for services	2,360	2,670	310	2,375	2,712	337
Other	0	0	0	650	0	(650)
Total Receipts	3,360	4,065	705	3,925	3,950	25
DISBURSEMENTS						
Sheriff	7,100	2,385	4,715	5,268	1,355	3,913
Total Disbursements	7,100	2,385	4,715	5,268	1,355	3,913
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,740)	1,680	5,420	(1,343)	2,595	3,938
CASH, JANUARY 1	3,938	3,938	0	1,343	1,343	0
CASH, DECEMBER 31	198	5,618	5,420	0	3,938	3,938
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	700	741	41	616	688	72
Total Receipts	700	741	41	616	688	72
DISBURSEMENTS						
Prosecuting Attorney	3,886	6	3,880	3,225	55	3,170
Total Disbursements	3,886	6	3,880	3,225	55	3,170
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,186)	735	3,921	(2,609)	633	3,242
CASH, JANUARY 1	3,242	3,242	0	2,609	2,609	0
CASH, DECEMBER 31	56	3,977	3,921	0	3,242	3,242

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COUNTY FARM FUND						
RECEIPTS						
Interest	600	576	(24)	650	669	19
Rental income	22,080	22,080	0	24,725	24,725	0
Other	3,000	6,845	3,845	1,001	5,867	4,866
Total Receipts	25,680	29,501	3,821	26,376	31,261	4,885
DISBURSEMENTS						
Farm expenses	2,000	288	1,712	2,000	437	1,563
Maintenance	48,640	35,202	13,438	50,320	107	50,213
County programs	20,200	15,421	4,779	29,745	25,290	4,455
Transfers out	7,215	0	7,215	0	0	0
Total Disbursements	78,055	50,911	27,144	82,065	25,834	56,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,375)	(21,410)	30,965	(55,689)	5,427	61,116
CASH, JANUARY 1	61,169	61,169	0	55,742	55,742	0
CASH, DECEMBER 31	8,794	39,759	30,965	53	61,169	61,116
DOMESTIC VIOLENCE FUND						
RECEIPTS						
Charges for services	3,200	3,160	(40)	2,800	3,312	512
Total Receipts	3,200	3,160	(40)	2,800	3,312	512
DISBURSEMENTS						
Domestic Violence	3,312	3,312	0	2,934	2,934	0
Total Disbursements	3,312	3,312	0	2,934	2,934	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(112)	(152)	(40)	(134)	378	512
CASH, JANUARY 1	3,312	3,312	0	2,934	2,934	0
CASH, DECEMBER 31	3,200	3,160	(40)	2,800	3,312	512
PROSECUTING ATTORNEY RETIREMENT FUND						
RECEIPTS						
Transfers in	0	0	0	1,169	1,169	0
Total Receipts	0	0	0	1,169	1,169	0
DISBURSEMENTS						
Prosecuting Attorney retirement	0	0	0	4,500	4,125	375
Other	0	0	0	5	5	0
Transfers out	375	375	0	0	0	0
Total Disbursements	375	375	0	4,505	4,130	375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(375)	(375)	0	(3,336)	(2,961)	375
CASH, JANUARY 1	375	375	0	3,336	3,336	0
CASH, DECEMBER 31	0	0	0	0	375	375

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	3,275	3,912	637	3,000	3,314	314
Total Receipts	3,275	3,912	637	3,000	3,314	314
DISBURSEMENTS						
Prosecuting Attorney	4,275	3,497	778	4,682	3,477	1,205
Total Disbursements	4,275	3,497	778	4,682	3,477	1,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	415	1,415	(1,682)	(163)	1,519
CASH, JANUARY 1	1,519	1,519	0	1,682	1,682	0
CASH, DECEMBER 31	519	1,934	1,415	0	1,519	1,519
<u>DWI FUND</u>						
RECEIPTS						
Charges for service:	650	666	16	400	624	224
Total Receipts	650	666	16	400	624	224
DISBURSEMENTS						
Publications and equipment	2,306	1,205	1,101	1,443	5	1,438
Total Disbursements	2,306	1,205	1,101	1,443	5	1,438
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,656)	(539)	1,117	(1,043)	619	1,662
CASH, JANUARY 1	1,662	1,662	0	1,043	1,043	0
CASH, DECEMBER 31	6	1,123	1,117	0	1,662	1,662
<u>RECORDS PRESERVATION FUND</u>						
RECEIPTS						
Charges for service:	4,500	4,216	(284)	4,000	4,676	676
Other	0	0	0	0	147	147
Total Receipts	4,500	4,216	(284)	4,000	4,823	823
DISBURSEMENTS						
Office expenses and equipment	11,000	6,290	4,710	7,306	1,169	6,137
Total Disbursements	11,000	6,290	4,710	7,306	1,169	6,137
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	(2,074)	4,426	(3,306)	3,654	6,960
CASH, JANUARY 1	6,960	6,960	0	3,306	3,306	0
CASH, DECEMBER 31	460	4,886	4,426	0	6,960	6,960
<u>RECORDS TECHNOLOGIES FUND</u>						
RECEIPTS						
Charges for service:	2,800	2,582	(218)	2,500	2,853	353
Total Receipts	2,800	2,582	(218)	2,500	2,853	353
DISBURSEMENTS						
Office expenses and equipment	9,000	4,130	4,870	6,021	5	6,016
Total Disbursements	9,000	4,130	4,870	6,021	5	6,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,200)	(1,548)	4,652	(3,521)	2,848	6,369
CASH, JANUARY 1	6,369	6,369	0	3,521	3,521	0
CASH, DECEMBER 31	169	4,821	4,652	0	6,369	6,369

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT OPERATING FUND</u>						
RECEIPTS						
Sales tax	127,000	123,928	(3,072)	120,000	125,729	5,729
Intergovernmental	9,000	0	(9,000)	9,000	0	(9,000)
Charges for services	94,300	155,194	60,894	93,300	98,803	5,503
Interest	200	433	233	350	236	(114)
Other	1,700	4,294	2,594	3,300	15,006	11,706
Transfers in	306,000	280,500	(25,500)	307,338	297,338	(10,000)
Total Receipts	538,200	564,349	26,149	533,288	537,112	3,824
DISBURSEMENTS						
Salaries	143,159	140,601	2,558	149,978	141,706	8,272
Salaries-Jail	140,739	139,298	1,441	127,012	137,699	(10,687)
Fringe benefits	111,902	102,457	9,445	112,118	104,646	7,472
Office expense	28,540	35,527	(6,987)	29,191	28,067	1,124
Equipment expense	47,000	48,573	(1,573)	39,000	42,170	(3,170)
Prisoner board	66,322	51,010	15,312	73,559	79,044	(5,485)
Other	6,825	511	6,314	6,825	1,888	4,937
Total Disbursements	544,487	517,977	26,510	537,683	535,220	2,463
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,287)	46,372	52,659	(4,395)	1,892	6,287
CASH, JANUARY 1	6,287	6,287	0	4,395	4,395	0
CASH, DECEMBER 31	0	52,659	52,659	0	6,287	6,287
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	15,000	15,602	602	15,000	15,666	666
Total Receipts	15,000	15,602	602	15,000	15,666	666
DISBURSEMENTS						
Sheriff	22,650	16,162	6,488	27,320	20,326	6,994
Total Disbursements	22,650	16,162	6,488	27,320	20,326	6,994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,650)	(560)	7,090	(12,320)	(4,660)	7,660
CASH, JANUARY 1	7,660	7,660	0	12,320	12,320	0
CASH, DECEMBER 31	10	7,100	7,090	0	7,660	7,660
<u>D.A.R.E. FUND</u>						
RECEIPTS						
Donations	1,500	1,119	(381)	900	1,557	657
Other	0	207	207	0	0	0
Total Receipts	1,500	1,326	(174)	900	1,557	657
DISBURSEMENTS						
D.A.R.E. programs	2,000	1,300	700	1,436	1,494	(58)
Total Disbursements	2,000	1,300	700	1,436	1,494	(58)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	26	526	(536)	63	599
CASH, JANUARY 1	599	599	0	536	536	0
CASH, DECEMBER 31	99	625	526	0	599	599

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,700	2,419	719	1,500	1,096	(404)
Total Receipts	1,700	2,419	719	1,500	1,096	(404)
DISBURSEMENTS						
Election expense:	6,900	3,615	3,285	5,500	5	5,495
Total Disbursements	6,900	3,615	3,285	5,500	5	5,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,200)	(1,196)	4,004	(4,000)	1,091	5,091
CASH, JANUARY 1	5,248	5,248	0	4,157	4,157	0
CASH, DECEMBER 31	48	4,052	4,004	157	5,248	5,091
<u>C.D.B.G GRANT 2002 PF-42 FUND</u>						
RECEIPTS						
Intergovernmental				2,200	2,200	0
Total Receipts				2,200	2,200	0
DISBURSEMENTS						
Administrative expense:				2,200	2,200	0
Total Disbursements				2,200	2,200	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charges for service:	4,500	2,452	(2,048)			
Interest	0	1	1			
Total Receipts	4,500	2,453	(2,047)			
DISBURSEMENTS						
Office expenses and equipmen	4,500	0	4,500			
Total Disbursements	4,500	0	4,500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,453	2,453			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	2,453	2,453			

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Property taxes	0	0	0	0	4,524	4,524
Charges for service	7,000	10,078	3,078	7,000	8,432	1,432
Interest	60	174	114	0	58	58
Unclassified	0	0	0	0	155	155
Total Receipts	7,060	10,252	3,192	7,000	13,169	6,169
DISBURSEMENTS						
Collector	8,660	7,061	1,599	7,500	5,373	2,127
Unclassified	0	0	0	0	530	(530)
Total Disbursements	8,660	7,061	1,599	7,500	5,903	1,597
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,600)	3,191	4,791	(500)	7,266	7,766
CASH, JANUARY 1	3,705	7,854	4,149	588	588	0
CASH, DECEMBER 31	2,105	11,045	8,940	88	7,854	7,766
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,500	2,288	(212)	2,000	2,503	503
Total Receipts	2,500	2,288	(212)	2,000	2,503	503
DISBURSEMENTS						
Circuit Clerk	7,000	5,764	1,236	6,855	2,365	4,490
Total Disbursements	7,000	5,764	1,236	6,855	2,365	4,490
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,500)	(3,476)	1,024	(4,855)	138	4,993
CASH, JANUARY 1	4,993	4,993	0	4,855	4,855	0
CASH, DECEMBER 31	493	1,517	1,024	0	4,993	4,993
<u>ASSOCIATE JUDGE INTEREST</u>						
RECEIPTS						
Interest				612	226	(386)
Total Receipts				612	226	(386)
DISBURSEMENTS						
Supplies and equipment				1,518	1,132	386
Total Disbursements				1,518	1,132	386
RECEIPTS OVER (UNDER) DISBURSEMENTS				(906)	(906)	0
CASH, JANUARY 1				906	906	0
CASH, DECEMBER 31				0	0	0

Exhibit B

LEWIS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>E-911 FUND</u>						
RECEIPTS						
Sales tax	288,000	266,475	(21,525)	265,000	268,581	3,581
Charges for services	3,600	3,600	0	3,600	3,600	0
Interest	240	1,762	1,522	100	4,913	4,813
Loan proceeds	0	0	0	0	183,140	183,140
Other	400	19,137	18,737	0	6,693	6,693
Total Receipts	292,240	290,974	(1,266)	268,700	466,927	198,227
DISBURSEMENTS						
Salaries and benefits	200,000	259,609	(59,609)	184,300	186,213	(1,913)
Supplies	4,740	6,785	(2,045)	3,170	8,557	(5,387)
Maintenance	2,640	3,593	(953)	2,300	3,033	(733)
Contractual services	66,620	54,944	11,676	50,300	66,917	(16,617)
Training	3,000	3,758	(758)	6,600	6,968	(368)
Capital improvements	120,009	121,500	(1,491)	75,410	276,851	(201,441)
Other	1,200	713	487	0	767	(767)
Unclassified	0	(44,812)	44,812	0	(791)	791
Total Disbursements	398,209	406,090	(7,881)	322,080	548,515	(226,435)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,969)	(115,116)	(9,147)	(53,380)	(81,588)	(28,208)
CASH, JANUARY 1	82,964	193,037	110,073	283,253	274,625	(8,628)
CASH, DECEMBER 31	(23,005)	77,921	100,926	229,873	193,037	(36,836)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	87,769	73,262	(14,507)	86,571	100,767	14,196
Intergovernmental	145,258	168,467	23,209	171,099	175,131	4,032
Charges for services	430,715	485,209	54,494	467,506	422,642	(44,864)
Interest	9,000	6,602	(2,398)	11,004	8,079	(2,925)
Other	46,600	45,282	(1,318)	33,664	36,421	2,757
Total Receipts	719,342	778,822	59,480	769,844	743,040	(26,804)
DISBURSEMENTS						
Salaries	631,186	635,642	(4,456)	625,639	629,312	(3,673)
Office expenses	33,105	32,514	591	48,653	32,576	16,077
Office equipment	4,000	13,802	(9,802)	18,127	23,686	(5,559)
Mileage-training	36,500	42,250	(5,750)	40,665	35,604	5,061
Other	67,340	54,687	12,653	90,831	43,101	47,730
Total Disbursements	772,131	778,895	(6,764)	823,915	764,279	59,636
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,789)	(73)	52,716	(54,071)	(21,239)	32,832
CASH, JANUARY 1	379,936	379,936	0	401,175	401,175	0
CASH, DECEMBER 31	327,147	379,863	52,716	347,104	379,936	32,832

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LEWIS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the E-911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Law Library Fund for the years ended December 31, 2004 and 2003.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2004
E-911 Fund	2004 and 2003
D.A.R.E. Fund	2003

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the E-911 Fund for the year ended December 31, 2004. The budget approved by the E-911 Board resulted in a deficit balance because the beginning cash balance was understated.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2003 and 2004, did not include the Law Library Fund.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the E-911 Board's, and the Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance, by collateral securities, or by commercial insurance provided through a surety bond held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The Law Library Fund's cash balance of \$150 at January 1, 2003, was not previously reported but has been added.

Supplementary Schedule

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Service:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERSO45-5156	\$ 31,715	32,332
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Developmen				
14.228	Community Development Block Grants/State's Program	2000-PF-42	0	2,200
		2002-PF-31	67,408	166,162
		2002-PF-36	20,900	181,970
		2004-DR-10	2,710	0
	Program Total		91,018	350,332
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	N/A	0	736
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-056(9)	7,161	6,166
		BRO-056(11)	15,848	10,760
	Program Total		23,009	16,926
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HEMP CEPF	1,880 1,367	0 1,144
	Program Total		3,247	1,144
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	1,072	0
39.011	Election Reform Payments	N/A	254	0

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects	ERS146-5156L	426	3,400
	State and Local Childhood Lead Poisoning Preventior	PGA-064-3156A	200	
	and Surveillance of Blood Lead Levels in Childre			
	Program Total		626	3,400
93.268	Immunization Grants	PGA-064-3156A	20,374	20,497
93.283	Centers for Disease Control and Prevention	3305-B	6,927	6,174
	Investigations and Technical Assistanc	3020-A	7,189	6,700
	Program Total		14,116	12,874
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-5156C	2,000	2,490
		PGA067-5156S	1,140	935
	Program Total		3,140	3,425
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant	ERS-146-4156M	13,038	14,249
	to the States			
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	PGA EM501069	6,731	0
97.036	Public Assistance Grants	DR-1463-MO	0	7,093
97.051	State and Local All Hazards Emergency Operations Planning*	N/A	2,700	0
97.054	Community Emergency Response Teams**	N/A	2,312	0
	Total Expenditures of Federal Award:		\$ 213,352	463,008

* These expenditures include awards made under CFDA number 16.007, 97.004, and 97.067

** These expenditures include awards made under CFDA number 83.562 and 97.051

*** These expenditures include awards made under CFDA number 83.564 and 97.054.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

LEWIS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lewis County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$2,200 to a subrecipient under the Community Development Block Grant Program (CFDA number 14.228) during the year ended December 31, 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Lewis County, Missouri

Compliance

We have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Lewis County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Lewis County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Lewis County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2000-PF-42, 2002-PF-31, 2002-PF-36, 2004-DR-10
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The county's procedures to track federal awards for preparation of the SEFA should be improved. For the years ended December 31, 2004 and 2003, the county's SEFA contained several errors which resulted in expenditures being overstated by approximately \$44,000 for the year ended December 31, 2004 and understated by approximately \$48,000 for the year ended December 31, 2003. For example, during 2004, the county overstated CFDA #14.228 Community Development Block Grants/State's Program expenditures by \$40,650, and in 2003, the county failed to include \$75,000 for the same grant. In addition, several programs did not include the required CFDA number or pass-through grantor's number.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

I will do the best I can to prepare a complete and accurate SEFA. In the future, I will contact state agencies to obtain CFDA numbers.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LEWIS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lewis County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Budgetary Practices

Formal budgets were not prepared for various county funds for the two years ended December 31, 2002.

Recommendation:

The County Commission and the E-911 Board ensure financial information for all county funds is included in the annual budgets. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Status:

Partially implemented. With the exception of the Law Library Fund, all county funds were included in the budgets.

02-2. Budget to Expend All Resources

Budget documents prepared by the County Clerk and approved by the County Commission did not always properly reflect the anticipated financial position of county funds.

Recommendation:

The County Commission prepare budgets based on estimates of future activity.

Status:

Not implemented. See MAR finding number 2.

02-3. County Collector

- A. The County Collector did not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed.

- B. The County Collector did not file annual settlements with the County Commission on a timely basis.

Recommendation:

The County Collector:

- A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should be properly identified and disbursed in accordance with state law.
- B. File annual settlements in a timely manner.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Implemented.

02-4. Prosecuting Attorney

- A. Accounting duties were not adequately segregated. The Prosecuting Attorney's bookkeeper was responsible for collecting, recording, depositing, and disbursing all monies.
- B. Monthly open items listings were not prepared.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 10.

02-5. Failure to Reconcile Bank Account

The E-911 Fund did not have bank reconciliations to support reported cash balances.

Recommendation:

The E-911 Board require bank balances be reconciled to the accounting records monthly.

Status:

Partially implemented. Although bank reconciliations are prepared, the reconciled bank balances are different than the balances reported on the budget documents approved by the E-911 Board. See MAR finding number 11.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LEWIS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LEWIS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We also have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Lewis County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if

applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	County Financial Condition
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Lewis County's General Revenue Fund's financial condition is declining. The county has spent more than it received during the last two years, resulting in a decline of the cash balance as follows:

Year ended			Receipts Over (Under)	
<u>December 31,</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Disbursements</u>	<u>Cash Balance</u>
2002	\$1,302,739	1,274,371	28,368	366,989
2003	1,381,747	1,523,096	(141,349)	225,640
2004	1,281,017	1,373,183	(92,166)	133,474

As shown in the above table, the financial condition of the General Revenue Fund has declined significantly since 2002.

During the years ended December 31, 2003 and 2004, disbursements of the General Revenue Fund increased primarily due to capital improvements made to the courthouse. Americans with Disabilities Act (ADA) improvements to the courthouse during these two years totaled approximately \$265,000 and room additions and other improvements totaled approximately \$100,000. While the ADA improvements were partially reimbursed by a federal grant, the county incurred costs of at least \$41,700 related to the elevator. In addition, the room additions and other improvements were not reimbursed.

During 2003, a tornado damaged several county businesses and as a result sales tax receipts for the county's General Revenue Fund decreased from \$659,980 in 2002 to \$601,122 in 2003 and \$593,321 in 2004. Total sales tax receipts for the General Revenue Fund during the years ended December 31, 2003 and 2004 totaled approximately \$136,000 less than sales tax receipts during the previous two years. The loss of sales tax receipts and the increase in capital improvement disbursements are the primary factors contributing to the decrease in cash balance.

In addition, the county's practice of budgeting to spend all or nearly all of the county's available resources provides an opportunity for county officials to spend these resources and therefore, may result in increased disbursements and declining cash balances. See Management Advisory Report finding number 2.

The County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all receipts in consideration of the General Revenue Fund's financial condition.

WE RECOMMEND the County Commission closely monitor the financial condition of the county taking the necessary steps to improve the financial condition of the General Revenue Fund and consider various alternatives of increasing receipts and reducing disbursements.

AUDITEE'S RESPONSE

The County Commission provided the following response:

Due to business expansions, sales tax receipts appear to be increasing in 2005. We monitor receipts and disbursements monthly.

2.	Budgetary Practices
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Budget documents prepared by the County Clerk and the County Commission do not reasonably reflect the anticipated disbursements and the ending cash balances of several county funds. The budgets significantly overestimated disbursements, and as a result the actual ending cash balances were much higher than the projected ending balances as follows:

		Year Ended December 31,					
		2004			2003		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
General Revenue							
Disbursements	\$1,712,259	1,373,183	339,076	1,755,397	1,523,096	232,301	
Cash Balance	2,677	133,474	130,797	0	225,640	225,640	
Road and Bridge							
Capital Improvement							
Disbursements	1,100,753	257,901	842,852	543,716	344,853	198,863	
Cash Balance	1	71,513	71,512	961	27,117	26,156	

The County Clerk and the County Commission annually budget to spend all or nearly all available resources in many funds, resulting in an estimated low or zero ending cash balance. Budgeting to spend all available resources results in an inaccurate statement of the county's financial position. Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies.

For budgets to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operation and current financial condition, the budgets should reflect reasonable estimates of receipts and disbursements and the anticipated ending cash balance.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission review procedures used to establish annual budgets, and prepare more reasonable budgets.

AUDITEE'S RESPONSE

The County Commission provided the following response:

Expenditures were overestimated in some instances due to delays in federal funding and construction. Also, we have budgeted \$60,000 in General Revenue Fund emergency funds each year. Due to the county's financial condition, it is often necessary to budget to -0- because the needs exceed the monies available. If revenues increase in the future, we will budget larger ending balances.

3. Expenditures

The county did not always solicit bids or retain bid documentation for various expenditures. The county distributed land tipping fees to the Industrial Development Authority and did not obtain financial reports to show these fees were spent for economic development.

- A. The county did not always solicit bids or retain bid documentation for various expenditures. Examples of expenditures for which bid documentation could not be located are as follows:

<u>Items Not Bid</u>	<u>Cost</u>
Jail food purchases	\$ 18,516
Road and Bridge Road Grader repair	9,228
Road and Bridge Bulldozer repair	<u>9,500</u>
Total	<u>\$ 37,244</u>

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- B. During the years ended December 31, 2004 and 2003, the county received and distributed land tipping fees of \$139,975 and \$134,865, respectively. The landfill

operator collects a fee of one dollar and fifty cents per ton of solid waste accepted. The fees less the collection costs are forwarded to the county quarterly and the county disburses the fees to the Lewis County Industrial Development Authority. The County Commission did not receive any financial reports from the Industrial Development Authority to document how the funds were spent.

Section 260.831, RSMo, requires such fees to be used by the County Commission or the Industrial Development Authority for economic development within the county. The County Commission should obtain periodic financial reports from the Industrial Development Authority to show that these fees are being spent for economic development.

WE RECOMMEND the County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Obtain periodic financial reports from the Industrial Development Authority to show that land tipping fees are being spent for economic development.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The Sheriff is responsible for purchasing food for the jail. We will ask him to document how this vendor was selected. After the road and bridge equipment was taken apart, more problems were found than originally anticipated.*
- B. *In Lewis County, a ballot issue established the Industrial Development Authority and requires these fees to go to the Industrial Development Authority. However, we will write a letter requesting financial information from the Industrial Development Authority.*

The Sheriff provided the following response:

- A. *We reviewed this several years ago and determined this vendor was the cheapest. We will review this situation again and will maintain documentation of the review.*

4. Payroll Procedures

The county has not maintained written authorization for employee promotions, terminations, changes in pay rates, and current position. Timecards are not signed by some county officials and the county is not complying with various policies on overtime and vacation leave.

- A. The county does not maintain written authorization for employee promotions, terminations, changes in pay rates, and current position. Without such information in the files, there is no documentation to support the amounts paid to employees.
- B. Timecards are not always signed by the Assessor, Circuit Clerk, or Prosecuting Attorney to attest for the time worked by their employees. Without supervisory review of timecards and a signature to indicate the review, the county cannot be assured that the time records are accurate.
- C. The county has established policies for earning compensatory time, overtime, and vacation leave; however, the county is not complying with various policies. We noted the following concerns during our review.

- The overtime policy provides that overtime is to be earned at one and one half times the hours worked over 40 hours in one week. However, the county did not always calculate the hours worked in accordance with this policy.

Prior to August 2004, the policy indicated that vacation and sick leave would not be counted as hours worked in computing eligibility for overtime, and paid holidays were to be counted as hours worked in computing overtime. In August 2004 the county commission changed the policy to reflect that vacation would be counted as hours worked when computing eligibility for overtime for Law Enforcement employees. We noted an instance in July 2003 where vacation time was counted towards overtime which was against the policy. We also noted instances in June and November of 2004 where holiday hours were not included as part of the calculation of overtime which was also against the policy.

- The vacation policy indicates that vacation time is figured on the anniversary date, and the time earned can not be saved from one year to the next without commission approval. However, during our test work, we found that vacation time is being carried over for several employees without documentation that the county commission approved the carry over.

Adherence to the personnel policy regarding calculations of overtime earnings, as well as vacation leave is necessary to ensure the cost incurred by the county for overtime does not exceed the amount allowed by policy and to ensure all employees are treated consistently and fairly.

WE RECOMMEND the County Commission:

- A. Ensure written authorizations are maintained for employee promotions, terminations, changes in pay rates, and current position.

- B. Require time records to be approved by the applicable supervisor.
- C. Ensure that overtime earnings and vacation time are calculated in accordance with county policy.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have this information, but have not put it in the personnel files. In the future, we will put it in the personnel files.*
- B. *The Assessor is now signing time cards. The Circuit Clerk no longer has any county employees. We have requested that the Prosecuting Attorney sign time cards, but he has refused. We will send a new request.*
- C. *We will have the payroll clerk review these instances and determine where the errors were made. The payroll clerk has prepared a memo for the County Commission to sign to authorize vacation time to be carried forward past the anniversary date.*

5. Records Technologies Fund and Records Preservation Fund

The Circuit Clerk and ex officio Recorder of Deeds made several questionable disbursements from the Records Technologies Fund and the Records Preservation Fund during the period from February to June 2004.

In December 2003 the Commission approved putting the Recorder of Deeds position on the August 2004 ballot with the split of the two offices to be effective in January 2005.

- A. During February and March 2004, the Circuit Clerk and ex officio Recorder of Deeds made payments totaling \$2,242 from the Records Technologies Fund for wiring to network the Circuit Clerk's Office computers to the State Court System.

The Records Technologies Fund receives revenues from fees, authorized by statutes, associated with the recording of instruments. According to Section 59.800 RSMo, the Records Technologies Fund is restricted for the purchase, installation, upgrade and maintenance of modern technology necessary to operate the Recorder's Office in an efficient manner.

- B. During the period from March to June 2004, the Circuit Clerk and ex officio Recorder of Deeds made additional payments totaling \$6,016 from the Records Preservation Fund for the following items:

- \$4,788 to purchase shelving to store the Circuit and Associate court case files

- \$543 to purchase a key pad lock for the Circuit Clerk's office door
- \$685 to purchase two tables and a state seal for the secondary courtroom

The Records Preservation Fund receives revenues from fees, authorized by statute, associated with the recording of instruments. According to Section 59.319 RSMo, the Records Preservation Fund is restricted to purchases for record storage, microfilming, and preservation, including anything necessarily pertaining thereto. The Circuit Clerk indicated that he interpreted this statute to include all of his office's record's preservation, and since he was the Circuit Clerk and ex officio Recorder at the time of the purchase that would include preservation of the circuit and associate case files.

While these expenditures may have benefited the Circuit Clerk's Office, it is unclear how the Recorder's Office which was to split from the Circuit Clerk's Office at the beginning of 2005 benefited from these expenditures. The Circuit Clerk indicated these expenditures were necessary when his office was moved following the completion of the courthouse expansion. According to the agreement entered into between the County Commission and the Court, no General Revenue funds were to be spent for moving the office or furnishing the new office. As a result, the Circuit Clerk indicated it was necessary to make these expenditures from the Records Technologies Fund and the Records Preservation Fund.

WE RECOMMEND the Circuit Clerk, Recorder, and the County Commission ensure restricted funds are used as required by state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We agree with the finding that the Circuit Clerk used the special funds incorrectly. The County Commission does not control the expenditures of these funds.

The Circuit Clerk provided the following response:

I will work with the County Commission to ensure that restricted funds are used in a manner prescribed by law.

The current Recorder provided the following response:

In the future, I intend to make disbursements from these funds in accordance with statutes.

6. County Collector's Accounting Controls and Procedures

The Collector does not reconcile daily receipts and deposits to a daily abstract, does not perform reconciliations between the bank balance and related liabilities, and does not ensure back property tax charges reported on the annual settlement agree to the total credits reported on the prior year's annual settlement. The County Collector does not perform adequate monthly bank reconciliations for the Collector Tax Maintenance Fund and expenditures from that fund are not adequately supported by invoices and in some cases appear questionable.

- A. Although the County Collector reconciles his manual receipt log to his daily deposits, a daily abstract is not printed and reconciled to the amounts deposited. While monthly abstracts are prepared, they are not adequately reconciled to the deposits made during the month. The February 2005 reconciliation included three tax payments totaling \$459 that were made in December 2004 but not posted to the computer system until February 2005. In addition, the April 2005 reconciliation reflected an additional tax payment of \$833 made in December 2004 which was not posted until April 2005. It was not clear how these items had been handled in the December reconciliation. As a result of some tax payments not being abstracted timely, it appears the back tax books have been overstated. Delinquent tax bills were not mailed to taxpayers after the back tax books were printed for the 2004 tax year.

To properly reconcile receipts to deposits and ensure all monies are being properly recorded and deposited, a daily abstract should be generated and reconciled to the daily receipts. Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded. To ensure the accuracy of the delinquent tax books, delinquent tax statements should be sent to all taxpayers reflected as being delinquent in the back tax books.

- B. The County Collector does not perform adequate monthly reconciliations between the amounts in his bank account, various liabilities, and other reconciling items to which the cash balance relates. The County Collector last attempted to prepare a reconciliation in August 2004, however, he had no documentation of how his reconciled balance agreed to any book balance or listing of liabilities. The Collector has not maintained a balance in his cash control ledger with which to balance.

As of February 28, 2005, we determined that a shortage existed. The reconciled bank balance was \$9,315 less than undistributed tax collections, surtax, and interest. After bringing this to the County Collector's attention, he determined that property taxes totaling \$4,524 had been erroneously deposited into the Collector Tax Maintenance Fund (see part D below). He also identified two not-sufficient funds checks, totaling \$1,396, that had been returned by the bank, but not subsequently collected from taxpayers. Additionally, during April 2005, the County Collector reduced tax payments to county schools by \$8,226 as he thought distribution errors had been

made. However, he could not locate any errors made and had no calculation to support this adjustment. This adjustment was apparently made in an attempt to fix the shortage.

The Collector has not identified the remaining shortage of \$3,395. In addition, as discussed in part A above, taxes totaling \$833 paid in December 2004 were not posted to the computer system until April 2005, effectively increasing the shortage to \$4,228. As some taxes are not posted to the computer system in a timely manner, the shortage could be even larger. In addition, when posting payments after December 31, it is necessary for the collector's office to manually override the interest and penalties that are automatically assessed by the computer system for late payments. Such procedures decrease the control over tax collections.

A similar condition was noted in prior audit reports and there has been very little action by the County Collector to remedy the condition or implement the prior recommendations. Monthly reconciliations of cash balances to liabilities are necessary to ensure that all collections have been distributed, to ensure that sufficient assets exist to cover liabilities, and to identify errors in a timely manner.

- C. Back property tax charges reported on the annual settlement did not always agree to the total credits reported on the prior year's annual settlement. The annual settlement completed for the year ended February 29, 2004 reported delinquent taxes of \$456,843, which should have been carried forward to the 2004 tax year as a charge for delinquent taxes. However, the annual settlement completed for the year ended February 29, 2005 reflected delinquent charges of only \$434,669. Of this \$22,174 difference, \$21,266 is related to 2002 delinquent drainage district taxes reported on the 2004 annual settlement. Although the annual settlement indicated there were no collections for 2002 drainage district taxes and the amount was still delinquent, it was not carried forward to the 2005 settlement. We also noted a difference of \$1,730 when comparing delinquent taxes from the annual settlement completed for February 28, 2003 to the annual settlement completed for February 29, 2004.

Failure to adequately reconcile charges and credits reduces the assurance that the County Collector has accounted for all charges presented. Additionally, the potential for loss to the county exists from inadequate monitoring of delinquent taxes.

- D. The County Collector opened a Collector Tax Maintenance Fund bank account in February 2003, and maintains custody of the fund and bank account. Adequate internal controls have not been established to ensure all transactions are being properly handled and recorded.
 - 1) The approved budget for the Collector Tax Maintenance Fund did not adequately reflect the beginning cash amounts. The 2004 budget reflected a beginning cash balance of \$3,705 while the actual cash balance was \$7,854.

- 2) Monthly bank reconciliations are performed; however, no check register balance or other book balance is maintained. As a result, the reconciled bank balance is not compared to any book balance and errors have gone undetected.

The County Collector made several incorrect deposits of daily tax collections into the Collector Tax Maintenance account. During 2004 and 2003, daily tax collections totaling \$14,801 and \$9,199, respectively, were deposited into the Collector Tax Maintenance account instead of the collector's regular bank account. The Collector corrected these errors at a later date. An additional \$4,524 deposited into the Collector Tax Maintenance Fund in October 2003 was not identified or transferred to the collector's regular account until May 2005, upon our inquiry investigating the shortage in the collector account. Because the County Collector does not prepare adequate monthly bank reconciliations, he did not detect this error in a timely manner.

Maintaining a book balance and preparing adequate monthly bank reconciliations is necessary to ensure receipts and disbursements are properly accounted for and to detect errors in a timely manner.

- 3) Expenditures made from the Collector Tax Maintenance Fund were not adequately supported by invoices or other documentation and in some cases appear questionable.

The County Collector has access to a debit card which is used for training expenditures. In September 2003, the County Collector used the debit card to pay his personal cable bill of \$108. The Collector indicated he made an error and used the wrong card, however this amount was not reimbursed to the Tax Maintenance Fund until March 2005 after our inquiries.

In November 2003, the Collector withdrew \$300 in cash from the Tax Maintenance Fund account, for mileage and meals for three days of Missouri Association of Counties training. However, the Collector also received mileage reimbursement from the county of \$155 to attend this training. The County Collector did not retain receipt slips and other documentation to support the \$300 cash expenditure. In addition, the debit card was used to pay \$148 to the resort where the training was being held, but the Collector had no invoice detailing these charges.

All expenditures should be supported by paid receipt slips or vendor-provided invoices. Without such documentation, it is unclear whether these purchases are valid and necessary expenditures.

The County Treasurer maintains custody of most other county special revenue funds similar to the Collector Tax Maintenance Fund and has established internal controls

to properly account for these funds. To ensure adequate internal controls have been established to account for these county funds, the County Collector should consider turning over control of the Collector Tax Maintenance Fund to the County Treasurer.

WE RECOMMEND the County Collector:

- A. Generate daily abstracts, reconcile daily abstracts to daily receipts, and ensure all receipts are abstracted and distributed on a timely basis. In addition, the County Collector should send delinquent tax statements to all taxpayers reflected as delinquent on the back tax books.
- B. Perform monthly reconciliations between bank balances, cash balances, and monthly statements of collections. In addition, the County Collector should investigate the shortage and make any appropriate adjustments to property tax distributions.
- C. The County Collector prepare and file accurate annual settlements that ensure all amounts charged have been accounted for.
- D. Consider turning over control of the Collector Tax Maintenance Fund to the County Treasurer. If this is not done, at a minimum, the County Collector, should:
 - 1. Ensure all available resources are reflected in the county budget document.
 - 2. Maintain a book balance, prepare adequate monthly bank reconciliations, and ensure any errors detected are corrected in a timely manner.
 - 3. Ensure all expenditures from the Collector Tax Maintenance Fund are valid and necessary expenditures and maintain adequate documentation to support the expenditures.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I have tried to explain to the auditors that the request for a computer generated daily abstract or summary of collections is not practical with our computer operating system. In the "current tax" period of collections, our computer system "batches" reports in such a fashion that they can be generated only once. I have chosen to generate the collection report at the time that I do my monthly distribution of collections. My office does perform a daily, detailed, manual report of collections that matches collections, statements and bank deposits, thus our collections are reconciled. These daily reconciliations are matched to the computer report at the time of settlement. I believe that this system provides more safeguards and accountability than the computer generated daily reports recommended by*

the Auditor. However, I will discuss with the computer vendor to see if it is possible to generate daily printouts without losing detail for monthly reports.

I abandoned the practice of mailing delinquent tax statements because of an informal discussion with the Auditor's Office. When my office mails current tax statements, we mark delinquencies on those statements per Section 52.230, RSMo. At the time the delinquent tax notice clause was added to the statute, I asked a representative of the Auditor's Office if any other type of delinquent notice was necessary, I was told no. I have on occasion, as time and budget allowed, sent delinquent tax notices to stimulate collections but did not consider such mailings as a requirement. To my knowledge the only statutory requirement is Section 52.230, RSMo. If I am advised of other requirements, I will of course meet them.

- B. I am personally responsible for the reconciliation of bank balances and admitted that my performance is faulted. During the period covered by the audit, tax years 2003 and 2004, my office collected and distributed to the governmental entities, over nine million dollars and the audit has determined a shortage in the Collector's account of approximately \$4,228. I believe that shortage is due to distribution errors. I am working to identify those errors and make appropriate adjustments.*

To prevent similar problems in the future, I am implementing new controls: I will make monthly bank reconciliations using a computer bookkeeping system and I will have my work checked by my office staff.

- C. The annual settlement is a recapitulation of all taxes charged for collection, all adjustments to those taxes, all collections, distributions and delinquencies. I was inaccurate with some of the source information when preparing the recapitulation. I will use greater diligence and implement this recommendation on the next annual settlement.*
- D. On Monday, August 15th, 2005, I wrote a check to the County Treasurer to turn over the Tax Maintenance Fund.*

AUDITOR'S COMMENT

- A. As evidenced by the errors noted, the Collector's daily procedures are not working. While not statutorily required, back tax statements may be appropriate given the errors identified.*

7. Jail Commissary Controls and Procedures

Inmate account balances are not consistently verified prior to commissary orders being placed, commissary purchases are not always deducted from inmate account balances, and the balance of the commissary account is not being reconciled to the individual inmate balances plus commissary profits. Order forms for cigarettes and phone cards are not always maintained in the inmate's file, commissary profits are not periodically turned over to the

county, and inventory records are not maintained for cigarettes and phone cards purchased by the Sheriff's Office.

The Sheriff established a separate commissary checking account in January 2003 for the deposit of personal funds of inmates placed in the Lewis County jail. The funds are held in trust for the inmates and may be used to purchase various products. A computerized record is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. The Sheriff's Office uses an outside vendor for commissary purchases except for cigarettes and phone cards which are purchased by the Sheriff's office and kept as inventory for the inmates to purchase. During the years ended December 31, 2004 and 2003, the Sheriff's Office received approximately \$16,000 and \$12,000, respectively, for commissary receipts.

A. The Sheriff's Office maintains a computerized record of the inmate's commissary purchases and account balances. During our review of these records, the related controls, and procedures surrounding it, we noted the following concerns:

- 1) The balance of the commissary account is not being reconciled to the individual inmate balances plus commissary profits. We obtained a listing of inmates in custody at December 31, 2004, determined their balances, and prepared an open-items listing. As of December 31, 2004 the reconciled cash balance was \$2,477 and the identified open items were \$162. As discussed in Part B below, commissary profits of \$1,744 were also maintained in the account at December 31, 2004. The remaining \$571 in the account has not been identified by the Sheriff's Office. In several instances an inmate was released and the balance from the inmate's account was not refunded to the inmate. These balances had not been identified on the open items listing which resulted in a difference between the list and the bank balance.

To ensure proper accountability over inmate monies and ensure monies held in trust are sufficient to meet liabilities, the inmate account records should be reconciled monthly to the bank account. Upon being released from the Lewis County jail, any balance remaining in the inmate's account should be refunded to the inmate, or sent to the correctional facility to which the inmate is transferred.

- 2) Inmate commissary account balances are apparently not checked prior to an inmate's commissary order being placed with the vendor as one inmate had a negative balance. In addition, commissary purchases are not always deducted from the inmate's commissary account balance resulting in inaccurate balances. If the Sheriff's office periodically reconciled the balance of the commissary account to the individual inmate balances (see A.1 above), such errors could be identified and corrected in a timely manner.

The Sheriff's office needs to ensure that procedures are in place to check inmate commissary account balances prior to orders being placed and needs to ensure that all purchases are deducted from inmate account balances.

- 3) The Sheriff's Office is not maintaining some inventory order forms in the inmate's file. The Sheriff's Office purchases cigarettes and phone cards to be placed in inventory and inmates are to fill out an inventory order form to receive these items. Several stock order forms could not be located to support deductions that had been made from the inmate's commissary account. To ensure inmate account balances are properly maintained, the Sheriff's Office should maintain documentation to support all transactions.
- B. Commissary profits are not being turned over to the county periodically. The Sheriff's Office receives a commission based on the amount of purchases made by inmates. As of December 31, 2004, commissary profits totaling \$1,744 were maintained in the commissary account. The Sheriff's Commissary account profits should be deposited into the county treasury and handled like other county funds. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.
- C. The Sheriff's Office does not maintain a running inventory (perpetual inventory) of commissary items purchased, sold to inmates, and inventory balances. The sheriff's office purchases phone cards and cigarettes which they keep as an inventory for the inmates to purchase.

To ensure commissary items are properly recorded and handled, purchases and sales should be compared with actual inventory on hand. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records. In addition, a physical inventory count should be made periodically and reconciled to the inventory balances.

WE RECOMMEND the Sheriff:

- A.1. Prepare monthly listings of individual inmate balances and reconcile the listing to the balance in the commissary account and investigate any differences. Inmate account balances should be properly refunded or transferred to the next correctional facility at the time of release.
2. Ensure inmate account balances have sufficient funds prior to commissary orders being placed. Procedures need to be in place to ensure that all commissary purchases are deducted from inmate account balances.
3. Maintain inventory order forms for cigarettes and phone cards in the inmate's file.

- B. Discontinue the practice of maintaining commissary profits outside the county treasury. These profits should be turned over to the county treasury on a periodic basis.
- C. Maintain perpetual inventory records for commissary items and reconcile inventory records to periodic physical inventory counts. Any discrepancies should be investigated in a timely manner.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A.1. *We reviewed records of every inmate using the commissary since 2003 and disbursed amounts due to them. After preparing the July 2005 bank reconciliation, we will reconcile the balance in the account to the inmate balances.*
- 2. *We have established procedures to check inmate account balances prior to orders being placed. We will ensure all commissary purchases are entered.*
- 3. *We have established a new form for stock orders that will be kept in a separate file. We will no longer put these forms in the individual inmate files.*
- B. *We will turn commissary profits over to the treasurer immediately to be placed in a separate commissary fund.*
- C. *We have implemented procedures to maintain records of inventory.*

8.	Sheriff's Records and Procedures
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The Sheriff's Office does not obtain receipt slips from the Associate and Circuit Courts for turnover of bond monies, does not obtain written contracts for the boarding of prisoners, and does not maintain adequate documentation of invoices sent to other entities for the boarding of prisoners. Receipts are not deposited on a timely basis and the Sheriff failed to withhold \$1,755 in accountable fees from a partition sale.

The Sheriff's Office is responsible for collecting incarceration costs, civil and criminal process fees, gun permit fees, cash bonds, and partition sale receipts. These monies totaled approximately \$551,000 and \$133,000 during the two years ended December 31, 2004 and 2003, respectively. We noted the following concerns:

- A. The Sheriff's Office makes a periodic turnover to the Associate and Circuit Courts for inmate bond money; however no receipt slip is obtained at the time of the turnover.

During December 2004, we noted three \$500 cash bonds were not deposited by the Sheriff's Office but were turned over to the Associate Court in cash. Although the Associate Court deposited these bonds, the Sheriff's Office did not receive a receipt slip.

To provide assurance all bond receipts are accounted for properly, receipt slips should be obtained by the Sheriff's Office for any bonds that are given directly to the courts.

B. The Sheriff's Office houses prisoners for other entities (primarily counties) in the county jail and bills the entities for these services. The Sheriff's Office also pays another county to board Lewis County's female prisoners.

1) The Sheriff's Office has a verbal agreement with Knox County for the boarding of that county's male inmates at the amount of \$32.50 per day. In addition, the Sheriff's Office has a verbal agreement with Clark County for holding Lewis County's female prisoners for the amount of \$35.00 per day. Section 432.070, RSMo, requires all county contracts to be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

2) The Sheriff's Office does not bill for the boarding of prisoners until a prisoner is released and does not maintain adequate documentation of invoices sent to other entities for boarding of prisoners. In February 2005, Knox County owed Lewis County over \$12,000 for an inmate who had been boarded since January 2004. We also noted the Sheriff does not always indicate on the log of amounts billed that the entities have paid and does not maintain copies of the invoices sent so any follow up can be done in a timely manner.

The Sheriff's Office should be preparing monthly billing statements for the boarding of inmates. In addition, the Sheriff's Office should adequately maintain the log of amounts billed to other counties and keep copies of invoices sent to other counties so follow up on those bills can be done within a reasonable period of time to ensure the county is paid amounts owed in a timely manner.

C. Receipts are not deposited on a timely basis. During the year ended December 31, 2004, monies were generally received each business day; however, deposits were made only approximately one or two times per week for an average of \$1,650 per deposit in the month of December 2004.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when daily accumulated receipts exceed \$100.

- D. The Sheriff failed to withhold \$1,755 in accountable fees from a partition sale. The Sheriff indicated that he relied on the heir's attorney to calculate the fee. Our calculation of fees in this case indicated the fee should have been \$1,755 more than what was charged by the Sheriff's office.

Attorney General's Opinion No. 108, 1970 to Holman, provides that commissions on partition sales are accountable fees and should be paid into the county's General Revenue Fund. The Sheriff should make further attempts to collect these fees due to the county, and in the future, withhold partition sale fees from the proceeds of the sale.

In addition the Sheriff's partition bank account has a balance of \$400 which is primarily due to interest earned on funds received from the partition sale discussed above. If the remaining fees owed to the county cannot be collected, the \$400 in interest money should be transferred to the General Revenue Fund to compensate for the loss in fees. If the Sheriff recoups the loss of fees, then the interest should be distributed to the heirs.

Condition C was noted in a prior report.

WE RECOMMEND the Sheriff:

- A. Obtain receipt slips from the Associate and Circuit Courts when turning over bond monies.
- B.1. And the County Commission obtain written contracts for all services.
2. Prepare inmate board billing statements monthly. In addition, the Sheriff should adequately maintain the log of amounts billed to other entities for board of prisoners and copies of invoices sent to the entities so follow up on any unpaid bills can be done on a timely basis.
- C. Require monies be deposited daily or when daily accumulated receipts exceed \$100.
- D. Ensure that the fees on partition sales are properly computed and documentation is maintained to support the calculation of the Sheriff's fee. In addition the Sheriff should try to recoup the additional fees due from the heirs. If the Sheriff can not recoup this loss then he should turn over the \$400 in interest to the County General Revenue Fund to partially compensate the loss of fees. If the Sheriff can recoup the loss of fees, then the interest should be distributed to the heirs.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. Effective January 28, 2005, we receive a receipt slip from the courts.*
- B.1. I will review this statute and speak with other sheriffs and consider preparing a memorandum of understanding.*
- 2. We have started billing monthly. We record payments received on a log. We do not think it's necessary to maintain copies of the invoices because we are billing only a few public entities and we have no problem collecting payments.*
- C. It is office policy to make deposits when we have received in excess of \$100.*
- D. I relied on the attorney to calculate this amount. This amount was confirmed by a court order. I will turn the \$400 in interest over to the General Revenue Fund.*

The County Commission provided the following response:

- B.1. The County Commission and the Sheriff will enter into agreements with these counties.*

9. Circuit Clerk and Ex Officio Recorder of Deeds
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Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs are adequately identified and pursued. The Recorder of Deeds does not have a policy on procedures to handle overpayments received from recording fees. During the audit period, the offices of Circuit Clerk and Recorder were combined. However, beginning in January 2005, the offices of Circuit Clerk and Recorder have been separated.

The Circuit Clerk's Office processed receipts from fines and costs for criminal and civil cases of approximately \$270,000 and \$225,000 during the years ended December 31, 2004 and 2003, respectively. The Recorder of Deeds' Office collected approximately \$75,000 and \$88,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs are adequately identified and pursued. When costs are initially assessed to a case, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures. In addition, summary records have not been maintained of the accrued costs balance since February 2004. The Circuit Clerk's accrued cost report as of February 2004 indicated there is approximately \$284,695 in accrued case costs, restitution, and jail board bill.*

To ensure that all applicable receipts are received by the court, formal procedures should be established and records of accrued cost balances should be maintained. These records should be periodically reviewed to ensure accrued costs are identified and followed up in a timely manner.

- B. The Recorder of Deeds does not have a written policy on procedures to handle overpayments received from recording fees. The informal policy is that monies are not refunded unless requested by the individual or the overpayment exceeds \$15. Overpayments that are not refunded are turned over to the General Revenue fund as recording fees. In October 2003, \$76 was overpaid by individuals and approximately \$8,500 was collected for the month. A policy should be developed to determine when refunds should be made and how to handle recording overpayments.

WE RECOMMEND:

- A. The Circuit Clerk maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- B. The Recorder of Deeds develop a policy to determine when refunds should be made and how to handle recording overpayments.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

- A. *On September 6, 2005, the courts will implement the Justice Information System (JIS), a statewide automated records keeping system. This system will provide reports that will identify accrued costs. After implementing JIS, Lewis County plans to participate in the statewide debt collection system.*

The current Recorder provided the following response:

- B. *Of the \$76 that originally appeared to be an overpayment, \$50 was fees for non-standard documents that was not reflected as non-standard fees. Since October 2003, I have started recording non-standard fees in a separate line on the computer system.*

I prefer not to issue refund checks for overpayment of fees because many companies do not cash refund checks for small amounts. Having these small checks outstanding for a long period of time creates additional record keeping. Therefore, I will reject the document and request payment for the correct amount.

10. Prosecuting Attorney's Accounting Controls and Procedures
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Monthly open items listings are not prepared and receipts are not deposited on a timely basis. The Prosecuting Attorney's Office collected bad check related restitution and fees totaling approximately \$27,000 and \$23,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Monthly open item listings are not prepared, and reconciled to the cash balance. The Prosecuting Attorney's deputy indicated she performs monthly bank reconciliations on the computer, but does not print the reconciliations. In addition, there is a \$138 balance remaining in the account that has not been identified and distributed.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure sufficient assets exist to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed of as provided by state law.

- B. Receipts are not deposited on a timely basis. During the period October through December 2004 and April through July 2003 there were receipts in excess of \$100 that were held between 7 and 20 days.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when daily accumulated receipts exceed \$100.

Condition A was noted in a prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.
- B. Require monies be deposited daily or when daily accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Monthly bank reconciliations were prepared, but not printed. We are now printing the reconciliations. The unidentified difference will be turned over to the County Treasurer as unclaimed fees. In the future, we will reconcile the bank balance to the open items.*
- B. *We have started depositing receipts on the day received if amounts exceed \$100.*

Closed meeting minutes were not always prepared. Budget documents prepared by the board were not accurate. Several receipting procedures relating to issuing receipt slips, restrictively endorsing checks and money orders, and making timely deposits should be improved. Some expenditures were not approved by the board prior to payment, bids were not obtained for some purchases, several invoices were not paid in a timely manner, and there were no procedures in place to ensure Forms 1099 were filed. Property records did not include a radio system purchased by the board and did not include all necessary information for other assets. The E-911 Director handles receipts and disbursements and is not bonded.

- A. Minutes were not always prepared to document the matters discussed in closed meetings. During the two years ended December 31, 2004, there were five closed session meetings that did not have documented minutes.

Section 610.021, RSMo, allows the board to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues and requires a journal or minutes of closed meetings to be taken and retained by the board.

- B. The E-911 Fund was established in 2000. The E-911 Board has not yet developed adequate procedures to prepare and monitor budgets for the fund. As a result, we noted the following concerns related to the E-911 Board's budgets:

- 1) Receipts, disbursements and year-end cash balances reported on the E-911's annual budgets did not agree to the E-911's internal accounting records or to the reconciled bank balance at year end. Many of the receipt and disbursement entries on the accounting records were misclassified and category totals did not agree to the annual budgets.

Adjustments have been made to the audited financial statements so that total disbursements and ending balances agree to the bank. As a result, we have presented unclassified disbursements of (\$44,812) and (\$791) during the years ended December 31, 2004, and 2003, respectively.

The E-911 Board has no procedures to ensure amounts reported in the budget agree to internal accounting records. For the annual budgets to present the E-911 Board's complete financial activity, all monies received and disbursed in a calendar year should be reflected in the E-911 Fund's budget document and agreed to the year-end reconciled bank balance.

- 2) The approved budgets for the E-911 Fund did not reflect accurate beginning cash amounts. The 2004 and 2003 budgets reflected beginning cash balances

of \$82,964 and \$283,253, respectively, and audited cash balances for 2004 and 2003 were \$193,037 and \$274,625, respectively.

For the budget documents to be of maximum assistance to the county and to adequately inform the county residents of the operations and current financial position, the budgets should reflect actual total resources on hand at the beginning of the year.

- 3) Actual expenditures exceeded budgeted amounts during the years ended December 31, 2004 and 2003 by \$7,881 and \$226,435, respectively. A budget amendment was approved by the board for 2004, but was not submitted to the County Clerk or the State Auditor's Office. Even with the 2004 budget amendment, actual expenditures exceeded budget amendment amounts. In 2003 the E-911 Board did not budget for the purchases of radio equipment, radio tower, and telephone equipment which totaled \$196,000. The E-911 Board did not have sufficient procedures in place to adequately monitor the budget.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

C. The following concerns related to the E-911 Board's receipting procedures:

- 1) Prenumbered receipt slips are not always issued for monies received. In addition, some receipt slips could not be located. To account for monies received, prenumbered receipt slips should be issued for all monies received and their numerical sequence accounted for properly. Issuing and accounting for prenumbered receipt slips is necessary to ensure proper recording and accountability of receipts.
- 2) The method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and the composition of the receipt slips issued should be reconciled to the composition of deposits.

- 3) Checks and money orders are not restrictively endorsed immediately upon receipt. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
- 4) Deposits are not always made on a timely basis. For example, we noted \$600 received during the period from April 12, 2004 through May 16, 2004 was deposited on June 3, 2004. We also noted the E-911 Board received \$900 checks on August 13, 2004, August 19, 2004, and August 24, 2004. All three checks were held until September 8, 2004 and deposited together. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

D. The following concerns related to the E-911 Board's expenditures:

- 1) Some expenditures are not being approved by the board prior to payment. In addition, the E-911 Board does not have adequate procedures to ensure that invoices supporting expenditures are mathematically accurate. Invoices are received and processed by the E-911 Director. A listing of the invoices is then to be presented to the board for review and approval is noted in the minutes. Checks are then signed by the board treasurer and board chairman. However, several invoices were paid and could not be located on a board approved listing of expenditures. We also noted a payment made in 2004 for a radio system and installation was \$1,295 more than the total of the related invoices. Proper approval from the E-911 Board was not documented for the payment of this invoice.

Strong internal controls are necessary to ensure that all invoices have been adequately reviewed prior to payment.

- 2) Bids were not always solicited, nor was bid documentation always retained for various purchases made by the E-911 Board during the audit period. Examples of items purchased for which bids were not taken or adequate bid documentation could not be located are as follows:

<u>Item Purchased</u>	<u>Cost</u>
Radio tower	\$ 29,021
Telephone equipment	14,902
Property insurance	<u>5,190</u>
Total	<u>\$ 49,113</u>

Section 50.660, RSMo, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of E-911 resources and help assure the board that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- 3) Several bills were not paid in a timely manner and the board has incurred finance charges on some of these expenditures. For the two years ended December 31, 2004, the board paid three invoices approximately two months after they were received and paid another invoice approximately two weeks after it was due. In one instance, the board incurred finance charges totaling \$369 related to an invoice totaling \$36,876 which was dated February 10, 2003, due by February 20, 2003 and paid on March 13, 2003. Failure to pay bills promptly exposes the board to unnecessary costs.
- 4) The board has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS) when required. As a result, the board did not file 1099s with the IRS for payments in 2003 totaling \$5,066 for the production of road signs.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

E. The following concerns related to the E-911 Board's capital asset listing:

- 1) The E-911 Board has not established proper procedures to ensure that all capital assets are included on a listing. The E-911 Board did not record an addition in the capital asset records during the two years ended December 31, 2004. The board purchased a radio system which was not recorded in the capital asset records.
- 2) E-911 Board has not established an adequate capital asset listing which includes all critical information. The property records do not always include necessary information for some assets, such as serial number, make, model, identification number, acquisition date, and the date and method of disposal.

F. The E-911 Director, who handles receipts and disbursements, is not bonded. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled.

WE RECOMMEND the E-911 Board:

- A. Ensure minutes are prepared, approved, and retained for all closed meetings.
- B.1. Ensure all financial information is properly reflected in the annual budget document.
 - 2. Ensure all available resources are reflected in the E-911 budget documents.
 - 3. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- C.1. Issue receipt slips for all monies received and account for the numerical sequence of receipt slips issued.
 - 2. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
 - 3. Restrictively endorse checks and money orders immediately upon receipt.
 - 4. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D.1. Adopt procedures to ensure all expenditures are reviewed and approved prior to payment, and maintain documentation of board approval such as a listing of all expenditures which is filed with the official board minutes. In addition, billing statements and invoices should be checked for accuracy. The board should follow up on the overpayment noted.
 - 2. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the board. If bids cannot be obtained and sole source procurement is necessary, the board minutes should reflect the circumstances.
 - 3. Ensure all billings be paid by the board in a timely manner to avoid finance charges.
 - 4. Ensure IRS 1099-MISC forms are prepared and submitted as required.
- E.1. Record all property additions in the capital asset records as they occur and periodically reconcile capital asset purchases to the capital asset additions.
 - 2. Maintain capital asset records with a detailed description of each item to include acquisition dates, make, model, serial number, tag number, and date and method of disposition.
- F. Obtain bond coverage for all employees handling assets.

AUDITEE'S RESPONSE

The Chairman of the E-911 Board and the E-911 Director provided the following responses:

- A. We have started maintaining records of closed sessions.*
- B.1&2. We have retained a CPA firm to handle financial statements and reporting. They will assist us in ensuring the budget is accurate.*
 - 3. We monitor budget line items monthly with assistance from the CPA firm and in the future, we will amend the budget as necessary.*
- C.1. We will obtain printed prenumbered receipt slips.*
 - 2. We will ensure the new receipt slip forms have a place to indicate mode of payment. We will reconcile the composition on the receipt slips to the deposits.*
 - 3. We will start doing this.*
 - 4. We will follow the recommendation that receipts accumulating over \$100 be deposited.*
- D.1. We have procedures for reviewing a list of bills prior to payment. We will ensure exceptions to our standard procedures are well documented.*
 - 2. The radio tower and telephone equipment were purchased from vendors recommended by our 911 system consultant. It is our intent to comply with state guidelines for procurements over \$4,500.*
 - 3. During start up procedures, due to conflicts with the equipment contractor, the board withheld funds to ensure completion of system installation and agreed to incur a small percentage of the total late fees. Because of monthly board meetings occasionally bills are paid late and late fees are incurred.*
 - 4. The CPA firm is now issuing 1099 forms for the E-911 Board.*
- E. We will work with the CPA firm to ensure capital asset records are complete.*
- F. The board chairman will make this request to the board.*

12. Health Center's Controls and Procedures
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Actual expenditures exceeded budgeted amounts during 2004. Pre-numbered receipt slips are not issued for some monies received, the composition of receipt slips is not reconciled to the bank deposits, and receipts are not posted to the general ledger in a timely manner.

Health Center employees received payments that appeared to be bonuses. Salaried employees are not required to complete timesheets.

- A. Actual expenditures exceeded the budgeted amounts for the Health Center Fund by \$6,764 in 2004. Although the budget was reviewed at the end of November, 2004, the budget was exceeded in December, 2004.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. The Health Center receives monies for vaccines, family planning, birth and death certificates, and medical services performed by the Health Center nurses. The Health Center does not have procedures to ensure that all monies received are deposited.

- 1) Pre-numbered receipt slips are not issued for some monies received by the Health Center. The Health Center combines monies received from several individuals onto one receipt slip and does not clearly indicate what monies are being included in the transaction. Receipt slips are also not issued for certified copies of death certificates. The Health Center maintains a receipt log, however, several receipts were not included on this log.

To properly account for all receipts and ensure all receipts are properly deposited, individual pre-numbered receipt slips should be issued immediately for all monies received. In addition, all monies should be recorded on the receipt log to ensure that all receipts are documented.

- 2) The composition of monies received per the receipt slips is not reconciled to bank deposits. To adequately account for cash receipts and ensure all receipts are deposited, the composition of receipt slips should be reconciled to the composition of bank deposits.
- 3) Receipts are not posted to the cash control ledger on a timely basis. Receipts are posted to the general ledger monthly. A complete and accurate general ledger is necessary to provide summarized financial information and facilitate reconciliations with bank accounts.

- C. The Health Center Board approved bonus payments to the full time Health Center employees. Payments totaling \$3,200 and \$3,100 in December 2004 and 2003 were distributed to the twelve full time Health Center employees. The amount received by each employee was based on a scale of the number of years employed with the Health Center. The minutes indicate this was a "one time pay increase"; however, the employees monthly salary did not increase. These one time pay increases appeared to be bonuses paid to these employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- D. Although salaried employees complete a record to show the time spent in each area, they are not required to complete formal time sheets which are approved by supervisors. The Health Center does have two hourly employees which are required to complete time sheets and their timesheets are approved by the Health Center Administrator. The salaried employees should be required to prepare a time sheet documenting time worked and submit the time sheet to a supervisor for approval.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. To ensure accurate records are maintained to support payroll expenditures, the time records should be prepared and signed by the employee, approved by the applicable supervisor and filed with the Office Manager.

WE RECOMMEND the Health Center Board:

- A. Not authorize disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, or unexpected revenues are received, the original budget should be formally amended and filed with the State Auditor's Office.
- B.1. Issue receipt slips for all monies received and record all receipts on the receipt log.
2. Reconcile the composition of receipt slips to bank deposits.
3. Post all receipts to the cash control ledger on a timely basis.
- C. Discontinue granting one time pay increases to employees.
- D. Ensure accurate and complete time sheets are prepared and maintained for all employees. The records should be prepared and signed by employees, approved by the applicable supervisor, and filed with the office manager.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *We will amend the budget if we anticipate going over and file the amendment as appropriate. In 2004, the revenues exceeded the budget by \$59,480. Expenses did not exceed the budget until December. At the end of November, we reviewed the status of the budget and we were underbudget, so we did not amend the budget.*
- B.1. *We will issue receipt slips for all monies received and will record all receipts on the receipt log.*
 - 2. *We will designate someone to collect monies and write receipts. These receipts will be recorded in a log. The office manager will deposit in the bank. She will ensure that the composition of deposits matches the receipts and the log. There will be a separate log kept for family planning. Those receipts will be recorded in the log.*
 - 3. *Deposits and checks are reconciled at the end of each month. We will start posting to the cash control ledger at least weekly.*
- C. *We will discontinue granting one-time pay increases to employees. We will consider granting mid-year raises if the budget allows.*
- D. *We have developed a new time sheet form that will be signed by the administrator.*

Follow-Up on Prior Audit Findings

LEWIS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lewis County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Actual expenditures exceeded budgeted expenditures for the Special Road and Bridge Fund and the Associate Judge Interest Fund.
- B. The annual published financial statements of the county did not include the financial activity of some county funds as required.
- C. Budget documents prepared by the County Clerk and approved by the County Commission did not properly reflect the anticipated financial position of several county funds.

Recommendation:

The County Commission:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- B. And the County Clerk and the E-911 Board ensure the financial information for county funds is properly reported in the annual published financial statements.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the county's financial position.

Status:

- A. Partially implemented. Although improvement was made, expenditures of the D.A.R.E Fund exceeded budgeted expenditures by \$58 during 2003.
- B. Partially implemented. With the exception of the Law Library Fund, all county funds were included in the published financial statements.

C. Not implemented. See MAR finding number 2.

2. Officials' Salaries

Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The Associate County Commissioners were given raises, totaling approximately \$10,880 for the two years ended December 31, 2000. Based on the Supreme Court decision, the raises given to the Associate County Commissioners were unconstitutional and should be repaid.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. During our prior audit, the Commission responded that since they acted in good faith and complied with the law until May 15, 2001 when the law was over ruled, they did not feel any changes should be made years later that affect the salaries. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Collector's Accounting Controls and Procedures

A. The County Collector did not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed.

B. The County Collector did not file annual settlements with the County Commission on a timely basis.

Recommendation:

The County Collector:

A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should be properly identified and disbursed in accordance with state law.

B. File annual settlements in a timely manner.

Status:

A. Not implemented. See MAR finding number 6.

B. Implemented.

4. Prosecuting Attorney's Accounting Controls and Procedures

A. Accounting duties were not adequately segregated. The Prosecuting Attorney's bookkeeper was primarily responsible for collecting, recording, depositing and disbursing all monies.

B. Monthly open items listings were not prepared.

Recommendation:

The Prosecuting Attorney:

A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.

Status:

A. Implemented.

B. Not implemented. See MAR finding number 10.

5. Sheriff's Accounting Controls and Procedures

A. Accounting duties were not properly segregated. The Sheriff's bookkeeper was primarily responsible for collecting, recording, depositing, and disbursing all monies.

B. Receipts were not always deposited intact on a timely basis. The Sheriff issued receipts from two sets of receipt slips, and did not reconcile each set of receipts.

Recommendation:

The Sheriff:

A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Issue one set of sequential official prenumbered receipt slips for all monies received or reconcile monies recorded on the two sets of receipts currently issued. In addition, deposit all receipts intact daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented.
- B. Partially implemented. Receipts are now reconciled to the deposits. However, deposits of receipts are not performed daily or when accumulated receipts exceed \$100. See MAR finding number 8.

6. Public Administrator's Accounting Controls and Procedures

- A. Monthly bank reconciliations were not performed. In addition, a review of the check registers and annual settlements maintained for some cases indicated that they did not always represent a complete listing of receipt and disbursement activity and cash balances.
- B. We noted several instances where amounts due for services or products received by wards were not paid timely by the Public Administrator.

Recommendation:

The Public Administrator:

- A. Maintain a complete check register for each case and perform monthly bank reconciliations. The annual settlements should include all receipt and disbursement activity and indicate the reconciled cash balance.
- B. Pay bills when due.

Status:

- A. Partially implemented. Monthly bank reconciliations are now being performed by the Public Administrator and check registers are maintained including all receipt and disbursement activity. However, some annual settlements still do not include all receipt and disbursement activity. For example, one settlement listed checks that cleared the bank rather than those written during the settlement period. In another case, the annual settlement did not include some of the ward's paychecks since they were cashed by the ward, and not deposited by the Public Administrator. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

7. Health Center

- A. Receipting duties were not adequately segregated. The Health Center bookkeeper was primarily responsible for receiving, recording, preparing the deposits, making the deposits, and preparing month-end bank reconciliations and monthly reports.
- B. Monies received were not deposited intact. Personal checks were cashed for health center employees from the daily receipts.
- C. Budget documents prepared by the Health Center did not properly reflect the anticipated financial position.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure that receipting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic review of receipts to deposits.
- B. Deposit all monies received intact and discontinue cashing checks for employees.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the Health Center's financial position.

Status:

A,B
&C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LEWIS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Lewis was named after Meriwether Lewis, an explorer and governor of the Missouri Territory. Lewis County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Monticello.

Lewis County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 530 miles of county roads and 100 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,901 in 1980 and 10,494 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	51.0	50.1	48.4	44.3	37.7	18.2
Personal property		24.5	26.6	26.3	26.0	11.8	8.3
Railroad and utilities		11.7	11.3	12.1	12.3	11.2	6.0
Total	\$	87.2	88.0	86.8	82.6	60.7	32.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Lewis County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.2679	.2638	.2501	.2487
Special Road and Bridge Fund *		.4917	.4879	.4847	.4828
Health Center Fund		.1000	.1000	.1000	.1000

* The county retains all tax proceeds from areas not within road districts. The county has three road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
State of Missouri	\$ 26,319	25,864	25,477	24,302
General Revenue Fund	243,246	231,737	217,425	207,238
Road Funds	341,479	335,597	328,951	316,248
Assessment Fund	54,361	42,200	41,199	39,160
Health Center Fund	86,625	85,425	83,929	80,175
Nursing Home Fund	129,966	128,016	125,938	120,289
School districts	2,906,673	2,778,067	2,718,157	2,582,634
Library district	72,338	71,161	70,637	67,473
Ambulance district	216,593	213,338	209,884	200,463
Fire protection district	181,494	178,870	155,404	147,676
Watershed Districts Fund	40,326	40,457	39,801	37,527
Town of Monticello	4,531	4,130	3,798	3,176
Drainage Districts	61,048	56,546	57,949	57,648
Interest	3,165	4,750	3,970	7,456
Surtax	80,901	72,390	71,800	60,958
Private Car Trust Fund	12,089	12,594	13,124	13,852
Cities	35,789	33,554	34,906	36,548
County Clerk	901	1,036	886	888
Tax Maintenance Fund	10,326	8,456	4,124	0
County Employees' Retirement	28,756	29,571	25,169	21,002
Redemptions and refunds	2,581	0	0	368
Commissions and fees:				
General Revenue Fund	72,128	68,570	68,639	62,927
County Collector	1,246	1,153	1,159	1,176
Total	\$ 4,612,883	4,423,480	4,302,326	4,089,184

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
Real estate	94	93	93	94
Personal property	91	89	88	90
Railroad and utilities	100	100	100	100

Lewis County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General Sales Tax	\$.005	None	50	%
General Sales Tax	.00375	2009	None	
Bridges and other capital improvement sales tax	.00375	2009	None	
911 Sales Tax	.00625	None	None	
Law enforcement sales tax	.00250	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Nancy Goehl, Presiding Commissioner		25,760	25,760	24,440	24,440
Jesse B. Roberts, Associate Commissioner		23,760	23,760	22,440	22,440
Donald R. Neil, Associate Commissioner		23,760	23,760	22,440	22,440
Sharon Schlager, County Clerk		36,000	36,000	34,000	34,000
Jules V. Decoster, Prosecuting Attorney		43,000	43,000	41,000	41,000
David T. Parrish, Sheriff		40,000	40,000	39,000	39,000
Kim Porter, County Treasurer		26,640	26,640		
Bill Schlager, County Treasurer				25,160	25,160
Jerry Davis, County Coroner		10,000	10,000	9,500	9,500
William M. Murphy, Public Administrator(1)		36,000	36,000	41,953	34,000
Robert E. Veatch, County Collector (2), year ended February 28 (29),	37,246	37,153	37,159	35,176	
Wayne R. Priebe Jr. , County Assessor (3), year ended August 31,		38,047	34,900	34,900	33,156
Norman D. Ellerbrock, County Surveyor (4)					

(1) Includes commission of \$7,953 received in 2002 and earned prior to 2001.

(2) Includes commissions from drainage districts of \$1,246 in 2005, \$1,153 in 2004, \$1,159 in 2003, and \$1,176 in 2002.

(3) Includes \$765 in 2004, \$900 in 2003, \$900 in 2002, and \$900 in 2001 compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

William B. Smith II, Circuit Clerk and Ex Officio Recorder of Deeds	52,411	51,811	51,811	51,811
Fred L. Westhoff, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

September 2005

Mercer County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Mercer, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Mercer County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Clerk and County Treasurer do not reconcile their accounting records on a monthly basis. As a result, both officials' records were inaccurate at times and varied from actual receipts, disbursements, and cash balances per audit. In addition, semi-annual settlements prepared by the County Treasurer were not accurate and actual receipts and disbursement amounts reported on the budget by the County Clerk did not agree to her financial records. Had the County Clerk and County Treasurer made attempts to reconcile their records, the errors noted could have been detected and corrected in a timely manner.
- The County Commission approved expenditures in excess of budgeted amounts for several funds during the years ended December 31, 2004 and 2003. Apparently, budget to actual reports are not adequately monitored.
- The county and Health Center did not adequately track or report federal assistance on the schedule of expenditures of federal awards. Spending on their major program, Highways Planning and Construction, was overstated by approximately \$31,000 and five other non-major programs were not reported. The Health Center failed to report vaccines distributed by the state Department of Health and Senior Services.
- Bidding procedures are not adequate, resulting in several instances where bids were not solicited by the county. Duplicate payments were made to several vendors as invoices are not marked paid. Additionally, actual itemized charge receipts are not usually submitted for credit card charges.
- Several possible conflicts of interest among county officials were noted. A former Associate County Commissioner indicated he abstained from approving a contract with a local rock quarry from which he receives royalties, but the abstentions were not documented in the minutes. Payments were made to relatives of some other county officials, however, decisions were not clearly documented in commission minutes.

(over)

YELLOW SHEET

- The salary of a deputy county clerk was not taken into consideration when calculating the administrative transfers from the Special Road and Bridge Fund to the General Revenue Fund. In addition to making the maximum administrative transfer, approximately \$17,000 in salary and fringe benefits were paid from the Special Road and Bridge Fund to this deputy.
- The daily business of the County Commission is not adequately documented in the minutes and documentation of notices for meetings are not retained. In addition, minutes were not always prepared for closed meetings as required by law.
- The county has reduced excess property tax collections from prior years, but still has not sufficiently reduced its levy for the amount of sales tax collected.
- Health Center credit card bills are not paid timely, resulting in late fees and finances charges being incurred. Backup computer disks of financial information are not stored off-site and a formal contingency plan has not been developed. Documentation of notices for meetings are not retained, minutes of closed meetings are not prepared, and open minutes did not always document the related vote to close the meeting, reasons for closing the meeting, or the final disposition of some matters discussed in closed session. In addition, capital asset records are in need of improvement.
- The Ex Officio County Collector does not issue receipt slips for current tax payments or partial payments on delinquent taxes and documentation of the transmittal of current tax payments to the township collectors is not maintained. The County Clerk does not maintain an account book with the Ex Officio County Collector and the bond amount for the Collector is less than required by law. In addition, the interest rate earned on the Ex Officio County Collector's bank account is considerably less than what is paid by the county's depository bank.

Also included in the audit were recommendations related to salaries and personnel matters, general capital assets, usage logs for county vehicles, township controls and procedures, computer system controls, and Sheriff's procedures.

All reports are available on our website: www.auditor.mo.gov

MERCER COUNTY, MISSOURI

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MERCER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Mercer County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Mercer County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between those regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Mercer County, Missouri as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Mercer County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 14, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Mercer County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Gek Mui Melinda Tan
	Christopher L. Holder



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Mercer County, Missouri

We have audited the financial statements of various funds of Mercer County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Mercer County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Mercer County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Mercer County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

MERCER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 35,639	657,513	628,641	64,511
Special Road and Bridge	163,941	789,966	739,195	214,712
Assessment	20,513	69,931	65,679	24,765
Prosecuting Attorney Training	321	245	470	96
Law Enforcement Training	366	1,456	750	1,072
Recorder's User Fees	7,270	3,878	1,513	9,635
Domestic Violence	80	185	160	105
Prosecuting Attorney Delinquent Tax	37	1	0	38
Prosecuting Attorney Bad Check	148	4,507	4,528	127
Sheriff's Special	3,385	6,928	7,265	3,048
FEMA	10,000	26,940	36,940	0
Tax Maintenance	1,196	4,963	4,842	1,317
Circuit Clerk Interest	569	12	0	581
Division II Interest	241	10	119	132
Law Library	62	2,840	2,609	293
Health Center	69,638	378,690	315,832	132,496
Law Enforcement Sales Tax	0	43,673	0	43,673
Sheriff's Revolving	0	667	0	667
Total	\$ 313,406	1,992,405	1,808,543	497,268

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MERCER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 65,643	622,067	652,071	35,639
Special Road and Bridge	168,357	969,130	973,546	163,941
Assessment	16,166	68,465	64,118	20,513
Prosecuting Attorney Training	281	240	200	321
Law Enforcement Training	1,010	2,055	2,699	366
Recorder's User Fees	9,305	3,820	5,855	7,270
Domestic Violence	50	140	110	80
Prosecuting Attorney Delinquent Tax	159	18	140	37
Prosecuting Attorney Bad Check	531	4,249	4,632	148
Sheriff's Special	2,486	8,723	7,824	3,385
FEMA	86,813	11,954	88,767	10,000
Tax Maintenance	596	4,470	3,870	1,196
Circuit Clerk Interest	558	34	23	569
Division II Interest	332	39	130	241
Law Library	34	2,788	2,760	62
Health Center	45,711	362,416	338,489	69,638
Total	\$ 398,032	2,060,608	2,145,234	313,406

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MERCER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 1,911,442	1,948,065	36,623	2,219,582	2,060,608	(158,974)
DISBURSEMENTS	2,030,384	1,808,543	221,841	2,380,647	2,145,234	235,413
RECEIPTS OVER (UNDER) DISBURSEMENTS	(118,942)	139,522	258,464	(161,065)	(84,626)	76,439
CASH, JANUARY 1	313,406	313,406	0	398,032	398,032	0
CASH, DECEMBER 31	194,464	452,928	258,464	236,967	313,406	76,439
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	170,000	177,051	7,051	180,000	168,033	(11,967)
Sales taxes	250,000	295,805	45,805	275,000	250,536	(24,464)
Intergovernmental	63,750	63,153	(597)	82,250	89,426	7,176
Charges for services	46,500	41,558	(4,942)	46,700	44,793	(1,907)
Interest	2,500	15,175	12,675	4,000	2,386	(1,614)
Other	42,709	41,915	(794)	34,810	37,697	2,887
Transfers in	29,800	22,856	(6,944)	33,500	29,196	(4,304)
Total Receipts	605,259	657,513	52,254	656,260	622,067	(34,193)
DISBURSEMENTS						
County Commissioner	59,024	59,024	0	60,524	60,190	334
County Clerk	49,152	49,621	(469)	60,303	57,037	3,266
Elections	11,300	17,634	(6,334)	4,250	5,311	(1,061)
Buildings and grounds	47,396	48,744	(1,348)	47,496	53,840	(6,344)
Employee fringe benefit	59,200	61,979	(2,779)	75,850	74,852	998
County Treasurer	36,373	36,834	(461)	37,543	39,184	(1,641)
Circuit Clerk	3,950	3,759	191	5,350	4,001	1,349
Associate Circuit Court	4,000	3,347	653	5,400	3,851	1,549
Court administration	7,314	5,010	2,304	8,479	2,573	5,906
Public Administrator	16,440	16,396	44	16,850	17,245	(395)
Sheriff	178,395	180,446	(2,051)	190,228	184,646	5,582
Jail	14,000	7,241	6,759	13,000	17,669	(4,669)
Prosecuting Attorney	54,700	54,862	(162)	59,050	53,683	5,367
Juvenile Officer	14,528	4,262	10,266	13,985	5,732	8,253
County Coroner	6,990	6,990	0	6,990	6,990	0
Township collector	1,000	1,865	(865)	2,500	2,176	324
Court Reporter	500	40	460	750	468	282
University Extension	5,000	10,500	(5,500)	15,000	10,000	5,000
Insurance	21,000	20,473	527	12,000	21,986	(9,986)
Other	27,700	39,614	(11,914)	30,500	30,637	(137)
Emergency Fund	17,705	0	17,705	19,388	0	19,388
Total Disbursements	635,667	628,641	7,026	685,436	652,071	33,365
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,408)	28,872	59,280	(29,176)	(30,004)	(828)
CASH, JANUARY 1	35,639	35,639	0	65,643	65,643	0
CASH, DECEMBER 31	5,231	64,511	59,280	36,467	35,639	(828)

Exhibit B

MERCER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	25,800	26,572	772	30,135	25,980	(4,155)
Sales taxes	63,000	71,527	8,527	70,000	62,542	(7,458)
Intergovernmental	737,000	627,411	(109,589)	875,000	738,909	(136,091)
Charges for services	3,000	2,225	(775)	3,000	2,983	(17)
Interest	4,000	5,021	1,021	4,000	5,223	1,223
Other	27,500	20,270	(7,230)	29,520	44,726	15,206
Transfers in	10,000	36,940	26,940	106,000	88,767	(17,233)
Total Receipts	870,300	789,966	(80,334)	1,117,655	969,130	(148,525)
DISBURSEMENTS						
Salaries	99,200	99,209	(9)	120,240	113,578	6,662
Employee fringe benefit	25,700	24,829	871	33,467	31,645	1,822
Supplies	40,850	32,873	7,977	42,700	40,359	2,341
Insurance	7,500	5,169	2,331	8,500	6,871	1,629
Road and bridge materials	317,000	269,548	47,452	274,000	314,444	(40,444)
Equipment repairs	25,000	14,919	10,081	20,000	22,440	(2,440)
Rentals	500	330	170	500	0	500
Equipment purchases	53,500	56,480	(2,980)	61,000	89,599	(28,599)
Contract labor	500	195	305	500	0	500
Bridge projects	370,000	212,787	157,213	550,000	325,414	224,586
Transfers out	25,000	22,856	2,144	31,000	29,196	1,804
Total Disbursements	964,750	739,195	225,555	1,141,907	973,546	168,361
RECEIPTS OVER (UNDER) DISBURSEMENTS	(94,450)	50,771	145,221	(24,252)	(4,416)	19,836
CASH, JANUARY 1	163,941	163,941	0	168,357	168,357	0
CASH, DECEMBER 31	69,491	214,712	145,221	144,105	163,941	19,836
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	62,985	68,577	5,592	65,500	67,281	1,781
Charges for services	200	479	279	100	198	98
Interest	800	875	75	750	986	236
Total Receipts	63,985	69,931	5,946	66,350	68,465	2,115
DISBURSEMENTS						
Assessor	66,753	65,679	1,074	71,075	64,118	6,957
Total Disbursements	66,753	65,679	1,074	71,075	64,118	6,957
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,768)	4,252	7,020	(4,725)	4,347	9,072
CASH, JANUARY 1	20,513	20,513	0	16,166	16,166	0
CASH, DECEMBER 31	17,745	24,765	7,020	11,441	20,513	9,072

Exhibit B

MERCER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	232	239	7	256	230	(26)
Interest	9	5	(4)	4	10	6
Other	0	1	1	0	0	0
Total Receipts	241	245	4	260	240	(20)
DISBURSEMENTS						
Prosecuting Attorney	500	470	30	540	200	340
Total Disbursements	500	470	30	540	200	340
RECEIPTS OVER (UNDER) DISBURSEMENTS	(259)	(225)	34	(280)	40	320
CASH, JANUARY 1	321	321	0	281	281	0
CASH, DECEMBER 31	62	96	34	1	321	320
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,000	505	(495)	690	1,040	350
Charges for service:	1,000	933	(67)	1,020	982	(38)
Interest	35	18	(17)	25	33	8
Total Receipts	2,035	1,456	(579)	1,735	2,055	320
DISBURSEMENTS						
Sheriff	2,300	750	1,550	2,500	2,699	(199)
Total Disbursements	2,300	750	1,550	2,500	2,699	(199)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(265)	706	971	(765)	(644)	121
CASH, JANUARY 1	366	366	0	1,010	1,010	0
CASH, DECEMBER 31	101	1,072	971	245	366	121
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	3,600	3,658	58	4,000	3,519	(481)
Interest	200	220	20	160	301	141
Total Receipts	3,800	3,878	78	4,160	3,820	(340)
DISBURSEMENTS						
Ex Officio Recorder of Deed	3,750	1,513	2,237	8,000	5,855	2,145
Total Disbursements	3,750	1,513	2,237	8,000	5,855	2,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	2,365	2,315	(3,840)	(2,035)	1,805
CASH, JANUARY 1	7,270	7,270	0	9,305	9,305	0
CASH, DECEMBER 31	7,320	9,635	2,315	5,465	7,270	1,805

Exhibit B

MERCER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	140	185	45	130	140	10
Total Receipts	140	185	45	130	140	10
DISBURSEMENTS						
Shelter	120	160	(40)	100	110	(10)
Total Disbursements	120	160	(40)	100	110	(10)
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	25	5	30	30	0
CASH, JANUARY 1	80	80	0	50	50	0
CASH, DECEMBER 31	100	105	5	80	80	0
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for service:	16	1	(15)	0	16	16
Interest	2	0	(2)	4	2	(2)
Total Receipts	18	1	(17)	4	18	14
DISBURSEMENTS						
Prosecuting Attorney	50	0	50	100	140	(40)
Total Disbursements	50	0	50	100	140	(40)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32)	1	33	(96)	(122)	(26)
CASH, JANUARY 1	37	37	0	159	159	0
CASH, DECEMBER 31	5	38	33	63	37	(26)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	4,200	4,495	295	4,000	4,234	234
Interest	15	12	(3)	10	15	5
Total Receipts	4,215	4,507	292	4,010	4,249	239
DISBURSEMENTS						
Prosecuting Attorney	4,288	4,528	(240)	3,800	4,632	(832)
Total Disbursements	4,288	4,528	(240)	3,800	4,632	(832)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(73)	(21)	52	210	(383)	(593)
CASH, JANUARY 1	148	148	0	531	531	0
CASH, DECEMBER 31	75	127	52	741	148	(593)
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Charges for service:	6,700	6,477	(223)	6,050	6,540	490
Interest	75	93	18	100	76	(24)
Other	500	358	(142)	0	2,107	2,107
Total Receipts	7,275	6,928	(347)	6,150	8,723	2,573
DISBURSEMENTS						
Sheriff	8,500	7,265	1,235	6,500	7,824	(1,324)
Total Disbursements	8,500	7,265	1,235	6,500	7,824	(1,324)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,225)	(337)	888	(350)	899	1,249
CASH, JANUARY 1	3,385	3,385	0	2,486	2,486	0
CASH, DECEMBER 31	2,160	3,048	888	2,136	3,385	1,249

Exhibit B

MERCER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FEMA FUND</u>						
RECEIPTS						
Intergovernmental	10,000	26,940	16,940	30,000	11,954	(18,046)
Total Receipts	10,000	26,940	16,940	30,000	11,954	(18,046)
DISBURSEMENTS						
Transfers out	10,000	36,940	(26,940)	110,000	88,767	21,233
Total Disbursements	10,000	36,940	(26,940)	110,000	88,767	21,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(10,000)	(10,000)	(80,000)	(76,813)	3,187
CASH, JANUARY 1	10,000	10,000	0	86,813	86,813	0
CASH, DECEMBER 31	10,000	0	(10,000)	6,813	10,000	3,187
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	4,800	4,943	143	3,500	4,380	880
Interest	90	20	(70)	0	90	90
Total Receipts	4,890	4,963	73	3,500	4,470	970
DISBURSEMENTS						
Ex Officio County Collector	5,700	4,842	858	3,870	3,870	0
Total Disbursements	5,700	4,842	858	3,870	3,870	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(810)	121	931	(370)	600	970
CASH, JANUARY 1	1,196	1,196	0	596	596	0
CASH, DECEMBER 31	386	1,317	931	226	1,196	970
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	35	12	(23)	80	34	(46)
Total Receipts	35	12	(23)	80	34	(46)
DISBURSEMENTS						
Circuit Clerk	100	0	100	100	23	77
Total Disbursements	100	0	100	100	23	77
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65)	12	77	(20)	11	31
CASH, JANUARY 1	569	569	0	558	558	0
CASH, DECEMBER 31	504	581	77	538	569	31
<u>DIVISION II INTEREST FUND</u>						
RECEIPTS						
Interest	6	10	4	80	39	(41)
Total Receipts	6	10	4	80	39	(41)
DISBURSEMENTS						
Associate Circuit Judge	100	119	(19)	100	130	(30)
Total Disbursements	100	119	(19)	100	130	(30)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(94)	(109)	(15)	(20)	(91)	(71)
CASH, JANUARY 1	241	241	0	332	332	0
CASH, DECEMBER 31	147	132	(15)	312	241	(71)

Exhibit B

MERCER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	3,000	2,840	(160)	3,000	2,788	(212)
Total Receipts	3,000	2,840	(160)	3,000	2,788	(212)
DISBURSEMENTS						
Law library	3,000	2,609	391	3,000	2,760	240
Total Disbursements	3,000	2,609	391	3,000	2,760	240
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	231	231	0	28	28
CASH, JANUARY 1	62	62	0	34	34	0
CASH, DECEMBER 31	62	293	231	34	62	28
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	150,000	158,524	8,524	150,000	148,854	(1,146)
Intergovernmental	98,743	100,636	1,893	91,788	99,380	7,592
Charges for service:	82,200	111,427	29,227	82,250	111,480	29,230
Interest	300	538	238	400	447	47
Other	5,000	7,565	2,565	1,770	2,255	485
Total Receipts	336,243	378,690	42,447	326,208	362,416	36,208
DISBURSEMENTS						
Salaries	192,184	198,235	(6,051)	170,779	169,037	1,742
Employee fringe benefit	25,500	25,221	279	36,700	22,282	14,418
Program expenditures:	29,800	29,744	56	22,509	25,154	(2,645)
Office expenditure:	38,760	24,598	14,162	25,360	31,216	(5,856)
Maintenance and equipment	11,500	9,947	1,553	8,000	6,774	1,226
Mileage and training	13,000	11,124	1,876	10,000	10,887	(887)
Capital improvement	0	0	0	57,650	57,649	1
Other	14,062	16,963	(2,901)	12,621	15,490	(2,869)
Total Disbursements	324,806	315,832	8,974	343,619	338,489	5,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,437	62,858	51,421	(17,411)	23,927	41,338
CASH, JANUARY 1	69,638	69,638	0	45,711	45,711	0
CASH, DECEMBER 31	81,075	132,496	51,421	28,300	69,638	41,338

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MERCER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Mercer County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Law Enforcement Sales Tax Fund and the Sheriff's Revolving Fund for the year ended December 31, 2004.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2003
Domestic Violence Fund	2004 and 2003
Prosecuting Attorney Delinquent Tax Fund	2003
Prosecuting Attorney Bad Check Fund	2004 and 2003
Sheriff's Special Fund	2003
FEMA Fund	2004
Division II Interest Fund	2004 and 2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2004, did not include the Law Enforcement Sales Tax Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances for the county existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2004, Mercer County collected \$38,308 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Mercer County voters enacted a half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Supplementary Schedule

Schedule

MERCER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3165W ERS045-4165 ERS045-5165	\$ 12,869	11,150
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	5,019
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,972	657
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-065 (16) BRO-065 (20) BRO-065 (21) BRO-065 (22) BRO-065 (23) BRO-065 (24) BRO-065 (25)	0 274 0 27,421 141,237 13,734 2,629	1,265 0 1,322 266,761 18,329 11,433 0
	Program Total		<u>185,295</u>	<u>299,110</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,454	2,777
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	822	1,540

Schedule

MERCER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Childre	ERS146-3165T	0	1,700
93.268	Immunization Grants	N/A	11,551	8,912
	Program Total	PGA064-3165A	659	850
			12,210	9,762
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030280001 DH040022020	7,413	6,691
93.575	Child Care and Development Block Gran	PGA067-3165C PGA067-4165C	720	1,115
93.994	Maternal and Child Health Services Block Grant to the States	N/A	0	88
	Program Total	ERS146-3165M ERS146-4165M	10,526	10,221
			10,526	10,309
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	9,810	0
97.036	Public Assistance Grants**	1412-DR-MO	26,940	88,767
97.051	State and Local All Hazards Emergency Operations Planning**	EMK-2003-GR-2540	2,700	3,300
	Total Expenditures of Federal Award:		\$ 273,731	441,897
* These expenditures include awards made under CFDA 97.06 ** These expenditures include awards made under CFDA 83.54 *** The CFDA number for this program changed to CFDA 83.56				

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

MERCER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Mercer County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services during the year ended December 31, 2003. Amounts for the Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Mercer County, Missouri

Compliance

We have audited the compliance of Mercer County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Mercer County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

Internal Control Over Compliance

The management of Mercer County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-2, to be a material weakness.

This report is intended for the information and use of the management of Mercer County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Schedule

MERCER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major program:

- Material weakness identified? x yes no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

04-1.

County Financial Records and Procedures

The accounting records prepared by the County Clerk and County Treasurer for the years ended December 31, 2004, and 2003 did not reconcile. The County Commission also approved expenditures in excess of budgeted amounts for various funds.

A. The County Clerk and County Treasurer do not reconcile their accounting records on a monthly basis. As a result, both officials' records were inaccurate at times and varied from actual receipts, disbursements, and cash balances per audit. Adjustments have been made to the audited financial statements to correct these errors. During our review of the County Treasurer's and County Clerk's records, the following concerns were noted:

- Some receipt and disbursement totals on the County Treasurer's semi-annual settlement did not agree to his manual fund ledgers. The County Treasurer indicated the manual fund ledger had been changed to correct errors found after the semi-annual settlement was prepared. However, he did not prepare an amended settlement to accurately report the amounts on the manual fund ledgers.
- The fund a receipt should be posted to is noted on the receipt slip issued by the County Treasurer, but in some instances both the County Clerk and County Treasurer posted the receipt to a fund other than the one indicated.
- The County Clerk does not ensure actual receipt and disbursement amounts reported on the budget agree to her financial records. An adjustment was made to the actual disbursements for the General Revenue Fund in 2004 to correct for an error, but the financial records maintained by the County Clerk to support the budget numbers were not corrected. In addition, the county budgets contained numerous misclassifications, such as intergovernmental revenues classified as other revenues.

Had the County Clerk and County Treasurer made attempts to reconcile their records, the error noted above could have been detected and corrected in a timely manner.

Section 51.150.1, RSMo, requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk and the County Treasurer should regularly reconcile their accounting records. Section 50.540, RSMo, requires all revenues to be by source and all expenditures to be by character, object, function, or activity.

- B. The County Commission approved expenditures in excess of budgeted amounts for several funds for the years ended December 31, 2004 and 2003. According to the County Commission, quarterly budget to actual reports are provided to them. However, it appears the County Commission does not adequately monitor budget to actual amounts, which allowed some funds to overspend their budgets.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND:

- A. The County Clerk and County Treasurer periodically reconcile their accounting records and all reconciling items are documented and fully investigated.
- B. The County Commission refrain from incurring expenditures in excess of budgeted amounts and establish procedures to monitor budget to actual amounts for all funds.

AUDITEE'S RESPONSE

- A. *The County Clerk and County Treasurer agree and have already begun reconciling their records.*
- B. *The County Commission is now receiving monthly budget to actual reports and have begun monitoring them more closely.*

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-2.**Federal Awards**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-065(16), BRO-065(20), BRO-065(21), BRO-065(22), BRO-065(23), BRO-065(24), and BRO-065(25)
Award Years:	2004 and 2003
Questioned Costs:	\$0

The county and Health Center do not adequately track or report federal assistance on the SEFA. Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

The county's 2004 and 2003 SEFA expenditures for their major program, Highway Planning and Construction (CFDA 20.205), were overstated by approximately \$4,980 and \$26,300, respectively. Five other non-major program expenditures, totaling approximately \$24,500, were not reported on the county's 2004 and 2003 SEFA. The information provided by the Health Center did not include vaccines distributed by the state Department of Health and Senior Services. The SEFA schedules prepared by the County Clerk had total expenditures understated by \$32,980 in 2004 and overstated by \$5,299 in 2003. In addition, the SEFA did not include the required pass-through entities' identifying numbers or contract numbers.

Without an accurate and complete SEFA, federal financial activity can not be properly audited and reported in accordance with federal audit requirements.

A similar condition was noted in the two prior reports. Although the County Commission and County Clerk indicated they would implement these recommendations, the county has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Commission and the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will continue to attempt to prepare an accurate and complete SEFA. We will make every attempt to ensure the 2005 SEFA is correct.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MERCER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mercer County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Excess Property Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues. The county's net excess property tax revenues collected as of December 31, 2002, were \$57,316.

Recommendation:

The County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Partially implemented. Through December 31, 2004, the county has reduced the net excess property tax collections by over \$18,000, but the net excess property tax revenues are still \$38,308. See Management Advisory Report (MAR) finding number 4.

02-2. Purchasing Procedures

Bids were not always solicited or bid documentation retained for purchases.

Recommendation:

The County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If circumstances are deemed to warrant a purchase without bids, such circumstances should be fully documented and noted in the County Commission minutes.

Status:

Not implemented. See MAR finding number 1.

02-3. Computer System Controls

- A. The Treasurer/Ex Officio County Collector and the County Clerk had access and update capabilities, which were not necessary for the performance of their duties.
- B. Passwords used by the Assessor's office, the County Clerk's office and the Treasurer/Ex Officio County Collector's office had not been changed since the original computer system was installed in 1990. In addition, passwords had not been kept confidential.
- C. The county did not have a formal contingency plan for the computer system in case of emergency. As a result, the county had not formally negotiated arrangements for backup facilities in the event of a disaster.

Recommendation:

The County Commission:

- A. Consider changes to the computer programs that restrict access and update capabilities to only those individuals needing such access for the performance of their duties.
- B. Ensure employees' passwords are periodically changed and kept confidential.
- C. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

Status:

A, B

&C. Not implemented. See MAR finding number 8.

02-4. General Fixed Assets Records and Procedures

The general fixed assets listing had not been updated since 1995. As a result, the listing was inaccurate and not useful in providing an internal control over assets.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all fixed asset purchases and

dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipt.

Status:

Not implemented. See MAR finding number 5.

02-5. Budgetary Practices

Actual disbursements exceeded budgeted amounts for several funds. The county also did not adopt budgets for several funds. In addition, a deficit balance was budgeted for two funds.

Recommendation:

The County Commission not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Status:

Partially implemented. A deficit balance was not budgeted for any of the county funds and all funds not previously budgeted were budgeted in 2004 and 2003. However, the county did not budget the Law Enforcement Sales Tax Fund and the Sheriff's Revolving Fund, which were established in 2004. In addition, actual disbursements exceeded budgeted amounts for several funds. See finding number 04-1.

02-6. Published Financial Statements

The county's published financial statements did not show receipts and disbursements for all county funds.

Recommendation:

The county include all county funds in the published annual financial statements.

Status:

Partially implemented. All funds not previously published were included in the published financial statements in 2004 and 2003. However, the county's published financial statements did not include the Law Enforcement Sales Tax Fund which was established in 2004. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MERCER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

02-07. Schedule of Expenditures of Federal Awards and Engineering Costs

Part A and B

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-065 (20), BRO-065 (21), BRO-065-(22), and BRO-065 (23)
Award Years:	2002 and 2001
Questioned Costs:	\$58,471

Part A

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management – State and Local Assistance
Pass-Through Entity	
Identifying Number:	1412-DR-MO
Award Years:	2002
Questioned Costs:	None

- A. The county did not have adequate procedures in place to track federal awards for preparation of the schedule of expenditures of federal awards.

- B. The county contracted with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program. These projects were 80 percent federally funded. The county incurred \$58,471 of engineering costs during 2002 and 2001. There was no documentation that the County Commission considered other engineering firms when procuring these services.

Recommendation:

The County Commission:

- A. And the County Clerk ensure all federal award expenditure amounts are properly recorded on the schedule of expenditures of federal awards.
- B. Resolve the questioned costs with the grantor agency. In addition, for future projects the County Commission should obtain information as required by law when contracting for professional services.

Status:

- A. Not implemented. See finding number 04-2.
- B. Partially implemented. Documentation was available to indicate the County Commission considered other engineering firms, but no documentation was provided to show how the questioned costs were resolved. Although not reported in the current schedule of findings and questioned costs, the recommendation remains as stated above.

02-8. Emergency Management Grant

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management – State and Local Assistance
Pass-Through Entity	
Identifying Number:	1412-DR-MO
Award Years:	2002
Questioned Costs:	\$167,649

Amounts paid for the 53 small projects were based on estimates prepared on-site by a FEMA representative. The county received \$167,649 during 2002 for the small projects. Documentation to support actual expenditures for the various projects was not maintained by the county. According to the County Clerk and Road and Bridge supervisor, the on-site FEMA representative indicated that no further documentation would be required.

Recommendation:

The County Commission adopt procedures in which federal awards may be correctly identified and resolve the questioned costs with the grantor agency and for future projects, document actual expenditures incurred on all FEMA projects.

Status:

Implemented. The grantor determined that all small projects were completed and the disaster funds paid for those projects should not be recouped.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MERCER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Mercer County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We also have audited the compliance of Mercer County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Mercer County or of its compliance with the types of compliance requirements applicable to its major federal program

but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Expenditure and Transfer Controls and Procedures
--

Several weaknesses were noted with the county's expenditure practices. Bids were not always solicited, some invoices were not marked paid resulting in some duplicate payments, and credit card charges were not always supported by actual itemized charge receipts. Several payments to elected officials or members of their family appear to be conflicts of interest and administration transfers were calculated incorrectly, resulting in the General Fund owing the Special Road and Bridge Fund \$17,000.

- A. The county does not have adequate bidding procedures. As a result, there were several instances where bids were not solicited by the county. Examples of the items purchased without documentation of bids or advertisement included rock hauling for approximately \$4,600 and computers for approximately \$5,000.

Section 50.660, RSMo, requires the advertisement for bids for purchases of \$4,500 or more, from any one person, firm, or corporation during a ninety day period. Bidding helps to assure the county contracts with the lowest and best bidder. Competitive bidding also ensures all interested parties are given an equal opportunity for the county's business. To show compliance, documentation of bids should include a vendor listing and request for proposal when bids are requested, a newspaper publication notice when applicable, the bids received, the basis and justification for awarding the bid, documentation of discussions with vendors, and bid specifications. If bids cannot be obtained and sole source procurement is necessary, the minutes should reflect the necessitating circumstances.

- B. Invoices are not marked as paid or otherwise canceled upon payment and occasionally bills are paid based on a statement, rather than an original invoice. This practice increases the possibility of duplicate payments. In addition, the County Clerk's office did not always review the expenditure system to ensure payment had not already been made. As a result of these weaknesses, duplicate payments were made on several invoices. While vendors refunded or issued credits for the overpayments noted, there is no assurance that all duplicate payments have been identified. To ensure against duplicate payment of bills, payments should be based on original invoices which are marked paid when a check has been issued by the county.
- C. The actual itemized charge receipt is usually not submitted for credit card charges. Generally, only the credit card statement and the signed charge slip is submitted to support the credit card charge. During 2004 and 2003, the county spent approximately \$40,000 on charge cards, and several purchases included sales tax.

Adequate supporting documentation should be obtained and retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges. In addition, the county is also exempt from paying sales tax for appropriate county expenditures.

D. Several payments from county funds appear to be conflicts of interest.

- A former Associate Commissioner received royalties from a local rock quarry with which the county does business. In our prior report, this commissioner indicated the townships determine from which quarry to purchase the rock, however, during our audit period it was actually the County Commission that had a written agreement with the local rock quarry. Payments totaling approximately \$256,000 were made during 2004 and 2003 to this quarry. The former Associate Commissioner indicated that he abstained from voting on decisions to purchase gravel from the quarry; however, the abstentions were not documented in the minutes. This situation constitutes a potential conflict of interest and may be in violation of state law.

Section 49.140, RSMo, provides that, "no County Commissioner shall, directly or indirectly, become a party to any contract to which the county is a party...".

- The Assessor's husband was paid approximately \$228 for a mapping table for the Assessor's office. The Assessor indicated the selection of her husband was approved by the County Commission. However, this was not documented in the County Commission minutes.
- The Presiding Commissioner's son was paid \$1,800 in 2002 for a new concrete driveway at the courthouse. These services were not bid. The minutes do not indicate the Presiding Commissioner abstained from selecting his son.
- A former Associate Commissioner's daughter was paid approximately \$201 and \$281 for custodial services in 2004 and 2003, respectively. The minutes do not indicate the Associate Commissioner abstained from selecting his daughter.

Transactions between the county and parties related to county officials represent potential conflicts of interest. Discussions and decisions concerning situations where potential conflicts of interest exist should be completely documented so that the public has assurance that no official has benefited improperly. In addition, the county should consider establishing a policy which addresses these types of situations.

E. The salary of a deputy county clerk was not taken into consideration when calculating the administrative transfers from the Special Road and Bridge Fund to the General

Revenue Fund. The county paid approximately \$17,000 during 2004 and 2003 for the deputy county clerk's salary and related fringe benefits from the Special Road and Bridge Fund, as well as taking the maximum administrative service fee allowed by law. As a result, the General Revenue Fund owes the Special Road and Bridge Fund \$17,000.

Section 50.515, RSMo, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The purpose of this fee is to recoup actual expenditures made from the General Revenue Fund for road and bridge related administrative expenses. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund. If the county elects to pay the salary of the deputy county clerk from the Special Road and Bridge Fund, the amount of the salary and fringe benefits should be deducted from the allowable transfer. Effective August 28, 2004, Section 50.515, RSMo, increased the fee to five percent of the budget of the Special Road and Bridge Fund.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances.
- B. Ensure all payments are made based on original invoices, which are properly canceled upon payment. In addition, the County Clerk should check the expenditure system to ensure payment had not already been made.
- C. Require adequate supporting documentation prior to approving expenditures for payment. The County Commission should also discontinue paying sales tax on items purchased for the county.
- D. Review the related party transactions for propriety, and in the future, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest. In addition, the County Commission should consider adopting a policy for officials to address these types of situations.
- E. Base administrative transfers on actual or reasonable budgeted expenditures excluding the administrative transfer amounts. In addition, a transfer of approximately \$17,000 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

- A. *We agree and will ensure bids are taken for all purchases in the future.*

- B. This has been implemented.*
- C. We agree. We are now requiring supporting documentation for credit card charges. We also have reduced the number of available credit cards.*
- D. We agree. We will develop a policy by the end of 2005.*
- E. We will calculate administrative transfers correctly in the future. We will resolve the \$17,000 due from General Revenue by January, 2007.*

2.	County Commission Minutes
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The County Commission minutes are not adequately detailed or approved, the tentative agenda or the documentation of the required notice being given for County Commission meetings is not maintained, and closed meeting procedures are not adequate.

- A. The daily business of the County Commission is not adequately documented in the County Commission minutes. For example, some meeting dates indicated only that no minutes were taken. The County Clerk indicated no minutes were taken because no decisions were made in these meetings. In addition, the minutes are not typed and added to the official minutes book in a timely manner. As of April 2005, the last entry in the minutes was for the December 2004 meeting. Although the minutes are being approved by the Presiding Commissioner or an Associate Commissioner in his absence, the minutes are not signed until they are typed in the minutes.

Section 51.120, RSMo, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Timely preparation and approval not only ensures authenticity of official minutes, but allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

- B. The county did not retain the tentative agenda or maintain documentation of the required notice being given for the County Commission meetings. Section 610.020, RSMo, requires all public governmental bodies to give notice of the time, date, and place of each meeting, and its tentative agenda in a reasonable manner to advise the public. To document compliance, the County Commission should document the date, time, and location the notice was posted and retain this information with the minutes.
- C. Minutes were not always prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the related vote to close the meeting, reasons for closing the meeting, or the final disposition of matters discussed in closed meetings.

The provisions of the Sunshine Law, Chapter 610, RSMo, include several different statutes that relate to closed meetings. The County Commission is only allowed to close meetings to the extent they relate to certain specified subjects. Before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of these closed meetings should be prepared and retained. Certain matters discussed in closed meetings are to be made public upon final disposition.

Although similar conditions were noted in our prior report, the County Commission has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure a complete record of the meetings is prepared and approved on a timely basis.
- B. Ensure notices of meetings, including a tentative agenda, are posted and retained.
- C. Ensure minutes are prepared, approved, and retained for all closed meetings, reasons for closing a meeting are documented, and the final disposition of matters discussed in closed meetings is made public as required by state law.

AUDITEE'S RESPONSE

A, B

&C. *We agree and have implemented these recommendations.*

3. Salaries and Personnel Procedures

The county has not maintained documentation to support how the Public Administrator's salary was determined, adopted an official personnel manual, or ensured time sheets have been signed by both the employee and the employee's supervisor.

- A. The county could provide no documentation showing how the Public Administrator's salary was determined. The Public Administrator did not elect to be paid a salary instead of receiving fees when she took office in January 2001. However, the county paid her the salary amount approved by the Salary Commission, and in August 2001, increased her salary when she formally elected to be paid a salary rather than fees. The county had no documentation or support for any of the actions taken regarding the Public Administrator's salary and a written opinion as to the legality of the actions taken was not obtained from the county Prosecuting Attorney.
- B. The county has not adopted an official personnel manual which details policies and procedures for county employees. Instead, the county policies are several court orders which are filed together when they are approved. According to the County

Commission, copies of the court orders containing these policies are given to all county employees. Failure to adopt an official personnel manual increases the likelihood of misunderstandings or unequal treatment of employees.

- C. The County Clerk's office prepares Road and Bridge employees' time sheets using the Road and Bridge supervisor's calendar. The County Clerk's office assumes these employees have worked unless the Road and Bridge supervisor's calendar indicates leave was taken, but the time sheets are not signed by the employee or the employee's supervisor. Time sheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.

WE RECOMMEND the County Commission:

- A. Consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.
- B. Adopt an official personnel manual and require employees to read the manual as a condition of their employment.
- C. Ensure all time sheets have been signed by both the employee and the employee's supervisor.

AUDITEE'S RESPONSE

- A. *We have requested an opinion from our Prosecuting Attorney.*
- B. *We have now approved an official personnel manual.*
- C. *This has now been implemented.*

4. Property Tax Reduction Due to Sales Tax

The county has collected excess General Revenue property taxes as of December 31, 2004. Although the excess property taxes have been reduced from \$57,316 at December 31, 2002, the excess is still \$38,308 at December 31, 2004. The County Clerk computes the sales tax amount used for this calculation by taking the actual collections for the first six months of the year times two. She does not recalculate the required rollback using actual sales tax collections to determine if an adjustment is necessary in the following years calculation. The county still has not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Mercer County voters under the provisions of Section 67.505, RSMo. The County Clerk should ensure the actual excess property tax collections are calculated correctly.

WE RECOMMEND the County Commission reduce the General Revenue Fund property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years. In addition, the County Clerk should use actual sales tax collection when calculating the previous years' excess property tax collections.

AUDITEE'S RESPONSE

We agree and will continue to reduce the excess. We will continue to use the actual tax collections when calculating the excess.

5. General Capital Assets

Capital asset records and procedures need improvement and vehicle and fuel usage logs were not maintained.

- A. Capital asset records and procedures need improvement. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo, provides that the officer or their designee is responsible for performing periodic inventories or inspections.

Currently, the County Clerk maintains an inventory listing of capital assets held by county officials and indicated she requested each county official prepare an inventory listing in 2003 so her office could compare the listing to their records. However, there is no evidence that the listings from the county officials were compared to the County Clerk's inventory listing. The following problems regarding various capital asset records were noted:

- Records are not maintained in a manner that reconciliations could be performed from period to period (beginning balance plus additions less dispositions equals the ending balance).
- Additions to the inventory listing are not always reconciled to equipment expenditures. As a result, various items were not recorded on the county's general capital asset listing such as a tractor and mower (\$52,000) and a dump truck (\$25,500). In addition, property tags are not affixed to newly purchased assets immediately upon receipt.
- The property tag number, acquisition/disposition dates, purchase value, acquisition fund, and serial numbers are not recorded in the general capital asset records.
- Documentation of annual physical inventories is not maintained.

- Written authorization is not obtained from the County Commission for the disposition of capital assets.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the county needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records.

Although a similar condition was noted in our two prior reports, the County Commission has not improved these controls and procedures.

- B. The Road and Bridge Department and county officials do not maintain usage logs to document appropriate use of the vehicles and equipment. In addition, fuel purchases are not tracked for the Road and Bridge Department and county vehicles to support fuel charges. Furthermore, an inventory record is not maintained for bulk fuel used for Road and Bridge equipment. During our fieldwork, the county began to implement this recommendation and determined that a former road and bridge employee was still in possession of a county gasoline card and apparently had been making unauthorized gasoline purchases for his personal vehicle for approximately two years. The Sheriff has investigated the matter and charges have been filed by the Prosecuting Attorney. MAR finding 1C discusses weaknesses over credit card charges, some of which were gasoline cards.

Without adequate vehicle logs, where fuel purchases and maintenance are recorded, the county cannot effectively monitor that vehicles are used for official business only and that fuel usage is reasonable. Vehicle logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced. Failure to inventory and reconcile fuel usage to fuel purchases increases the risk that theft or misuse of fuel could occur and not be detected. Periodic physical inventories of the bulk fuel tanks are necessary to ensure the records are accurate, identify any unrecorded additions and deletions, and detect possible loss or theft. Information on the fuel usage logs should be reconciled to fuel purchases on a periodic basis.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to handling and accounting for general capital assets. In addition to providing guidance on accounting and record keeping, the

policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.

- B. Ensure the Road and Bridge Department and county officials maintain usage logs for vehicles and equipment which include operation and maintenance costs, including fuel purchases. In addition, these logs should be reviewed by a supervisor to help identify vehicles and equipment which should be replaced, and to ensure fuel usage is reasonable. Furthermore, an inventory record should be maintained for fuel stored in bulk tanks, a physical inventory of the fuel should be performed, and the equipment fuel usage logs should be reconciled to fuel used on the bulk fuel inventory records and reviewed for reasonableness.

AUDITEE'S RESPONSE

- A. *We agree and will establish a policy for capital assets by January 2006.*
- B. *We agree and are now doing this.*

6. Townships Controls and Procedures

The County Clerk does not ensure the township boards' financial statements are prepared and published. Only two of nine townships prepared a 2003 financial statement and filed it with the county and none of the townships provided proof of publication of their 2003 financial statement to the County Clerk. Some improvement was noted for 2004, when all nine townships filed a financial statement and three townships provided proof of publication to the County Clerk.

Section 231.290, RSMo, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the townships property. Section 231.280, RSMo, requires each township to annually publish certain financial information and submit a copy of the published financial report to the County Clerk.

WE RECOMMEND the County Commission and the County Clerk work to ensure all townships file their detailed financial statements with the county and publish in a local newspaper in accordance with state law.

AUDITEE'S RESPONSE

We agree and will ensure these are received.

Several weaknesses were noted with Health Center expenditures including failing to enter into formal written agreements, timeliness of payments, and paying sales tax. Weaknesses were also noted with payroll, computer procedures, minutes, and general capital assets.

- A. Credit card bills are not being paid in a timely manner as they are held and paid after Health Center board meetings. As a result, the Health Center has incurred approximately \$112 in late fees and finance charges on these expenditures during the two years ended December 31, 2004. In addition, sales tax was paid on several items.

Failure to pay bills promptly exposes the Health Center to unnecessary costs and Health Center expenditures are exempt from sales tax.

- B. Although the Health Center periodically prepares backup disks of all financial information, the backup disks are not stored at an off-site location. The Health Center also does not have a formal emergency contingency plan for the computer system. As a result, the Health Center has not formally negotiated arrangements for backup facilities in the event of a disaster.

Because the computer backup disks are not stored off-site, backups are susceptible to the same damage as the original data on the computer. Backup disks should be stored off-site to provide increased assurance that Health Center data can be recreated.

The major benefit of a thorough disaster recovery plan is the ability of the Health Center to recover rapidly from a disaster or extraordinary situation that might cause considerable loss or disruption to the Health Center. Because of the Health Center's degree of reliance on the data processing, the need for contingency planning is evident.

- C. The Health Center's minutes and procedures need improvement. The following problems regarding the Health Center's minutes were noted:
1. The Health Center did not retain the tentative agenda or maintain documentation of the required notice being given for the Health Center meetings. Section 610.020, RSMo, requires all public governmental bodies to give notice of the time, date, and place of each meeting, and its tentative agenda in a reasonable manner to advise the public. To document compliance, the Health Center Board should document the date, time, and location the notice was posted and retain this information with the minutes.

2. Minutes were not prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the related vote to close the meeting, reasons for closing the meeting, or the final disposition of matters discussed in closed meetings.

The provisions of the Sunshine Law, Chapter 610, RSMo, include several different statutes that relate to closed meetings. The Health Center is only allowed to close meetings to the extent they related to certain specified subjects. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained. Before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. Certain matters discussed in closed meetings are to be made public upon final disposition.

D. Capital asset records and procedures need improvement. The following problems regarding various capital asset records were noted:

- Records are not maintained in a manner that reconciliations could be performed from period to period (beginning balance plus additions less dispositions equals the ending balance).
- Additions to the inventory listing are not always reconciled to equipment expenditures. As a result, various items were not recorded on the Health Center's general capital asset listing, such as a computer (\$1,163).
- The property tag number, acquisition/disposition dates, purchase value, and serial numbers are not recorded in the general capital asset records.
- Documentation of annual physical inventories is not maintained.
- Written authorization is not obtained from the Health Center Board for the disposition of capital assets.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over Health Center property, and provide a basis for determining proper insurance coverage. Physical inventories of Health Center property are necessary to ensure the capital asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the Health Center. Further, the Health Center needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records.

WE RECOMMEND the Health Center Board:

- A. Ensure all billings are submitted and paid in a timely manner to avoid late fees and finance charges. The Health Center Board should also discontinue paying sales tax on items purchased for the Health Center.
- B. Ensure backup disks are prepared and stored in a secure, off-site location. The Health Center Board should also develop a formal contingency plan for the Health Center's computer system.
- C.1. Ensure notices of the board meetings, including a tentative agenda, are posted and retained.
- 2. Ensure minutes are prepared, approved, and retained for all closed meetings, reasons for closing a meeting are documented, and the final disposition of matters discussed in closed meetings is made public as required by state law.
- D. Establish a written policy related to handling and accounting for general capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with Health Center property.

AUDITEE'S RESPONSE

- A. *There is a policy in our by-laws for approval of the expenses by the Administrator for timely payment with final approval by the Board of Trustees. As of July 28, 2005, we will follow this policy.*
- B. *The Health Center will develop by December 31, 2005, a disaster recovery plan for the computer systems and backup facilities in case of emergency need.*
- C.1. *Effective July 28, 2005, notice of board meetings, with a tentative agenda, will be posted and retained in a file in the clerk's office, with the date and time of posting documented.*
- 2. *Effective July 31, 2005, minutes for open and closed meetings will be documented according to the provisions of the Sunshine Law, Chap. 610, RSMo, and 610.020, RSMo.*
- D. *The Health Center will establish a policy for the appropriate handling and accounting of general capital assets to meet statutory requirements, provide internal control of property, and provide a basis for the proper insurance coverage, by December 31, 2005.*

8.**Computer System Controls and Procedures**

The county has not restricted access and update capabilities for the financial and property tax system to those individuals needing access for the performance of their duties, ensured passwords are periodically changed and kept confidential, established a security system to stop, or developed a formal emergency contingency plan for the computer system.

- A. The Treasurer/Ex Officio County Collector and the County Clerk have access and update capabilities which are not necessary for the performance of their duties. The County Treasurer has the capability to access, update, and edit the County Clerk's records on the financial system. The Ex Officio County Collector has the capability to add new accounts and change existing accounts on the property tax system. The County Clerk's office has access and update capabilities in the property tax system and County Treasurer's records on the financial system. Any employee with knowledge of the correct password can access unauthorized areas of the system. The capability weakens internal controls over property tax collections and financial records. Changes to the various records should be limited to those individuals who need such access for the performance of their duties.
- B. Passwords used by the County Clerk's office and the Treasurer/Ex Officio County Collector's office have not been changed since the original computer system was installed in 1990. Passwords used by the Assessor's office have only been changed for a new official and employees. In addition, passwords have not been kept confidential. Passwords should be changed periodically and kept confidential to reduce the possibility of unauthorized use.
- C. The county does not have a formal emergency contingency plan for the computer system. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster.

The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident.

Although similar conditions were noted in our prior report, the County Commission has taken no action to improve these controls and procedures.

WE AGAIN RECOMMEND the County Commission:

- A. Consider changes to the computer programs that restrict access and update capabilities to only those individuals needing such access for the performance of their duties.

- B. Ensure employees passwords are periodically changed and kept confidential.
- C. Develop a formal contingency plan for the county's computer systems.

AUDITEE'S RESPONSE

- A&B. We will contact our computer programmer to determine what changes can be made.*
- C. We will work to develop this plan by July 2006.*

9.	Property Tax Controls and Procedures
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The Ex Officio Collector's cash handling and receipt procedures are not adequate. The County Clerk and the County Commission also do not adequately review the property taxes charged to the Ex Officio County Collector. In addition, the Ex Officio County Collector did not periodically solicit proposals for banking services to ensure service charges and interest earnings are competitive.

- A. The Ex Officio County Collector does not issue receipt slips for current tax payments which are usually paid to the township collectors, or for partial payments on delinquent taxes. The Ex Officio County Collector indicated receipts slips are issued only upon request. Current tax payments received are transmitted to the township collectors without obtaining documentation from the township collectors to prove receipt of the monies. While receipt slips are not issued for partial payments, they are deposited and tracked in a ledger. However, due to the lack of receipt slips, receipts cannot be reconciled to deposits.

Prenumbered receipt slips should be issued for all receipts not supported by a paid tax receipt to adequately account for receipts. To properly ensure all monies are being deposited intact, a daily abstract should be generated and reconciled to deposits.

- B. The County Clerk does not maintain an account book with the Ex Officio County Collector. This account book could be used by the County Commission to verify the Ex Officio County Collector's annual settlements. Currently, the annual settlements are not reviewed or approved by the County Commission.

An account book would summarize all taxes charged to the Ex Officio County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book would enable the County Clerk to ensure the amount of taxes charged and credited to the Ex Officio County Collector each year is complete and accurate. A review of the annual settlements should also be completed in order to detect errors and omissions in the settlements.

- C. The Ex Officio County Collector's bond for the term of April 2001 through March 2005 was less than the amount required by state law. The County Clerk indicated the bond amount is not calculated. As a result, the same bond amount has been used for at least twenty years. The Ex Officio County Collector is bonded monthly for \$150,000. Per Section 52.020.1, RSMo, the county collector's bond for any one month should be for an amount equal to the average total monthly collection for the same month during the preceding four years (but not to exceed the largest total collections made during any one month of the year preceding his election), plus ten percent of the amount. The calculated minimum bond required would be approximately \$178,760. The County Commission and the Ex Officio County Collector should review the bond coverage annually to ensure that sufficient bond coverage is obtained.
- D. The Ex Officio County Collector received approximately a .15 percent interest rate on funds held in a county non-depository bank, while approximately 2.5 percent was earned on monies held in the county's depository bank. The Ex Officio County Collector had no documentation that he formally solicited proposals for his banking services in recent years. During December 2004 and January 2005, the Ex Officio County Collector had in excess of \$500,000 in his bank account. To ensure he is receiving competitive rates for interest earnings, the Ex Officio County Collector should solicit bids for banking services periodically.

WE RECOMMEND:

- A. The Ex Officio County Collector issue prenumbered receipt slips for all monies received which are not supported by a paid tax receipt. Furthermore, a daily abstract should be prepared and reconciled to bank deposits and paid tax receipts.
- B. The County Commission require the County Clerk to establish and maintain an account book with the Ex Officio County Collector. The County Commission should consider using the account book to verify the Ex Officio County Collector's annual settlements by reconciling tax collections and credits to taxes charged on the tax books.
- C. The County Commission and the Ex Officio County Collector ensure the bond coverage is sufficient as required by state law.
- D. The Ex Officio County Collector periodically solicit proposals for banking services to ensure interest earnings are competitive.

AUDITEE'S RESPONSE

The Ex Officio County Collector responded:

- A. *I agree and am now doing this.*

D. *As I am new to this office I will review our current situation and make changes as necessary.*

The County Commission responded:

B. *We agree and will require an account book be maintained. We will use the account book to help review the annual settlement before approving it.*

C. *We have now increased the Ex Officio County Collector's bond amount.*

10. Sheriff

The Sheriff needs to properly segregate the duties of his office, provide more accountability over the proceeds from soda sales, and improve controls over seized property.

A. The duties of cash custody and record-keeping have not been adequately segregated in the Sheriff's department. One clerk collects monies, records transactions, prepares transmittals or deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Sheriff.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

B. The Sheriff believes the proceeds from soda sales in the courthouse are personal funds. While the Sheriff previously had a bank account for these monies, the account was closed and the sheriff indicated he maintained no current record of financial activity, but that the monies were used to purchase water cooler supplies for his department. Since these sales are handled by county employees on county property, records should be maintained to ensure some accountability over these monies. The County Commission should follow up on this situation and assume responsibility for or require an accounting of these funds.

C. Seized property records and procedures need improvement. The following problems regarding seized property were noted:

1. Adequate controls over seized property have not been established. A log of seized property is not maintained for property which is not kept at the Sheriff's office. In addition, periodic inventories of the property on hand are not conducted.

Adequate internal controls would significantly reduce the risk of theft or misuse of seized property. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored. Property is on hand dating back to the mid 1980s and mid 1990s.

Section 542.301, RSMo, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should ensure documented supervisory reviews of the accounting records are performed.
- B. And County Commission discuss the appropriate handling and accountability of soda monies.
- C.1. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

AUDITEE'S RESPONSE

The Sheriff Responded:

- A. *I am now documenting my reviews.*
- B. *The County Commission and I have discussed this and will take this recommendation under advisement.*
- C.1. *I agree and this will be done in the future.*
- C.2. *I will discuss with the Judge and the Prosecuting Attorney regarding the disposition of these items.*

The County Commission responded:

- B. We will discuss this situation with the Prosecuting Attorney and the Sheriff to determine a proper resolution.*

Follow-Up on Prior Audit Findings

MERCER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mercer County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. Billing statements were not always reconciled to invoices prior to payment nor did the County Clerk's office check the expenditure system to ensure payment had not already been made.
- B. The county did not always solicit bids or retain bid documentation.
- C. An Associate County Commissioner received royalties from a local rock quarry with which the county did business. The Associate Commissioner indicated that he abstained from voting on decisions to purchase gravel from the quarry; however, the abstentions were not documented in the minutes. This situation constituted a potential conflict of interest and may be in violation of state law.

Recommendation:

The County Commission:

- A. Ensure billing statements are supported by invoices prior to payment.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Consult legal counsel and determine whether this situation is in violation of state law. At a minimum, the Associate Commissioner should abstain from voting on matters related to the quarry and the circumstances should be clearly documented in the minutes.

Status:

- A, B
&C. Not implemented. See MAR finding number 1.

2. Ex-Officio County Collector's Controls and Procedures

The method of payment received (cash, check, and money order) was not consistently indicated on the paid tax receipts. Additionally, the tax receipts were not reconciled to the composition of bank deposits. The Ex Officio County Collector posted the paid tax bills to the computer at the end of the month and, as a result, did not generate a daily abstract.

Recommendation:

The Ex Officio County Collector record the method of payment on each paid tax statement and reconcile the composition of receipts to the paid tax bills and to bank deposits. Furthermore, a daily abstract should be prepared and reconciled to bank deposits.

Status:

Partially implemented. The method of payment is now indicated on paid tax receipts and tax receipts are reconciled to the composition of bank deposits. However, a daily abstract is still not generated. See MAR finding number 9.

3. Computer System Controls

- A. The Treasurer/Ex Officio County Collector and the County Clerk had access and update capabilities which were not necessary for the performance of their duties.
- B. Passwords used by the Assessor's office, the County Clerk's office and the Treasurer/Ex Officio County Collector's office had not been changed since the original computer system was installed in 1990. In addition, passwords had not been kept confidential.
- C. The county did not have a formal contingency plan for the computer system in case of emergency. As a result, the county had not formally negotiated arrangements for backup facilities in the event of a disaster.

Recommendation:

The County Commission:

- A. Consider changes to the computer programs that restrict access and update capabilities to only those individuals needing such access for the performance of their duties.
- B. Ensure employees passwords are periodically changed and kept confidential.
- C. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

Status:

A, B

&C. Not implemented. See MAR finding number 8.

4. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated. One clerk was primarily responsible for receiving monies, preparing deposits, and maintaining the accounting records; however, all employees in the Sheriff's department could receive monies. There were no documented reviews of the accounting records by the Sheriff.
- B.1. Receipts were not deposited on a timely basis.
 - 2. The composition and amount of recorded receipts was not reconciled to bank deposits.
 - 3. Receipts were not posted to the cash control records on a timely basis.
- C. Bank reconciliations were not prepared for the Sheriff's bank account.
- D. Bond forms were not prenumbered and prenumbered receipt slips were not issued for some bond monies. Some bond monies were transmitted directly to the Mercer County Associate Circuit Court and were not deposited into the Sheriff's bank account. Receipt slips from the court were not retained to document the turnover of these cash bonds.
- E. The Sheriff's department billed other counties for boarding prisoners. The payments for these services were deposited into the Sheriff's bank account and disbursed to the County Treasurer at the end of the month. In addition, reconciliations between billing statements and payments were not performed.
- F. The Sheriff maintained a bank account for soda sales and indicated the proceeds are personal funds. A dispatcher in the Sheriff's department retained proceeds from snack sales. Since these sales were handled by county employees on county property an accounting should be made of the proceeds; however, the Sheriff would not provide any records related to these monies.

Recommendation:

The Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

- B.1. Deposit receipts daily or when accumulated receipts exceed \$100.
- 2. Reconcile the composition and amount of recorded receipts to the composition and amount of bank deposits.
- 3. Post all receipts to cash control records on a timely basis.
- C. Prepare monthly bank reconciliations and reconcile the cash balance to open items.
- D. Ensure prenumbered bond forms are used and account for the numerical sequence. In addition, bond monies should be deposited into the Sheriff's bank account, or, if bond monies are transmitted directly to the courts, ensure receipt slips from the courts are retained.
- E. Ensure billings statements stipulate that payments be made directly to the County Treasurer. In addition, reconciliations between billing statements and payments should be performed and follow-up action taken on board bills not received.
- F. And County Commission discuss the appropriate handling and accountability of soda and snack sale monies.

Status:

- A. Partially implemented. The number of employees who can receive monies is now limited to a couple of employees. However, accounting duties have not been segregated or periodic supervisory reviews been performed and documented. See MAR finding number 10.

B, C,
D&E. Implemented.

- F. Partially implemented. The Sheriff's department no longer handles snack sales. The Sheriff still handles soda sales although he has not discussed handling and accountability with the County Commission. See MAR finding number 10.

5. General Fixed Asset Records and Procedures

The County Commission or its designee is responsible for maintaining a complete, detailed record of county property. However, the general fixed asset listing had not been updated nor had a physical inventory been completed since 1995.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could

include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipts.

Status:

Not implemented. See MAR finding number 5.

6. Revenue Maximization

- A. There was no documentation to support how the amounts charged for dispatching and law enforcement services were determined. In addition, contracts for dispatching services were not current.
- B. The county did not properly monitor reimbursement for projects under the Highway Planning and Construction program. One reimbursement of \$1,106 which was submitted to the Missouri Department of Transportation (MODOT) in July 2000 was not received by the county until July 2001. Two other potential claims were not submitted to MODOT for reimbursement.

Recommendation:

The County Commission:

- A. Perform and document cost analyses of providing services to other entities. In addition, the County Commission should ensure all contracts are maintained on a current basis.
- B. Monitor bridge project reimbursement claims to ensure that claims are submitted and reimbursements are received in a timely manner.

Status:

- A. Partially implemented. The county has signed new contracts for some of the dispatching and law enforcement services. However, the county still has not performed and documented cost analyses of providing these services. Although not repeated in the current MAR, the recommendation remains as stated above.
- B. Implemented.

7. County Commission Minutes

- A. The daily business of the County Commission was not adequately documented in the County Commission minutes. In addition, the typed minutes were not reviewed and signed by the Presiding Commissioner or an Associate Commissioner in his absence. Finally, the minutes were not prepared in a timely manner.
- B. Proper notice was not always given for the County Commission meetings as required. The County Commission did not post an agenda for meetings.
- C. The County Clerk did not prepare minutes for the closed session of meetings of the County Commission. In addition, it is not evident that the final disposition of matters discussed in closed meetings were made public.

Recommendation:

The County Commission:

- A. Ensure a complete record of the meetings is prepared and approved on a timely basis.
- B. Ensure timely, accurate, and complete notice is given for all meetings of the board as required by law.
- C. Prepare minutes for all closed meetings.

Status:

A, B

&C. Not implemented. See MAR finding number 2.

8. Associate Commissioners' Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Mercer County's Associate County Commissioners salaries were each increased approximately \$6,065 yearly.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The County Commission has not obtained a written legal opinion regarding the impact of this decision. Although not repeated in the current MAR, the recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MERCER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Mercer was named after Hugh F. Mercer, a Revolutionary War general. Mercer County is a township-organized, third-class county and is part of the Third Judicial Circuit. The county seat is Princeton.

Mercer County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 153 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 431 miles of county roads.

The county's population was 4,910 in 1980 and 4,003 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	27.0	26.8	26.2	26.0	21.3 14.9
Personal property		16.9	17.3	16.8	15.6	6.5 6.7
Railroad and utilities		7.7	8.2	7.5	6.7	1.4 1.5
Total	\$	51.6	52.3	50.5	48.3	29.2 23.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Mercer County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.2400	.2600	.2500	.2800
Health Center Fund		.3000	.3000	.3000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	16,105	15,938	15,344	14,776
General Revenue Fund		138,888	147,913	133,463	148,628
Special Road and Bridge Fund		416	735	190	325
Assessment Fund		49,325	29,613	36,777	34,422
Health Center Fund		154,548	153,296	144,380	48,739
Townships		59,511	58,582	56,015	54,059
Townships road and bridge		119,208	117,707	114,635	111,562
Townships special road and bridge		226,547	225,760	216,883	209,014
School districts		2,478,058	2,451,815	2,283,413	2,217,812
Library district		104,701	104,201	100,105	96,286
Ambulance district		174,393	173,487	166,644	160,396
Fire protection district		154,974	154,272	148,291	142,582
Cities		38,139	40,759	35,244	35,580
County Clerk		209	209	205	194
County Employees' Retirement		10,348	8,018	7,934	6,815
Tax Maintenance Fund		3,910	3,867	1,317	0
Commissions and fees:					
Ex-Officio County Collector		381	178	259	341
Township collectors		29,608	27,303	27,663	26,881
General Revenue Fund		32,081	29,501	28,838	23,018
Total	\$	3,791,350	3,743,154	3,517,600	3,331,430

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
Real estate		96	94	94	95 %
Personal property		93	93	93	92
Railroad and utilities		100	100	100	100

Mercer County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	None	None	
Road and Bridge	.0025	2006	None	
Law Enforcement	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Clifford Shipley, Presiding Commissioner		21,800	21,800	20,612	20,612
Rudy J. Finney, Associate Commissioner		18,612	18,612	18,612	18,612
Robert E. Jones, Associate Commissioner		18,612	18,612	18,612	18,612
Carolyn Kost, County Clerk (1)		30,110	30,098	28,313	28,269
John L. Young, Prosecuting Attorney		38,000	38,000	0	0
Jay Hemenway, Prosecuting Attorney		0	0	35,720	35,720
Duane Hobbs, Sheriff		34,780	34,780	34,780	34,780
Michael Greenlee, County Coroner		6,990	6,990	6,990	6,990
Carolyn Sealine, Public Administrator (2)		15,040	15,040	15,063	15,656
Ray Woodward, Treasurer and Ex Officio County Collector (3), year ended March 31,	28,581	28,378	28,459	28,541	
Norberta DeMoss, County Assessor (4), year ended August 31,		28,951	29,078	29,100	29,100

(1) Includes \$110, \$98, \$113, and \$69 in fees received respectively from the sale of hunting and fishing permits.

(2) Includes salary of \$15,040 in 2002 and fees received from probate cases in 2002 and salary of \$14,100 and fees received from probate cases in 2001.

(3) Includes salary of \$28,200 and commissions earned for collecting city property taxes.

(4) Includes \$751 and \$878 annual compensation received from the state in 2004 and 2003, respectively. Includes \$900 annual compensation received for the state in 2002 and 2001.

State-Paid Officials:

Patricia Stamper, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
James Funk, Associate Circuit Judge	96,000	96,000	96,000	96,000

A new county wide recreation district was approved by voters in 2004. A ½ cent sales tax for the recreation district was passed in February 2005.



Claire McCaskill

Missouri State Auditor

September 2005

MENTAL HEALTH

Protecting Clients from Abuse and Neglect



State mental health clients not fully protected from abuse and neglect due to problems with incident investigations and abusive workers still employed

This audit reviewed how well the Department of Mental Health tracks, investigates and handles incidents and investigations of individuals committing abuse or neglect against its 140,000 clients. All such allegations, including client deaths are tracked in the department's Incident and Investigation Tracking System, which reported 5,689 incidents from July 2003 through August 2004. This audit also followed up on recommendations from a 2001 audit and found systemic problems with abuse investigations.

Only 2 of 8 previous audit recommendations implemented

As of June 2005, only 2 of 8 recommendations from the previous 2001 audit report had been implemented. The 2001 audit found regulations did not fully protect clients from physical aggression and injuries. Follow up audit work showed: providers did not submit all incident reports to the department for the tracking system, not all regional centers tracked incident reports, and the department did not track client on client abuse. As a result, the department and regional centers could not identify abuse trends and patterns. In addition, department officials did not act on 2004 department internal reviews, which made suggestions to correct problems in the existing system. (See pages 4 and 9)

Continuing to employ known felons led to more abuse

Auditors found criminal background check procedures were not always followed, which led to further abuse. In one case, a state-run facility did not immediately fire an employee when a background check showed multiple felonies. During the 12 days between knowing the background check results and the employee's termination, the employee sexually abused a client. (See page 19)

Employees who previously abused clients were still working

Auditors found 38 individuals listed on state employee disqualification lists - which list abusive/neglectful employees - still working with mental health clients between April 2003 and April 2005. Auditors found these individuals by doing an automated match between employee disqualification lists and state employment records, a match never done before by the department. In addition, auditors found the process to put a disqualified employee on the list too slow. In one case, a regional center did not place a disqualified employee on the list until 2 years after the alleged abuse occurred. In the meantime, another provider hired the employee, who then neglected and verbally abused another client. (See page 20)

Abusive provider still allowed to run facility until audit

Department officials had continued to contract with a provider owned by persons who had been on the disqualification list since March 1999. During that time, 11 substantiated cases of neglect occurred at this home, including one client's death. Although department officials knew the owners were on the list, they did not initially think they had the authority to revoke the provider's certification. After auditors shared concerns about this provider, the department removed all clients from the home and did not renew the provider's contract. (See page 22)



Claire McCaskill
Missouri State Auditor

YELLOW SHEET

Abuse investigations lack independence and consistency

Auditors found investigators employed at the mental health facilities - rather than independent investigators from outside the facility - conducted 89 percent of the abuse and neglect investigations. Investigations were also inconsistent with each facility having its own investigative process and investigation outcomes differing depending on the facility. Since the audit, department officials have completely revamped the investigative process, including requiring outside, independent investigators. (See page 17)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
Jefferson City, MO 65102

The Department of Mental Health (DMH) serves approximately 140,000 Missourians annually through services at state-operated facilities and contracts with private organizations and individuals. The department's Incident and Investigation Tracking System keeps track of all individuals committing acts of abuse and neglect against clients receiving services from the department. In addition, all allegations of abuse, neglect, misuse of funds/property, and all deaths are required to be entered into this system. From July 2003 through August 2004, the system reported 5,689 incidents. Because of the importance of protecting clients from abuse and neglect, we focused review objectives on whether (1) DMH implemented recommendations from our 2001 report, (2) DMH took corrective action on internal department recommendations relating to its abuse/neglect system, (3) problems continue to exist in the department's incident reporting system, (4) investigations have been conducted independently and consistently, and (5) clients have been protected from disqualified employees.

We found the department has not implemented all recommendations in our previous report. Problems have continued with DMH's incident reporting system and the department has not taken corrective action addressing abuse/neglect system problems identified in department internal management reports. In addition, the department has not ensured complaint investigations have been conducted independently and consistently and clients have been protected from disqualified employees.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer. Key contributors to this report included John Luetkemeyer, Anissa Falconer, and Preston Hammond.

Claire McCaskill
State Auditor

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Abbreviations

BHC	Bellevue Habilitation Center
CSR	Code of State Regulations
DMH	Department of Mental Health
MRDD	Division of Mental Retardation and Developmental Disabilities
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office

Introduction

The Department of Mental Health (DMH) is comprised of three program divisions that serve approximately 140,000 Missourians annually. Those divisions include (1) Mental Retardation and Developmental Disabilities (MRDD), (2) Comprehensive Psychiatric Services, and (3) Alcohol and Drug Abuse. The department provides services through state-operated facilities and contracts with private organizations and individuals. The state-operated psychiatric facilities include inpatient psychiatric services for adults and children, as well as the Missouri Sexual Offender Treatment Center. In addition, 6 habilitation centers and 11 regional centers serve individuals with developmental disabilities. Other services are purchased from a variety of privately operated programs statewide through approximately 4,000 contracts managed annually by the department.

The department located the Central Office Investigations Unit (investigations unit) within the Office of Quality Management until April 2005. DMH then moved it under the department's General Counsel. The department created the investigations unit in 1989 to investigate the most serious incidents of abuse, neglect, and misuse of funds or property occurring throughout the state. The majority of investigations are not conducted by the central office unit, but are conducted locally by facility and regional center staff. Specific criteria have been established to identify which incidents shall be investigated locally and which shall be investigated by the investigations unit.

Complaints or incident reports are primarily received in facilities, regional centers, or by the department's Office of Consumer Affairs. Administrators in the three divisions analyze these reports and then decide whether an investigation should occur.

The investigations unit is responsible for department operating regulations and Code of State Regulations (CSR) regarding investigations and incidents. The unit is also responsible for the Disqualification Registry, including the processing of paperwork, tracking appeals, and quality assurance regarding the individuals to be placed on the registry.¹ The department's Office of Human Resources handles registry inquiries and background screenings.

State law² disqualifies any facility or day program operated, funded, or licensed by DMH from employing any person who has committed abuse, neglect, or misuse of funds/property acts that are Disqualification Registry qualifying offenses. The department developed the Incident and

¹ The statute that authorizes DMH to perform investigations is Section 630.167, RSMo.

² Section 630.170.1, RSMo.

Investigation Tracking System (tracking system) in 1997 to keep track of those individuals that had committed acts of abuse and neglect against individuals receiving DMH services. All allegations of abuse, neglect, misuse of funds/property, and all deaths are to be entered in the tracking system.³ The tracking system is also a collection of data for report generation to improve services.

The department recorded 5,689 incidents in its tracking system from July 2003 through August 2004, and initiated investigations on 2,281 or (40 percent) of those incidents. Various types of incidents are not required to be investigated. During this time period, 63 percent of the incidents reported related to the MRDD division, 32 percent related to the Division of Comprehensive Psychiatric Services, and 5 percent related to the Division of Alcohol and Drug Abuse.

According to state law,⁴ DMH clients are entitled to humane care and treatment, to be treated with dignity as a human being, and to be free from verbal and physical abuse.

Previous SAO Work

Our previous report⁵ evaluated the effectiveness of the MRDD division's oversight of its 11 regional centers and the effectiveness of the regional centers' oversight and inspections of contractors operating residential facilities and day habilitation programs. Our report disclosed the division had not established regulations to adequately protect clients with developmental disabilities from physical aggression and injuries. In addition, the MRDD division lacked programs and reporting systems to ensure all clients received the same level of safety and quality of care.

Table 1.1 depicts the status of our prior recommendations, as of June 2005. Of the 8 recommendations, only 2 were implemented. Five recommendations were not implemented and 1 was partially implemented.

³ The tracking system procedures manual requires all incidents where there is an allegation or reasonable cause to suspect abuse, neglect or misuse of funds/property be reported in the tracking system.

⁴ Section 630.115, RSMo.

⁵ Audit of Management and Oversight of Contractors Responsible for Care of People with Developmental Disabilities (Report no. 2001-20, March 15, 2001).

Table 1.1: Status of Prior Recommendations

Prior recommendations	Status
1. Amend 9 CSR 45-5 and 9 CSR 40-5.030 to require contractors to submit Incident and Injury Reports to their respective regional centers immediately when serious injuries are involved and within 24 hours for other injuries and incidents.	Not implemented
2. Amend 9 CSR 45-3.050 to apply to clients living in contractor operated facilities.	Not implemented
3. Amend 9 CSR 45-5.010 to state errors in administering or in self-administration of medications shall be reported immediately to the regional center or placement office.	Not implemented
4. Develop an effective quality assurance program and ensure it is uniformly implemented by all regional centers.	Implemented
5. Establish a divisional policy that requires regional centers to systematically analyze contractors' incident reports to identify patterns of aggression, injuries, and medication errors and other incidents that can affect clients safety and well being.	Not implemented
6. In concert with contractors and regional centers, develop a standard incident report form (which could be scanned) to record and report information that needs to be included in incident reports.	Implemented in October 2004
7. Require each regional center to install an automated database to record and analyze contractors' incident reports. The division should require centers without a database to adapt an existing database currently used by other centers until the division can develop a standard database.	Partially implemented
8. Encourage contractors to electronically submit their incident reports.	Not implemented

Source: SAO

As of June 2005, MRDD division officials reported improvements are in place, are planned, or are in process to address most of the weaknesses reported. However, follow-up review efforts disclosed the division has not begun implementing at least 3 of the recommendations including (1) established a system-wide data collection system to identify and monitor clients living in contractor operated facilities who display aggressive behavior, (2) required regional centers to systematically analyze contractor incident reports, and (3) encouraged contractors to submit incident reports electronically. In addition, the division is still in the process of implementing recommendations requiring contractors to submit reports immediately when serious injuries are involved, requiring errors in administering medication be reported to regional centers, and requiring all regional centers to begin using a standard database for incident reports. The division has established a quality assurance program and has developed a

standard incident report form. (See chapter 2 for information related to incident reporting.)

Serious Allegations of Abuse and Neglect Lead to Reviews

In August 2004, the media published reports of serious allegations of abuse and neglect at Bellefontaine Habilitation Center (BHC). These allegations included the severe beating of one client, and a second client's death resulting from abuse. As a result of these allegations, which ultimately were not substantiated, several organizations began investigations or reviews of BHC including:

- DMH
- Department of Health and Senior Services
- Bellefontaine Police Department
- Missouri Protection and Advocacy Services, Incorporated

These reviews included the following findings:

- Lack of clarity regarding authority and responsibilities.
- Instances of injuries and allegations of mistreatment had not been thoroughly investigated.
- Staff accused of abuse had been reassigned to other units, rather than placed on paid leave.
- Training on the use of physical restraint and abuse reporting was not current.
- Parents and guardians not notified in timely manner of significant incidents.
- Families had not been fully informed about the use of the grievance process.
- Incidents had not been adequately documented.

Actions taken by DMH included appointing a new superintendent, reviewing all investigations conducted in the past year, adding staffing, contracting with an outside vendor for assistance in correcting problems, adding an ombudsman to assist families in the grievance process, and improving the quality assurance process.

Scope and Methodology

To determine the status of recommendations made in our prior report, we reviewed documents provided by DMH officials pertaining to follow-up efforts.

To determine whether incidents meeting criteria had been recorded in the tracking system, we obtained 10 databases maintained by 17 DMH facilities or 11 regional centers showing all incidents occurring between July 1, 2003 and August 31, 2004. We compared these databases to the tracking system. We also contacted five police departments located near five judgmentally selected DMH contracted providers and requested all related police reports.

We then determined whether the providers had notified the regional center of incidents involving clients.

We reviewed 40 randomly selected incident reports to determine whether incident reports included necessary information and whether regional center staff had reviewed the reports. We reviewed the reports for incident dates, times, provider names, type of incidents, and for documentation showing whether regional center staff had reviewed the reports.

To determine whether all regional centers track incident reports, we visited DMH regional centers in Albany, St. Louis, Columbia, and Springfield. We discussed the status of recommendations in our prior report⁶ with MRDD division personnel and reviewed procedures the regional centers used to track incident reports.

To determine whether clients were adequately protected from abuse by other clients, we queried data in the tracking system, identified clients with more than 20 aggressive incidents, and department officials notified us of actions taken regarding these clients.

To determine what, if any, corrective action had been taken in response to DMH internal reports, we obtained copies of these reports prepared by the investigations program director. We then discussed problems identified in these reports with DMH officials.

To determine whether problems related to incident reporting had been corrected, we visited DMH facilities in Fulton, Marshall, St. Louis, and Albany. At each of these locations, we talked with officials about investigation procedures and reviewed 15 investigation files randomly selected from all incidents occurring between July 2003 and August 2004. We also reviewed 50 randomly selected incidents local facilities investigated to determine if the department's investigation unit should have conducted the investigation rather than the local facility. Finally, we reviewed all 225 notifications received by the DMH client complaint-line the department classified as abuse and neglect to determine whether the notifications had been recorded in the department's tracking system.

To determine whether DMH officials are using, and tracking systems are providing, pertinent, and relevant information to properly manage and monitor client safety, we reviewed reports prepared by the DMH

⁶ Audit of Management and Oversight of Contractors Responsible for Care of People with Developmental Disabilities (Report no. 2001-20, March 15, 2001).

investigations program director. We also reviewed the Governor's 2005 State of the State address, Department of Health and Senior Services certification surveys, DMH prepared cost analysis, and media publications to obtain a broad understanding of the issues currently facing BHC. Finally, we visited BHC and interviewed officials to determine improvements made and challenges the center continues to face.

To determine whether investigations were conducted consistently and independently, we talked to department and facility officials to ensure we gained an understanding of the investigation process. We also queried data in the tracking system to ascertain the frequency of local investigations. We talked to representatives from Missouri Protection and Advocacy Services, which protects the rights of persons with disabilities through legally based advocacy, to determine what concerns they had regarding DMH's investigation process. We also reviewed materials prepared by the National Association of Protection and Advocacy Systems to learn more about the group's legal rights. Finally, we researched "best practices" on the Internet, and based on this information, we obtained additional information from the investigative unit in Massachusetts, regarding processes used to investigate abuse and follow-up with law enforcement.

To determine if any DMH contracted providers employed persons disqualified from working with clients, we reviewed employment information for all persons included on DMH's Employee Disqualification Listing and the Department of Health and Senior Services Employee Disqualification Listing. We also queried tracking system data to identify cases where background checks were not completed. Finally, we used tracking system information to determine the average delay between substantiated determination and the date a perpetrator was added to the registry.

In order to gain assurance as to the accuracy of incident and investigation data in the tracking system, we performed data validation procedures. We accounted for all consecutive numbers that should have been included in our sample period. However, we found numerous examples of incidents not entered in the tracking system. As a result, information in the tracking system was not sufficiently reliable for purposes of this report. Therefore, we developed recommendations to help ensure the system reflects a complete record of all incidents, and department policies are followed.

We requested comments on a draft of our report from the Director of the Department of Mental Health, and those comments are reprinted in Appendix I. We conducted our work between August 2004 and June 2005.

Problems Continue to Exist in Incident Reporting and DMH's Abuse and Neglect System

DMH has not implemented prior recommendations to (1) require providers to submit all incident reports to regional centers, (2) require all regional centers to track incident reports, and (3) establish a policy to require regional centers to analyze incident reports to identify patterns of client aggression. Although DMH implemented a recommendation to develop a standard incident report form, this action was not timely. Improvements are also needed in DMH's abuse and neglect system because department officials have not taken corrective action on DMH internal review recommendations.

Previous Incident Reporting Problems at Providers Continue

We previously recommended improvements be made in the submission and tracking of incident reports. However, follow-up efforts disclosed problems previously reported have not been corrected. These problems include providers not always submitting incident reports, incident reports not always including all necessary information, and regional centers not always tracking incident reports and patterns of client aggression.

These problems have continued through the end of our audit period—over four additional years. Therefore, the department has less assurance that clients receive humane care and treatment, are treated with dignity, and are free from verbal and physical abuse as required by state law.⁷ This situation continued to occur because DMH management had not implemented most of our recommendations. Monitoring to ensure the findings of audits and other reviews are promptly resolved is a key element of internal control.

Providers not submitting all incident reports

Our review of police reports related to 5 contract providers disclosed police responded to these homes 41 times over a 16-month period.⁸ Of those, 26 incidents were significant events involving clients, such as abuse by caregivers, assaults on other clients, runaways, and disturbances. However, we found 2 providers in the Kansas City area had not reported 10 of the 26 incidents (38 percent) to the regional center. Unreported incidents included a client considered a threat to herself and others, runaway clients, and multiple disturbances.

Contracts between DMH and providers require providers to notify regional centers of any medical emergencies, deaths, unexplained absences, and allegations of abuse or neglect. However, providers are not required to submit all incident reports to regional centers, as recommended in our prior audit report. For example, one of the police calls a provider did not report to the regional center involved a client who had threatened to stab other clients

⁷ Section 630.115, RSMo.

⁸ Police reports from August 2003 through November 2004.

	<p>with scissors. The client also caused a friction burn on her arm. In March 2005, the department proposed a state regulation⁹ to require submission of additional incident reports, including those in our test, to the regional centers.</p>
Incident reports have not always included necessary information	<p>Review efforts at four regional centers¹⁰ disclosed 12 of 40 (30 percent) incident reports did not include all necessary information. Missing data included incident dates, incident times, provider names, type of incidents, and documentation showing regional center staff had reviewed the reports. Additionally, the SAO audited the Kansas City Regional Center in 2004¹¹ and found that 9 of 10 (90 percent) incident reports reviewed were not complete.</p> <p>Our 2001 report found department officials did not dictate the information required in incident reports, and allowed contractors to use different types of incident reports, making entry in a database difficult. We recommended the department require the use of a standard incident form that included all necessary information and allowed for easier data entry. During our review, we found some providers tested a standardized form and, in October 2004, providers began using this form. However, until that time, providers used various incident report formats. Department officials have proposed a state regulation¹² that would require all contractors to use the standard incident report form.</p> <p>Division officials provided us with an overview of the process creating the standardized form. Although division officials began creating this form in March 2001, they did not submit the form to department officials for approval until March 2004. A policy requiring the use of this form has not been established as of June 2005. Reasons for the delay included lengthy testing periods and time spent trying to create a report applicable for all three divisions, according to division officials.</p>
Not all regional centers tracked incident reports	<p>We previously reported that five of six regional centers reviewed did not have an effective system to archive incident reports. Our work disclosed two of four regional centers visited had inadequate tracking systems for incident and injury reports, as of August 2004. For example, the Albany Regional Center filed all incidents in large boxes according to the client's last initial.</p>

⁹ Proposed 9 CSR 10-5.206.

¹⁰ We reviewed ten incident reports at each of four centers.

¹¹ Department of Mental Health Kansas City Regional Center (Report no. 2004-100, December 30, 2004).

¹² Proposed 9 CSR 10-5.206.

The St. Louis Regional Center had five filing systems located in five buildings and officials told us they could not easily determine if any incidents had been reported from April 2003 through late 2004 for over 1,000 clients. In addition, our December 2004 audit found the Kansas City Regional Center had not established a system to track incident reports.

Our 2001 report recommended division officials require regional center staff maintain a database of all incident reports and analyze these reports to identify trends and patterns. In the four years since our prior recommendation, DMH has required regional center staff to record some incidents in the department tracking system. However, the division has not required regional centers to track or analyze all incidents.

Client on client abuse not tracked

DMH has not required regional centers to report client on client abuse in its tracking system. However, some regional centers voluntarily submit this information. Our analysis of tracking system data for 14 months—July 2003 through August 2004—found the following examples of clients with aggressive incidents:

- Client A committed physical acts of aggression against other clients 60 times during a 13-month period.
- Client B committed physical acts of aggression against other clients 48 times over a 6-month period.
- Client C had a total of 52 incidents during a 14-month period, including 16 acts of aggression against fellow clients and staff, and 11 elopements.

In each of the above cases, the regional center staff took actions, including implementing behavior plans, changing roommates, and admitting a client into long-term habilitation center placement. However, DMH has not established regulations requiring regional center staff to classify these clients as displaying aggressive tendencies, and requiring increased levels of supervision.

Corrective Action Not Taken on Abuse/Neglect Problems Reported in 2004

DMH's investigations program director issued reports in March and April 2004 detailing problems existing in the abuse/neglect system, and made recommendations to correct some reported problems. However, DMH officials did not take corrective action or prepare a corrective action plan.

The reports primarily reviewed investigations and data in the tracking system for fiscal year 2000 through fiscal year 2003. Problems reported included:

- Allegations of abuse and neglect had not always been entered in the tracking system.

-
- Investigations meeting the criteria for a central office investigation had sometimes been conducted by facilities.
 - Timeliness requirements often had not been met for: entering incidents in the tracking system, completing investigation reports, entering determinations in the tracking system, submitting paperwork to central office, and entering plans of action in the tracking system.
 - Required notifications had not always been given to local law enforcement, the Department of Social Services Child Abuse and Neglect Hotline, parents and guardians, and complainants.
 - Physical exams and photographs had not always been included in investigation files when required.

DMH officials did not prepare a plan to correct problems discussed in the reports, or implement recommendations made. Officials told us the planned new version of the tracking system program would correct some problems reported. The new version of the tracking system is currently scheduled to be implemented in the fall of 2005, approximately three years after the planned implementation date of December 2002. The new version is included in the Consumer Information Management, Outcomes and Reporting System.

Some problems reported by DMH still exist

Our review of incident activity for July 2003 through August 2004 disclosed some problems reported on by DMH in 2004 still existed. We found abuse/neglect complaints had not always been entered in the department's tracking system, or handled in a timely manner. In addition, appropriate parties had not always been notified of investigations and required information has not always been included in investigation files. We found facilities referred most required cases to the central office investigations unit.

Abuse/neglect complaints not always entered in tracking system

Our review of 225 client complaint-line calls made in fiscal year 2004 disclosed 101 related to alleged abuse or neglect. Of the 101, we determined 18 (18 percent) had not been entered in the tracking system. According to officials, the allegations had not been entered in the tracking system because some had been made by delusional patients and others lacked specific information or corroborating evidence. In addition, discussions with DMH officials and review efforts disclosed almost half the allegations at Fulton State Hospital, and an unknown number at BHC, had not been entered in the tracking system because these facilities conducted "preliminary investigations" before determining what information would be entered in the tracking system. According to the head of Fulton State Hospital, the hospital had a very open system and encouraged clients to file complaints. This system results in the hospital receiving many complaints including complaints that were not factual, complaints that were incoherent or

delusional, or grievances concerning treatment issues. As a result, preliminary investigations were done to make the best use of limited investigation resources.

DMH operates a hotline allowing anyone to lodge complaints, including allegations of abuse or neglect. The tracking system procedures manual requires facilities and regional centers to report all allegations of abuse and neglect in the tracking system. DMH guidance has not given facilities the authority to conduct preliminary investigations or exclude allegations from the tracking system, due to situations surrounding the complaint.

Some complaints not investigated or processed within timeframes

Our review of the timeliness of 60 randomly selected investigations at 4 facilities¹³ disclosed 10 had not met DMH's 30-work-day criteria for timeliness. For example, 7 took between 35 and 50 work days to investigate and we found 3 investigations (5 percent) took 60 work days, or twice as long as allowed by DMH.

In other audit tests, we found lengthy investigations occurred at the Albany, St. Louis, Kansas City, and Joplin regional centers. For example, the Kansas City Regional Center did not initiate an investigation for four and a half months after officials became aware of the situation. In another instance, the St. Louis Regional Center had not completed an investigation seven months after being made aware of possible physical abuse. According to DMH officials inadequate resources led to untimely investigations.

We also found the St. Louis Regional Center had not complied with DMH regulations regarding timeliness for processing complaints. Five of nine tracking system cases had not been entered within one day, and all nine had no determination made within ten days as required by DMH regulation.¹⁴ In addition, two of the nine case determination forms had not been forwarded to the investigations unit until after we requested the forms. In both cases, the final investigation reports had been delivered to the regional center's Director five months earlier. Regional Center officials stated that these significant delays occurred because unfilled positions led to a large backlog of cases to review.

DMH regulations¹⁵ established required time frames for conducting investigations. From the time a facility is notified of possible abuse or neglect, the investigation is to be completed within 30 working days.

¹³ Investigations occurred between July 2003 and August 2004.

¹⁴ DMH Operating Regulation Number 2.210.

¹⁵ DMH Department Operating Regulation Numbers 2.205 and 2.210.

	<p>Department officials stated regular management reports showing investigations not completed or processed timely had not been prepared during our audit period. In June 2005, officials told us they had begun to prepare these reports on a regular basis.</p>
Applicable parties not always notified of investigations	<p>Our review of 60 investigations disclosed officials did not document notification of some appropriate parties in 45 (75 percent) of the investigations. DMH regulations¹⁶ require parents or guardians be notified when allegations of abuse or neglect are received, and when the investigation is concluded. An acknowledgment must also be sent to the person who made the complaint, and in certain circumstances, local law enforcement and other state agencies must be notified.</p> <p>According to department officials, the department notified parents in some cases, but failed to document it in the file. In other cases, officials did not notify parents and complainants due to oversight. One official was almost certain a patient was delusional, and therefore did not notify law enforcement. Another official only notified law enforcement when she believed criminal charges would result. DMH guidance¹⁷ requires staff to notify parents and complainants in writing. Additionally, this guidance requires law enforcement be notified in certain instances, regardless of the patients' mental state or the likelihood that criminal charges will be filed.</p>
Required information not always included in investigation files	<p>Our review of the 60 investigations disclosed 22 involved allegations of sexual abuse or physical abuse with injuries. We found in 3 of the 22 investigation case files (14 percent) did not contain documentation of a physical exam or photographs. DMH regulations¹⁸ require clients be given a physical exam and physical injuries be documented with color photographs, regardless of the age of the injuries, when alleged sexual abuse or physical abuse with injuries occurs.</p> <p>In one case, officials stated a physical exam did not occur because the injuries were old and healing by the time the facility was notified of the alleged abuse. In a second case, officials did not document injuries with photographs due to oversight.</p>
Central office investigations were not requested for some qualifying incidents	<p>Our review of 50 randomly selected local investigations, conducted between July 2003 and August 2004, disclosed 2 investigations (4 percent) should have been turned over to central office for investigation.</p>

¹⁶ DMH Department Operating Regulation Numbers 2.205 and 2.210.

¹⁷ See footnote 16.

¹⁸ See footnote 16.

DMH's tracking system procedures manual requires ten types of investigations to be conducted by central office investigators, rather than local investigators. Examples include suspected sexual abuse of clients by staff and suspected suicides.

Division officials stated they did not refer one case of sexual abuse to the investigations unit because the client denied the incident occurred, the client refused to cooperate, and the only witness report indicated it was a consensual act. In the second case, a facility investigation did not find reasonable cause to believe sexual abuse occurred. DMH guidance requires facility management to refer all sexual abuse cases to the investigations unit, regardless of the patient's willingness to participate in the act. Additionally, guidance did not allow facility management to conduct a local investigation prior to turning the case over to the investigation unit.

Preparation and analysis of management reports might have detected BHC problems sooner

The department did not prepare management reports for trend analysis until August 2004, after media reports regarding a client death at BHC, according to division officials. Our review of information included in these reports for January through July 2004 data disclosed BHC had almost 70 percent more investigations per client than the average for habilitation centers.

In response to problems identified, BHC obtained additional staffing to provide the necessary level of care for resident clients. However, DMH and facility management expressed concerns because some staff left for other jobs and it has been more difficult to hire quality staff persons due to the planned closure of the center.

Conclusions

Our work disclosed DMH has not corrected problems associated with incident reporting. We found providers have not been required to, and did not submit, all incident reports to regional centers. The department also has not required all necessary information to be included on incident reports. Unless providers are required to submit necessary information and all incident reports, any analyses done by regional centers will be incomplete. The department also has not required regional centers to design effective systems to track and/or analyze all incident reports. Therefore, the department has no assurance that regional centers will be able to identify trends and patterns. Although some regional centers voluntarily submitted information, DMH has not required regional centers to report client on client abuse in its tracking system. While the regional centers took corrective action in the instances we identified, DMH has not established regulations requiring regional center staff to classify these clients as having aggressive tendencies, and requiring increased levels of supervision.

The department also has not taken corrective action or prepared a corrective action plan to address abuse/neglect system problems disclosed in DMH's 2004 internal reviews. Department officials have not designed effective controls to ensure that facilities are following regulations requiring all allegations of abuse and neglect be entered into the tracking system, investigations are completed within required timeframes, appropriate parties are notified of investigations, appropriate information is included in the investigation files, and required investigations are completed by the investigations unit. DMH management cannot get a true picture of all abuse/neglect allegations if some allegations are not reported in the tracking system and cannot make valid comparisons between facilities/regional centers. Timely conclusions to investigations are important to protect clients from abusive staff, and to allow accused staff to return to work if allegations are false.

Recommendations

We recommend the Director of the Department of Mental Health:

- 2.1 Develop corrective action plans to address problems identified by external and internal reports.
- 2.2 Establish effective internal controls and periodic monitoring efforts to ensure that regulations involving incident investigation and reporting are followed.
- 2.3 Continuously monitor staff to client and investigations per client ratios at BHC to ensure that client care does not suffer during the closing process.

Agency Comments

See Appendix I for agency comments.

Improvements Needed in Investigations of Abuse and Neglect

Improvements are needed in investigations of abuse and neglect because DMH has not ensured (1) investigations have been conducted independently, and (2) investigation methods and determinations have been consistent. As a result, clients may be at increased risk.

Investigations Lack Independence and Consistency

Tracking system data supplied by department officials included 2,281 investigations. Our review of this data disclosed investigators employed at the facility where the complaint originated conducted 2,019, or 89 percent, of these abuse and neglect investigations. Local investigators reported investigation results to the head of the facility and often worked in other positions and with other employees at the facility.

The Department of Health and Senior Services' conflict of interest policy is designed to promote objectivity in the inspection and complaint investigation process regarding nursing homes. The policy does not allow employees to participate in inspections and complaint investigations at facilities where they have been employed until two years have lapsed from their previous employment. In addition, a May 2001 U.S. Department of Health and Human Services, Office of Inspector General report entitled "Reporting Abuses of Persons with Disabilities" addressed abuse reporting/investigating practices in seven states. The report found states with the most structured systems included an organizational structure which provided for an independent agency to handle incidents and/or oversee investigations performed by others.

Investigation methods and determinations lack consistency

Investigation methods and forms have not been consistently applied among facilities. For example, Fulton State Hospital used polygraph testing as an effective investigative tool, while other facilities visited either used polygraph testing only occasionally, or not at all. In addition, each facility independently developed forms to track the investigation process and to report investigation results.

In an April 2004 report, the DMH investigations program director found determinations had not been made consistently throughout the state. Lack of standard criteria led to differences in the number of charges substantiated, as well as in the types of actions considered abuse or neglect. An incident involving the neglect of four clients might be considered one count of neglect by some determiners, but four counts of neglect by other determiners. Errors in dispensing medication might be considered neglect by some determiners, but not by others. In discussing these issues with us, department officials agreed consistency would improve the investigation process.

Department making changes
to investigation process

In June 2005, as we were concluding our work, department officials told us they were changing the investigation process. Changes include the elimination of local investigators; all investigators will now be under the authority of the central office investigations director. As a result of these changes, department officials told us they hope to achieve more consistency in forms, methods, and determinations.

Conclusions

DMH's use of facility investigators to conduct investigations at local facilities has not been in the best interest of the department. Having to possibly investigate fellow employees and/or question facility management decisions subjects the investigator to potential conflicts of interest. We believe investigators should be independent of the facility being investigated and findings should be reported to DMH's investigations unit.

DMH has not ensured consistency in investigations because it has not established policies/guidance that require investigators to use consistent methods in investigations, standardized investigation forms, and make consistent determinations. A standardized process would provide more structure to critical decision points when investigating incidents, increase the consistency and validity of conclusions, and improve the effectiveness of the investigation unit.

Recommendation

We recommend the Director of the Department of Mental Health:

3.1 Establish an independent investigation unit and require the use of standardized forms and methods to handle complaint investigations.

Agency Comments

See Appendix I for agency comments.

Clients Not Adequately Protected From Disqualified Employees

DMH has not ensured clients have been adequately protected from individuals having histories of abuse or neglect. This situation has occurred because (1) facility and contractor administrators have not always conducted criminal background screenings for new employees, or terminated employees with disqualifying information; (2) DMH has not had procedures to identify disqualified individuals working for providers; and (3) delays often occurred in placing individuals on DMH's disqualification listing. In addition, the department allowed a facility owned and operated by disqualified individuals to continue to operate. As a result, clients have been at risk of being abused or neglected.

Lack of Background Checks and Termination of Disqualified Employees Resulted in Abuse

DMH policies require background screenings to be completed for all new employees. These policies require facilities and providers to deny employment to disqualified individuals. However, facility and contractor administrators did not always comply with DMH procedures regarding criminal background screenings for new employees.

The following examples illustrate how the failure of administrators to conduct background checks or to immediately terminate employees with disqualifying information in background checks resulted in client abuse:

- One state-run facility did not take immediate action to terminate an employee when a background check disclosed the employee committed multiple disqualifying felonies, including arson, aggravated assault, and unlawful use of a weapon. During the 12 days between the time the facility learned of the felonies and termination of the employee, DMH determined this employee sexually abused a client.

According to department officials, the employee's termination did not occur timely because the facility's human resources director was on vacation.

- A contract provider did not immediately terminate an employee when learning of disqualifying crimes on his background check. Crimes included robbery, unlawful use of a weapon, and drug trafficking. Additionally, after termination, the employee continued to have contact with clients. The employee is alleged to have sexually abused a client before and after his termination.

According to documents provided by department officials, the provider believed there was no problem with his employment because the employee came from another provider.

-
- Another contract provider did not conduct a background check for one employee and did not provide required training. DMH determined this employee later sexually abused a client.

Department officials provided us with copies of letters sent out to all providers in March 2005 to remind and inform contractors of requirements regarding background screenings.

Disqualified Persons Employed by Contractors

State law¹⁹ disqualifies certain persons who have abused or neglected individuals in the past and persons who have committed specific crimes. However, we identified 38 individuals on the DMH or Department of Health and Senior Services disqualification list that worked with clients between April 2003 through April 2005. DMH officials had not been aware of these individuals until we brought this matter to their attention.

In one instance an employee had been disqualified due to physically and verbally abusing a client. St. Louis Regional Center officials did not report the substantiated charges to central office until 10 months after the original abuse occurred. At that time, the regional center did not submit all of the necessary documentation, resulting in a second delay of more than one year. Therefore, department officials did not add the perpetrator to the disqualification listing until almost two years after the original abuse occurred, despite the fact that the perpetrator did not appeal any of the charges. During these two years, a second contracted provider hired the perpetrator, who then committed verbal abuse and neglect against another client.

After we discussed these employees with department officials, they contacted each employer to ensure the provider had terminated each employee. Additionally, after March 2005, department officials began conducting quarterly matches with employment data to determine if disqualified individuals are working with clients.

Information provided to us by the department indicated that some providers conducted a proper background check, but the employee had not yet been added to the disqualification listing, while other providers misinterpreted the results of the background screenings. For example, some providers reviewed one disqualification listing and thought they had received clearance to hire an employee, when in fact another listing needed to be reviewed.

¹⁹ Section 630.170.1, RSMo.

Delays occurred in adding individuals to the disqualification listing

We found significant delays often occurred in placing individuals on DMH's disqualification listing. This problem occurred, in part, because of the delay between the time investigators completed reports and the time facility managers made determinations on cases. DMH policies allow the process to take approximately 50 days. However, St. Louis Regional Center exceeded 50 days in this process for more than half of its investigations between July 2003 and August 2004. The regional center took over a year to make some of these determinations. In addition, we found an average of 9 months between DMH determining an individual committed an abuse and placing the individual on the disqualification registry.

Time delays sometimes had been compounded by facility delays submitting paperwork to the investigations unit. We found all 6 registry qualifying offenses at the St. Louis Regional Center²⁰ ranged from 7 months to over a year to be added to the registry after determinations had been made. For example, in one case regional center administrators did not submit paperwork to the investigations unit for over a year after an employee was found to have neglected clients. We found further delays once the necessary paperwork reached the investigations unit. For example, delays often occurred when employees waited to "batch" several cases at once, instead of handling each case individually.

We also found DMH policy did not require monthly management reports identifying cases not progressing in a timely manner. However, in discussing this matter with us DMH officials stated policies related to adding individuals to the disqualification listing were revised in April 2005 and officials initiated management reports in June 2005.

Although the DMH has policies in place requiring all state and provider employees who have contact with clients to have background checks prior to employment, these checks cannot identify individuals who have committed disqualifying offenses but have not been added to the disqualification listing.

Department making changes to enhance process

After we discussed these issues with department officials, they established new procedures for adding persons to the disqualification listing. These changes allow persons to be added to the listing in a timely manner, according to the officials.

²⁰ During July 2003 through August 2004.

Problem Provider's Certification Not Revoked

DMH has continued to contract with a provider owned and operated by persons on DMH's disqualification listing since March 1999. During that time, there have been 11 substantiated cases of neglect at this home, including one leading to the death of a client.

From May 2003 to April 2005, DMH had been aware the owners and other persons on DMH's disqualification listing had contact with clients in the home. Persons having contact with clients in the home had been initially disqualified for (1) choking, kicking, and slapping clients; (2) pushing a client's face to the floor; (3) striking a client with a broom; (4) verbal abuse, including cussing at clients and threatening to kill clients; (5) failure to provide prompt medical attention and to follow proper medical procedures; (6) failure to provide proper support for clients, leading to the death of one client; and (7) failure to report the mistreatment of clients.

According to documents received from department officials, the owner of this provider admitted that he had contact with clients 24 times during May 2003. Department officials told us they did not initially believe they had the authority to revoke a provider's certification because its owner was on the disqualification listing, but they now believe they do have this authority.

After we notified DMH of our concerns about this provider, the department removed all clients from the home and did not renew the provider's contract.

Conclusions

DMH has not ensured clients have been adequately protected from abuse or neglect by individual caregivers. Facility and contractor administrators have not always conducted criminal background screenings for new employees, or taken action to immediately terminate employees with disqualifying information in background checks. As a result, some clients have been unnecessarily abused by these individuals. We believe, DMH should emphasize the need to immediately terminate employees with disqualifying information and penalize providers for not doing so.

DMH also had not established adequate controls to ensure contracted providers do not employ disqualified persons. We found individuals included on disqualification listings, as well as persons who had disqualifying offenses on background screenings, employed by providers. We believe the department should continue conducting recently established reviews of employment data to ensure contracted providers do not employ disqualified persons.

We also believe clients have been put at risk because of unnecessary delays in placing individuals on the disqualified listing. This problem occurred because of (1) delays between the time investigators completed reports and

the time facility managers made determination on cases, (2) facility delays submitting paperwork to the investigations unit, and (3) investigation unit delays while employees waited to "batch" several cases at one time.

We also found DMH officials have allowed one provider to remain open, despite documented cases of contact with clients by persons on the disqualification listing. Officials chose not to take action even though the owner, who was on the disqualified listing, admitted to having contact with clients. As a result, clients were unnecessarily placed at risk from individuals with histories of abuse and neglect.

Recommendations

We recommend the Director of the Department of Mental Health:

- 4.1 Conduct automated matches to identify instances where individuals listed on the DMH and Department of Health and Senior Services disqualification listings, or individuals with criminal backgrounds are inappropriately working for DMH providers.
- 4.2 Ensure contractor staff are trained to conduct background screenings properly, aggressively sanction providers who knowingly allow disqualified persons to have contact with clients, and decertify providers with repeat violations.
- 4.3 Streamline the process of placing individuals on the disqualification listing who have been found to have abused or neglected clients, and generate monthly management reports to monitor incident investigations that are not progressing in a timely manner.

Agency Comments

See Appendix I for agency comments.

Agency Comments

MATT BLUNT
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August 24, 2005

John Luetkemeyer
State Auditor's Office
P.O. Box 869
Jefferson City, MO 65102

Dear Mr. Luetkemeyer,

We have received the revised draft report titled, "Mental Health: Protecting Clients from Abuse and Neglect." We appreciate the opportunity we had on August 8th to discuss the contents of the report with you and are pleased with the changes made to the report at our request. Please find enclosed the Department of Mental Health's written responses and our plans to implement the recommendations.

If you have any questions, please contact Janet Gordon at 573/751-8067.

Sincerely,

A handwritten signature in black ink, appearing to read "Dorn Schuffman".
Dorn Schuffman
Director

DS:cw
Enclosure
cc: Janet Gordon
DMH Executive Team

The Department of Mental Health does not deny employment or services because of race, sex, creed, marital status, religion, national origin, disability or age of applicants or employees.

Appendix I

Agency Comments

Recommendation 2.1: Develop corrective action plans to address problems identified by external and internal reports.

DMH Response:

We concur. We have already implemented corrective actions to address the recommendations from the prior audit¹ cited on page 5 above, and have developed plans of correction to address each of the findings of the internal report cited on page 11 above.

At the time of the prior audit, there was no rule requiring contractors to submit Incident and Injury Reports in a timely manner, and Incident and Injury Reports did not explicitly require reporting medication errors or incidents between consumers that did not involve abuse or neglect as defined by statute. The prior audit recommended amending existing rules to require the timely submission of Incident and Injury Reports by all contractors, and that the Incidents and Injury Reports require reporting medication errors and all incidents between consumers that could help to identify patterns of aggressive behavior.

The Department concurred with these recommendations, and, as noted on page 10 above, before revising the administrative rules regarding the reporting of incidents and injuries, the Department initially tried to develop a revised Incident and Injury Report form that could be used by all three of its divisions. However, differences in the needs and vulnerabilities of the consumers served by the three divisions, eventually resulted in the development of one form for use by the Division of Mental Retardation and Developmental Disabilities, and one form for use by both the Division of Alcohol and Drug Abuse and the Division of Comprehensive Psychiatric Services. Both sets of forms include the additional information recommended by the prior audit regarding medications errors and incidents between consumers. The forms were field tested before being finalized. DMH facilities and contractors began using the new forms in the fall of 2004. A proposed rule requiring all contractors to submit the revised Incident and Injury Reports in a timely manner was filed in December, 2004. Following the period of public review and comment, a revised rule was filed in March, 2005. Following the required rule making timeframes, the final rule will be effective October 31, 2005.

The prior audit also recommended that MR/DD regional centers install an automated database to record and analyze contractor's incident reports, and that contractors be able to submit incident reports electronically. Implementation of these recommendations awaits full implementation of the Department's new web-based management information system (CIMOR) which will be able to fully accommodate the additional data now included in the Incident and Injury Reports, as well as electronic submission of the reports by contractors. However, in the interim, data from the revised Incident and Injury forms is being entered into an automated Community Event Form data base created by the Division of Mental Retardation and Developmental Disabilities to track incidents and injuries in community programs.

¹ Audit of Management and Oversight of Contractors Responsible for Care of People with Developmental Disabilities (Report no. 2001-20)

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The internal report regarding the incident and injury reporting system (iITS), noted on page 11 above, was developed by mid-level managers as part of their routine quality assurance activities. The report both identified processes that were working well, and recommended changes in the iITS system. Although the report was shared with an immediate supervisor, it was not forwarded to the DMH Executive Team for review and action. (It should be noted that responsibility for abuse and neglect investigations, the incident and injury reporting system, and the consumer complaint line have been administratively reorganized under the DMH General Counsel.) Some of the recommendations of the internal report have already been implemented and will be institutionalized when the rule published in March becomes effective October 31st. Plans of correction have been developed for the remaining recommendations in the internal report.

Recommendation 2.2: Establish effective internal controls and periodic monitoring efforts to ensure that regulations involving incident investigation and reporting are followed.

DMH Response:

We concur. Several additional internal controls have been developed to ensure that regulations involving incident investigation and reporting are followed. These new procedures will be fully implemented with the activation of the newly centralized DMH investigations unit on September 16th, 2005. (See the response to Recommendation 3.1 below.)

All parties responsible for inputting data into the incident and investigation tracking system (iITS) were retrained to assure timely entering of data using the standardized forms and consistent with revised procedures.

New procedures provide for a distinction between incidents that may involve abuse or neglect and therefore require an investigation, and those that do not appear to involve abuse and neglect. The new procedures require facility heads to conduct a preliminary review of incidents that do not appear to involve abuse or neglect to determine whether there is reasonable cause to believe the incident involves abuse or neglect. When the head of the facility does not find reasonable cause to believe the incident involves abuse or neglect, the head of the facility is required to enter the incident information into iITS as an "inquiry". Monthly reports of all "inquiries" entered into iITS for each facility are required to be reviewed by the office of the general counsel and the relevant division for compliance with the regulation defining "inquiry".

New procedures require investigators to:

- note in their reports whether notice was provided to parents, guardians, complainants, required state agencies or law enforcement as required by law, and to obtain copies of the notice for the file; and to notify the head of the facility, during the investigation, if required notifications have not been made in a timely manner;

- ensure that physical exams have been conducted in all cases of sexual abuse and physical abuse as required by regulations by noting same in the report and incorporating into the file documents that establish same; and

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ensure that photographs of all injuries are incorporated into the investigation file as required by regulations.

New investigator training materials stress the timeliness of investigations. It has always been the practice to provide a timely preliminary report and to request additional time due to matters out of the control of the investigator (i.e. awaiting autopsy results, polygraph results, records from outside agencies, etc.) in all investigations that are not completed in the timeframe under regulations. New procedures require weekly meetings between the general counsel or designee and the investigation unit director to review all incomplete and pending cases which review includes the timeliness of the investigations. New procedures also require that monthly reports for timeliness of determiners' substantiated determinations are reviewed with the divisions by the office of the general counsel.

New procedures require that all investigations are reviewed for completeness by the regional supervisor before being issued to the determiner, and in critical cases, determined upon assignment, that they are reviewed by the unit program director or general counsel/designee.

With the creation of the centralized investigation unit, all incidents involving a reasonable suspicion of abuse or neglect are required to be reported and investigated by the central investigation unit so that there is no longer any need for criteria central versus local investigations.

New procedures require the development and review of reports to ensure the timely entry of incidents, final determinations, and completion of history fields into the incident and investigations tracking system (iITS); timely completion of investigators' final reports and interim reports; timely submission to the Office of the General Counsel of the Final Determination Forms; timely decisions on appeals to the Department's Hearings Officer; and the timely addition of offenders' names to the employee disqualification registry. In addition, as noted below, on a quarterly basis, persons on the employee disqualification registry will be matched to Division of Employment Security records to identify persons illicitly working for an agency funded, certified, or licensed by the Department.

Finally, the Department will institute periodic monitoring reviews at provider, state-operated facility, and Central Office levels to ensure regulations involving incident investigation and reporting are followed, as well as to determine if process changes have achieved the desired results.

Recommendation 2.3: Continuously monitor staff to client and investigations per client ratios at BHC to ensure that client care does not suffer during the closing process.

DMH Response:

We concur. The Division of MRDD has developed a scorecard for each MRDD facility that includes the recommended performance measures. Data from the scorecard will be compared with iITS information regarding investigations as well as consumer complaints. This information will be gathered and reviewed on a monthly basis. The Division will be monitoring the "action plans" that are written in response to the investigation by the facility, to ensure thoroughness and timeliness.

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Recommendation 3.1: Establish an independent investigation unit and require the use of standardized forms and methods to handle complaint investigations.

DMH Response:

We concur. Effective April of 2005 the investigation unit was reorganized under the office of the general counsel with the direction to centralize the unit department-wide. The transition from a decentralized system in which the majority of investigations were conducted by staff under the direct supervision of the Department's six habilitation centers, eleven psychiatric facilities, and eleven regional centers to a centralized system under the supervision of the Department's general counsel required reallocating resources, including reclassifying, transferring and/or hiring, and training personnel; revising regulations, policies, and procedures, and establishing or relocating offices. The centralized unit under the general council will be fully operational on September 16, 2005.

In addition, as noted above, standardized forms have been developed for the reporting of all incidents. These forms are currently being used, and the final rule requiring all contractors to use the standard forms will be effective on October 31, 2005.

Recommendation 4.1: Develop automated matches to identify instances where individuals listed on the DMH and Department of Health and Senior Services disqualification listings, or individuals with criminal backgrounds are inappropriately working for DMH providers.

DMH Response:

We concur. Since the beginning of 2005, the DMH audit section has matched Division of Employment Security (DES) data with persons on the DMH disqualification list on a quarterly basis. Providers who are found to employ disqualified persons are notified to take appropriate action. The department is in the process of entering into a memorandum of understanding (MOU) with DHSS to share disqualification lists. Issues involving information systems security and process are pending resolution. The department audit section will then match quarterly the DHSS list with the DES data and DMH provider data to identify persons disqualified from employment. Matches shall be addressed with the provider. As part of their review, certification and licensure currently ensure that background checks are completed on all new hires by the agency being reviewed. Policy is being developed to require that certification and licensure staff incorporate as part of their survey a process of obtaining the names of current employees, social security numbers, dates of birth and addresses with each provider and provide the names and other relevant information to the audit section to run against appropriate criminal misconduct data bases.

Recommendation 4.2: Ensure contractor staff are trained to conduct background screenings properly, aggressively sanction providers who knowingly allow disqualified person to have contact with clients, and decertify providers with repeat violations.

DMH Response:

We concur. At the time of initial certification or licensure of an agency, providers are trained in how to properly conduct background screening. In March, 2005, a letter was

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sent to all contractors reminding them of their statutory and regulatory obligations to conduct background screenings, and advising them of the processes for doing so. Current regulations allow DMH to decertify an agency whenever consumers are at risk. Employers who knowingly employ individuals on a disqualification list or who have a criminal background, or who allow such individuals to have contact with consumers, will have their certification and/or license revoked.

Recommendation 4.3: Streamline the process of placing individuals on the disqualification listing who have been found to have abused or neglected clients, and generate monthly management reports to monitor incident investigations that are not progressing in a timely manner.

DMH Response:

We concur. In April, 2005 the disqualification list process was reorganized under the office of the general counsel and a timely centralized process initiated for the receipt of all determiners' substantiated determinations to be inputted into the automated history file. The practice of "batching" determinations and waiting 180 days was abandoned, and in lieu thereof any provider employee who fails to appeal within 15 days of final determination is placed immediately on the disqualification list and any state employee who does not appeal to the PAB in 35 days is placed on the list. In order to assure due process, the department will continue to await a final decision from the internal or external hearing tribunal for those who have timely appealed before placement on the disqualification list. The office of the general counsel reviews this process with the registry coordinator on a monthly basis. The office of the general counsel reviews with the investigation unit director on a weekly basis all incomplete pending investigations listed in management reports and included in this review is the timeliness of the investigations. Training of the new investigations unit stresses the need for thorough and timely reports.



Claire McCaskill

Missouri State Auditor

September 2005

City of Rock Hill, Missouri

Year Ended March 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Rock Hill, Missouri.

The City of Rock Hill's financial condition is contingent upon the sale of the city center property and the successful completion of the Northwest/Southwest Manchester and McKnight (NW/SW) redevelopment project.

In the summer of 2002, the city proposed building a new city center complex. The city could not locate documentation of the requests for proposals (RFP) for a project manager or the analysis documenting how and why the architect hired was selected. Contracts for these services were signed in February and April of 2003.

The Board requested former Mayor Salamone to perform some preliminary analysis on the feasibility of the city center project. Although his review indicated the project was feasible, the Board requested quotes for two outside firms to conduct separate real estate and recreational feasibility studies in July 2003. By the time these contracts were signed in October 2003, the city had already committed to purchasing the land, which eventually cost \$1.75 million, and had spent approximately \$307,000 for other services. The Board eventually terminated the city center project, but not before spending an additional \$412,300. In addition, the city also incurred costs associated with the purchase of the land and financing totaling \$279,800. Through the termination of the city center project, it is estimated that the city has spent approximately \$2.7 million. With the recently negotiated sale of the property at a price of \$2 million, there is approximately \$700,000 in city costs that will not be fully recovered with this sale.

The city indicated RFPs were requested for the NW/SW redevelopment project (including the Sayer and City Hall properties) in December 2002, but that no responses were received. The planning board then heard presentations from three firms and made a recommendation to the Board of Aldermen. After a developer had been selected, the city determined there was no documentation that it had formally advertised for proposals. In September 2004, the board approved advertising of a new RFP. Due to the restrictive nature of the RFP, including a \$10,000 non-refundable deposit and a due date of 30 days, the city only received one proposal, from the same developer with whom they had already been working. The city has recently negotiated for the sale of the combined Sayer and City Hall properties to the developer for \$3.6 million, however the city did not have a recent appraisal for the City Hall property.

(over)

YELLOW SHEET

Former Mayor Salamone received commissions totaling \$33,600 from the retirement plan investment manager while acting as the pension plan "selling agent", which appears to be a violation of state statutes regarding related parties. The city retained special counsel to investigate this matter and, as a result, a lawsuit has been filed against the parties involved.

Former Mayor Salamone was elected in April 2002 to a four year term and received a monthly salary of \$275 for his official duties. Additional compensation granted him totaling \$3,637 was unsupported by state law, including \$937 for time spent in court hearings and depositions on behalf of the city, which appear to be an extension of his official duties and would, therefore, not require additional compensation. Also, the city did not have a written contract with former Mayor Salamone for his additional duties.

Several expenditures were not adequately supported by vendor invoices. The city did not enter into contracts or could not locate contracts for services provided for some expenditures, including: street repair, \$209,011 and the City Attorney's legal fees, \$243,311. Because the city has not clearly described the relationship they intended to create with some individuals providing services through a written contract, it is not clear why these individuals were considered independent contractors or if they actually met the IRS criteria. Additionally, the city either did not always solicit bids/proposals in compliance with their bidding policy or did not always retain bids/proposals, discussed in board meeting minutes, documenting their compliance with the policy.

The city held dinners and purchased gifts for employees that did not appear to be prudent uses of public funds, including: an employee farewell dinner, an appreciation dinner for 35 employees and officials, and an employee Christmas party where each employee received a \$50 gift certificate.

The city does not have a formal policy regarding credit card usage. Several expenditures for local meals were incurred, but the invoices did not document who attended and why a meal was necessary.

Some meeting minutes were not retained and others did not include sufficient detail of matters discussed and action taken. In addition, closed meetings were not always adequately documented or conducted in accordance with state law.

Also included in the report are recommendations related to payroll and personnel, expenditures, ordinances, financial reporting, budgets, dispatch services, cellular phones, fund accounting, and capital asset records.

All reports are available on our website: www.auditor.mo.gov

CITY OF ROCK HILL, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Rock Hill, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Rock Hill, Missouri. The city engaged Hochschild, Bloom & Company, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended March 31, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended March 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Rock Hill, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 10, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Steven Re, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ROCK HILL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. City Financial Position and Development Projects
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The city's financial condition is contingent upon the sale of the city center property and the successful completion of the Northwest/Southwest Manchester and McKnight (NW/SW) redevelopment project. The city's cash balance and financial position has significantly decreased during fiscal years 2004 and 2005 as a result of monies spent on the acquisition of property and the planning and design of these projects. The city center project has cost the city approximately \$2.7 million and the redevelopment project total cost through January 2005 was approximately \$2.5 million. To finance the projects the city issued over \$4.2 million in COPS.

A. In June 2002, the Board began to develop a comprehensive city development plan which was to be the blueprint for restoration, reconstruction, and new development projects for the next 10-15 years. As a result, in the summer of 2002, the Board began discussing the acquisition of the property located at 2630 South McKnight (the city center property). The city proposed building a new city center complex on the property that would house the administrative and public safety departments as well as provide recreational services to the citizens. Several concerns were noted regarding this project.

1. The city indicated it issued requests for proposals (RFP) for a project manager, but could not locate this documentation. The city signed a contract for this service in February 2003. In addition, the city also solicited RFPs for an architect, but could not locate their analysis documenting how and why the architect hired was selected. A contract for this service was also signed in April 2003. Competitive requests for proposals are necessary to provide a framework for the economical management of city resources and help assure the city that it receives fair value by contracting with the lowest and best firm. A competitive selection process ensures all interested parties are given an equal opportunity to participate in city business.
2. The Board requested former Mayor Salamone to perform some preliminary analysis on the feasibility of the project. Although his review indicated the project was feasible, the Board questioned the review and in July 2003, requested quotes for two outside firms to conduct separate real estate and recreational feasibility studies costing \$2,500 and \$15,740, respectively. The contracts for these studies were signed in October 2003. By that time, the city had already committed to purchasing the land in September 2003, which eventually cost \$1.75 million, and had spent approximately \$307,000 for other services (\$150,100 for project manager

services, \$103,700 for planning and design, \$39,200 for legal fees, and \$14,000 for miscellaneous costs such as asbestos/lead review, appraisals, and surveys).

In January 2004, the city received the recreational feasibility study which indicated doubt about the local market and financial stability of such a center. Additional analysis prepared by former Mayor Salamone disagreed with this study because it showed considerable disparity from his former analysis, which indicated the project was in fact feasible. However, the Board eventually terminated the city center project.

However, before terminating the project, the city spent an additional \$412,300 (\$71,400 for project manager services, \$283,100 for planning and design, \$39,500 for legal fees, and \$18,300 for miscellaneous costs such as appraisals, asbestos/lead review, and demolition of the old building). In addition to these costs, the city also incurred costs associated with the purchase of the land and the issuance of the COPS including underwriting fees of \$23,700, pre-paid interest of \$234,100, and subsequent interest payments of approximately \$22,000.

Through the termination of the city center project, it is estimated that the city has spent approximately \$2.7 million. The city has recently negotiated for the sale of the property at the price of \$2 million, therefore, approximately \$700,000 in city costs related to this property will not be fully recovered with this sale.

- B. In June 2002, a local business announced its decision to close its Rock Hill production plant located next to city hall (the Sayer property). In conjunction with the development of the city's comprehensive development plan, the Board concluded it had the opportunity to temporarily control this real estate which could be included in the city's redevelopment plans and later resold. The city purchased the Sayer property in August 2003 at a cost of \$2.4 million. This property, along with the current city hall location, then became part of the city's redevelopment plans and were included in the proposed NW/SW redevelopment project. The following concerns were noted regarding this project.
 - 1. The city indicated RFPs were requested for the NW/SW redevelopment project in December 2002. No responses were received and the Board authorized former Mayor Salamone to find several developers interested in this project. As a result, the planning board heard presentations from three firms, evaluated the proposals, and then made a recommendation to the Board of Aldermen. The Board then chose their preferred developer and began negotiating a development deal for this property. However, the city later determined that it had no documentation that it had formally advertised for proposals for the project. Therefore, in September 2004, the Board approved the advertising of a new RFP. However, the new RFP

may have been unnecessarily restrictive by including a \$10,000 deposit that would not be paid back and a due date of 30 days. These restrictions may have had the effect of limiting potential developers. As a result, the city only received one proposal which was from the developer they had already been working with for the last year. City officials indicated the purpose of the non-refundable deposit was to limit responses to only serious proposals; however, the city has recently changed this policy and has now began requesting refundable deposits on the city's other proposed development projects.

Competitive requests for proposals are necessary to provide a framework for the economical management of city resources and help assure the city that it receives fair value by contracting with the lowest and best firm. A competitive selection process ensures all interested parties are given an equal opportunity to participate in city business.

2. In July 2002, the city solicited and received proposals for appraisal services for the Sayer property, the city hall property, and the combined redevelopment, but the city could not find documentation of the actual completed appraisals. The city has recently negotiated for the sale of the combined properties to the developer for \$3.6 million. This includes the recovery of the \$2.4 million purchase price of the Sayer property and an estimated value of the city hall location of approximately \$1.2 million. While the city hall property was actually appraised in 1998 for \$700,000, this appraisal is now seven years old. Without current documented independent appraisals, the city has no assurance the price paid and received for these properties was reasonable or represented a fair value for the properties.

- C. The city did not competitively select the underwriter for the COPS issued to finance the purchase of the properties. In addition, the COPS were not competitively sold. COPS are a method of financing a capital project whereby a tax-exempt corporation, sells interests (certificates of participation) in the capital project, leases the project to a local government, and repays the certificates with the lease payments. After the certificates have been repaid, the local government typically has the option to purchase at a minimal amount the capital project it has been leasing. COPS are not required to be approved by the city voters. The COPS issued by the city of Rock Hill are held by a local bank and are listed below:

<u>Date Issued</u>	<u>Amount</u>	<u>Purpose</u>
August 2003	\$2.2 million	Acquiring the Sayer property
September 2003	\$1.6 million	Acquiring/improving the city center property
October 2003	\$326,750	To pay additional costs incurred while acquiring and improving the properties
September 2004	\$150,000	Amending the October 2003 COPS to make the final payment on the city center property.

Competitive requests for proposals are necessary to provide a framework for the economical management of city resources and help assure the city that it receives fair value by contracting with the lowest and best firm. A competitive selection process ensures all interested parties are given an equal opportunity to participate in city business. In addition, two previous SAO reports found that competitive sales of similar instruments, general obligation bonds, usually resulted in lower overall financing costs.

In addition to spending approximately \$700,000 in cash on these projects, which has significantly decreased the city's cash reserves, the city has incurred debt of an additional \$4,276,750. This debt represents a significant liability to the city as the payment for the principal component of the COPS issued was due in March 2005. As noted above, the city is negotiating the sale of the city center property and has agreed to a closing date of September 2, 2005, for the sale of the NW/SW redevelopment project land. In addition, the city has negotiated an extension on the COPS through September 15, 2005.

In order to improve its financial condition, the board should carefully proceed with the completion of these deals and retire the associated debt. In addition, considering the city's handling of these projects, the board should consider adopting formal procedures for the acquisition and redevelopment of land. These procedures should address issues such as the proper issuance of RFPs, the timely procurement of feasibility studies, and the appraisal of land purchased and sold to ensure the city and its resources are not exposed to unnecessary risks from future projects.

WE RECOMMEND the Board of Aldermen:

A&B. Closely monitor the city's financial condition and the progress of these deals to ensure the associated debt is retired as scheduled. In addition, the Board should establish formal land acquisition and redevelopment procedures addressing the timely issuance of RFPs, feasibility study requests, and the appraisal of all land purchased or sold. Also, the Board of Aldermen should ensure supporting documentation is maintained to support all transactions related to these projects, including services solicited and provided.

- C. Ensure proposals are solicited for professional services.

AUDITEE'S RESPONSE

A & B. As per recommendations from the State Auditor, the City of Rock Hill Board of Aldermen will continue to carefully and consistently monitor the City's financial status. All transactions associated with acquired properties have been and will be closely followed.

The City of Rock Hill proactively took steps to ensure its viability through an overall plan of sensible development. The Board actions were determined to be responsible risks that any business or city would take, to support growth into the future. The Board has contracts to sell the Gerber and Quebecor/Sayers sites for more than the purchase prices. After the contract closings, developers will begin immediately to develop those sites, which will significantly add to the city's tax base. These projects should add more than \$100 million in new development and more than \$1 million a year to city revenue. This would not have been possible had the city not taken these measures. The Board's actions were both forward looking and necessary to make the redevelopment possible. The City of Rock Hill took the steps necessary to guide its future rather than let the future happen to it.

The properties located at 2630 South McKnight (Gerber) and 9610 Manchester Road (Quebecor/Sayers) were purchased after numerous study sessions, public surveys, public hearings and committee reviews as part of the new comprehensive plan for the city. The Planning Board interacted with citizens weekly for a period of eight months, to create a new comprehensive plan. The Planning Board consisted of the city's Economic Development Commission, Planning and Zoning Commission and Board of Aldermen. They were assisted by Richard Shearer, an Urban Planner with Shearer & Associates. During these public and interactive discussions, areas were targeted for redevelopment. Types of desirable development were defined and specific goals were outlined. The Board of Aldermen's actions following the Planning Board meetings were derived from the decisions, plans and goals set forth in the Planning Board meetings.

The Board received appraisals for the properties included in this section. Mayor Salamone and a majority of the Board of Aldermen decided to get a basic building design along with projected programming for the new City Center before requesting a feasibility study. They thought it would be best to know the space allocations and uses of the building because that would have a significant impact on the feasibility study. After the professional feasibility studies were conducted the Board of Aldermen felt it was in the best interest to discontinue the City Center project, despite decisions made by the Planning Board. After this decision and the departure of Mayor Salamone, there were numerous invoices still coming in regarding expenses for the City Center project of which the Board of Aldermen was unaware. The city agrees that these expenses were premature for the status of the City Center project and unnecessary. The Board has requested and received a preliminary drawing of a new city hall utilizing information gathered from this previous project.

When Joan Boyer was the City Administrator, there was a large turnover in city hall employees. Most of the new hires did not have government experience. This had a negative impact on the ability to organize and locate paperwork. The city recognizes the importance of maintaining clear and complete documentation to support transactions related to current and future projects and related services. The city is actively seeking a new city administrator whose first priority will be to ensure that internal procedures are in order.

It was the job of Joan Boyer, former City Administrator, to execute the proper procedures for advertising the RFP in the newspapers. It was later discovered the advertising procedure was not carried out. After this discovery, the Board of Aldermen advertised the RFP so the Northwest/Southwest development project would move forward. The \$10,000 non-refundable deposit is not unnecessarily restrictive on a project involving over almost \$100 million of development.

The city did not believe an appraisal for city hall was necessary because an appraisal had been done in 1998. The city considered several factors. 1. An appraisal was made of the Quebecor/Sayers site immediately adjacent and its determination of land value. 2. Even with the sale of the city hall property, the city has retained the use of land for two cell towers which will continue to produce substantial revenue for the city. 3. The Board believed it was extremely important to keep the sale price of the city hall property at a reasonable level. The reason for this was to allow more money to be applied towards the purchase of residents' homes in the redevelopment buyout.

- C. *The City of Rock Hill recognizes the value of soliciting proposals for professional services. The city is committed to this and has taken action. The only exceptions are for situations where time or confidentiality is a concern and the use of limited professional contracts is approved by the Board.*

To illustrate the value of the business decisions made by the Board, the city has received contracts for approximately \$6,000,000 for the sale of the aforementioned properties to offset the \$4,276,750 in debt that was incurred. This will insure the successful progress of the new \$100 million development.

Response from Robert Salamone

- A.2. *Assuming the responsibilities of City Administrator, uncompensated during the period of September 1, 2002 through January 3, 2003, as a direct assignment of the Board of Aldermen, with no ordinance or resolution recommended by the current City Attorney, Kenneth Heinz, I began the process of researching, evaluating, and analyzing the financial, economic, and market potential of a new City Center complex in Rock Hill. This was a very thorough, in-depth, detailed 12 month process which compared our proposed project against seven (7) like complexes located throughout St. Louis and St. Charles counties, using information collected and distributed through the St. Louis County Parks and Recreation Department, approximately 20 interviews held with local and regional municipal park departments, seven (7) commercial real estate firms, and several brokerage firms and local banks. A financial feasibility report was prepared with*

the assistance of the current Construction Manager and Architect and presented to the Board of Alderman and residents in open meeting. The first version of the feasibility study and recommended approach to creating a new City Center involved the construction of a single structure that would house the police department, fire department, administrative services, and provide residents with access to a full size gymnasium and workout area. To generate additional long term revenue for the project, I recommended that 18,000 square feet of commercial office space be allocated which would generate nearly \$250,000 to \$360,000 per year based on a \$20 per square foot charge to the tenant. (This concept was supported by the feasibility study furnished by Coldwell Banker which cost the city \$2,500) The total cost of the project at that time was \$7.5 million (land cost was not included as the city was still involved with condemnation proceedings at the time). Immediately following the presentation to the Board, a closed session was held wherein Alderman Michael Conran and Alderman Matthew Knuckles demanded the inclusion of a swimming pool and running track. This closed session was held with the City Attorney (Kenneth Heinz) present. Once again, I was asked to perform additional research to determine the additional cost involved in adding these amenities. The second feasibility study included these amenities with an additional cost of \$2,350,000 added to the project. Once again, this meeting was held in closed session with the City Attorney present. At no time was the public made aware of either these conversations nor the position of each of the Board members throughout this process. It should also be noted that Alderman Sheri McCann was involved in the discussions and maintained strong support for the project up to the issuance of the feasibility study provided by the outside agency which cost the city an additional \$15,740. It was the findings of the outside firm which caused project costs to soar above the \$11.5 million mark as they recommended the inclusion of a slide and other amenities which required a complete redesign of the entire project. (This can be supported by Greg Garner of Archimages and Michael Barron of BOA Construction Co.)

The city offered Rock Hill Quarries \$1 million for the purchase of the McKnight property. Rock Hill Quarries refused to sell the property and the Board of Alderman, based on the recommendation of the City Attorney, decided to pursue condemnation of the property. This very long and drawn out process resulted in an increase of nearly \$600,000 for the property. It was believed that the city could recoup the premium paid for the property over a period of ten (10) years. I was dismayed to learn that the city decided not to pursue the right of appeal and settled for a purchase price of \$1.75 million.

In my final analysis and response to the outside feasibility study, I recommended to the Board that the project be continued, as we had a significant investment in the project at that time, and that specifically targeted modifications should be initiated to reduce overall project costs. The Board decided to abruptly end the project with no explanation.

Throughout the process, all Board members were unanimously supportive of the project concept and approach. Through a series of cost escalations and increased vocal opposition from a small group of residents, the Board began initiating a series of unnecessary and very costly changes to the architectural plans and construction designs

which drove overall project costs higher. They refused to listen to the advice of their Construction Manager and Architect to cease making these changes and move forward on the project or end the project completely. It should also be noted that the City Attorney made no move to halt the process or advise the Board as to the appropriateness of their actions, yet, he continued to receive excessive fees for his advice and council throughout the process.

- C. *The City Attorney never advised me or the Board of Alderman that a bidding process was necessary, nor did he ever indicate that the COPS should be sold on a competitive basis. The Board approved Royal Bank as the source for funding and the City Attorney drew up all of the paperwork.*

2. Related Party Transactions

Former Mayor Salamone received commissions from the city's retirement plan for acting as the plan "selling agent". In addition, the city hired the sister of a city employee and a relative of an alderman was paid by the city for distributing city flyers.

- A. Former Mayor Salamone received commissions from the retirement plan investment manager while acting as the pension plan "selling agent". The compensation he received began in February 2004 and continued through September 2004, exceeding \$33,600.

Section 105.454, RSMo, prohibits an employee or official, serving in an executive or administrative capacity of any political subdivision, from performing any service for the city for more than \$500 per transaction or \$1,500 per year unless the transaction is made by competitive bidding and the lowest bid is accepted. To avoid the appearance of a conflict of interest, city officials should not participate in decisions that effect related parties.

The city retained special counsel to investigate this matter and, as a result, a lawsuit has been filed against the parties involved and the city has requested that the investment manager cease all commissions and compensation from the pension fund.

- B. In July 2003, the city hired an independent contractor (see MAR 4) who was the sister of a current employee. In addition, in March 2004, the city paid \$400 to a board member's relative to deliver city flyers. These situations appear to be in violation of the city's old policy concerning employment of relatives in force during this time. This policy stated that the city will not appoint, hire, or otherwise employ or contract with a relative of any elected or appointed official or any employee of the city. Because the city was not in compliance with their policy, a new employment of relatives policy was approved by the Board. The new policy, adopted October 19, 2004, indicates that the city will not hire a family member of a board member, the city administrator or a city employee

within the same department. While the city may be in compliance with the new policy, serious consequences result from the hiring of a relative. The Board should ensure discussions and decisions concerning situations where potential conflicts of interest exist be completely documented so that the public has assurance that no city official has benefited improperly.

WE RECOMMEND the Board of Aldermen resolve the matter of the pension fund commissions. In addition, in the future, the city should avoid situations that represent actual conflicts of interest or the appearance of conflicts of interest.

AUDITEE'S RESPONSE

The city does not condone related party transactions.

The City of Rock Hill had already initiated action to resolve the matter of pension fund commissions and avoid situations of conflict of interest. The Board of Aldermen was not aware that Mayor Salamone was to receive a commission from Nationwide Insurance Company as he represented that he was not the selling agent. Mayor Salamone stated in a Board of Aldermen's open session that he was not receiving any sales commission or other payment for his work in the pension plan negotiations. Since no payment was made directly from city funds, the commission went undetected until Mayor Salamone resigned and a staff member started questioning the costs of services for the pension plans. By working with the City Attorney, the staff determined that Mayor Salamone had indeed received a commission. This information was taken to the Board of Aldermen at the next meeting. Because of potential legal issues and a lawsuit with a former employee, Joan Boyer, this situation was handled in closed session. After a search for a law firm with experience in this area, the Board authorized the law firm of Polsinelli, Shalton, Welte, Suelthaus, P.C., because of their municipal and pension experience, to review the matter. The Board, upon discovery, requested that all commission payments by Nationwide be stopped immediately and remain that way until further notice. A copy of the report was forwarded to the city's Prosecuting Attorney for his consideration of any actions that he believed would be appropriate. A copy of the report has also been provided to the State Auditor. The Acting City Administrator will meet with the State Attorney General's office. In April 2005, the city filed suit against Mr. Salamone and others in order to obtain the sales commission which would be deposited into the pension fund. The city has changed the trustee and removed all responsible persons from any role in the plans. The Board will make whatever other changes are necessary to insure the plan is run properly both for the city's interest and the interest of the employees who are covered by the pension plan. The city initiated its review of these actions during the second half of 2004 prior to the initiation of the state audit. This information was given to the State Auditor.

In March 2004, Mayor Salamone had information that he wanted delivered to every home in Rock Hill quickly. The relative of an alderman was available to make deliveries and the Mayor authorized using her. This was not campaign material for any person running for office. Utilizing this person for such temporary work was not considered a violation of the nepotism policy that was in place at that time and the way it had been interpreted.

Current Mayor Morgan has established guidelines that require a higher level of avoiding any appearance or conflict of interest.

The city has approved a new nepotism policy which specifically states no relation of an elected official and/or the City Administrator may work for the city.

Response from Robert Salamone

- A. *The commissions earned from the Defined Benefit Plan and Defined Contribution Plan did total approximately \$33,000, of which \$3,000 was held by my Broker/Dealer, and initial compensation was received on March 30, 2004. At the time compensation was received, I was not "Trustee" as I was removed as Trustee on February 2, 2003 and Mr. Donald Cary, Chief Finance Officer was named Trustee.*

In July of 2002, the Board of Alderman requested that I begin an investigation of the current retirement plan to identify "irregularities" uncovered by ABC and Associates (the City's Actuarial Firm) wherein ABC identified the following:

- a. *The city failed to contribute to the Uniformed Defined Benefit Plan (DBP) for 10 consecutive years; and*
- b. *The DBP which was established in 1966, revised in 1976, did not have the required two (2) year actuarial evaluation performed during the period of 1992 through 2002 as required by state law; and*
- c. *The city failed to initiate an annual review of the program to update actuarial requirements and re-evaluate investment elements and overall performance during the period; and*
- d. *The failure of the city to fulfill its fiduciary responsibilities to its uniformed employees resulted in a \$1.3 million dollar deficit over a 30 year actuarial period and required the city to commit to an annual retirement plan payment in the amount of \$275,000 beginning in 2003; and*
- e. *As of July 2002, the City of Rock Hill sponsored three (3) different retirement plans for its employees;*
 1. *Mass Mutual Fixed Investment Program for its Uniformed Employees (100 percent participation from the city and no individual participation required); and*
 2. *LAGERS which required the City to contribute .70 percent of total non-uniform salaries to the program and a mandatory employee contribution of 4 percent of their annual salary; and*
 3. *ING 457 Annuity Program offered to all employees (voluntary).*

Based on this information, I recommended that the Board authorize an entire revamp of the retirement plan system to improve investment performance and annual rate of return with the DBP, program portability, avoid potential litigation involving federal and state discrimination rules, and initiate actuarial audits every 2 years as required by law. Based on this recommendation, the Board authorized the Mayor and then City

Administrator Larry Hensley to issue RFP's to potential program vendors (supported by Board minutes). Approximately 36 RFP's were issued with seven (7) firms responding to the request (supported by Board minutes). In August of 2002, the Board asked the Mayor and City Administrator Hensley to review all applications and narrow the field to the best three (3) firms (supported by Board minutes). In September of 2002, based on our findings, we narrowed the list to ING, Nationwide Financial, and another which I can not recall at this time. The Board received all RFP documents mailed to the city by these firms and had ample time to review all of the information. A lengthy debate followed with the Board unanimously approving Nationwide as the new vendor. At that time, the Board requested that the Mayor, then Acting City Administrator, assume full responsibility for coordinating and overseeing all activities related to the establishment of a new retirement plan for the City of Rock Hill. In early October of 2002, I met with the City Attorney and asked him if it would be appropriate for me to seek compensation for my time devoted to the research, oversight, and eventual establishment of the City's retirement plans. I remember this conversation as it took place in a parking lot following a meeting with Rock Hill Quarries Company about the McKnight property. At that time, the City Attorney stated that "he would do some research into the matter and get back to me in a few days". After a few days, I received an email from the City Attorney's office stating in essence that, if the duties assigned to me by the Board of Aldermen can be classified as above and beyond the duties of Mayor, as outlined by City Ordinance, then compensation could be received. At no time did the City Attorney indicate that the arrangement could possibly be deemed unlawful.

As a licensed Investment Representative of American General Securities, Inc., I was required to report any changes in employment, compensation, etc. to the firm, and therefore immediately contacted the AGSI Compliance Director, Sander Ressler, to seek his advice and thoughts on the matter. Mr. Ressler researched the matter with the firm's legal team and determined that compensation was acceptable if, the Board of Alderman signed approval documents authorizing me to act on their behalf in creating the new retirement plans and agreed to compensation for services rendered. The AGSI Compliance Department prepared the authorization forms which I presented to the Board in Executive Session and all but one (Alderman Matthew Knuckles) signed the approval form. Six (6) copies were kept at City Hall and another six (6) copies were mailed to AGSI's Compliance Department.

During the period of September 2002 through September of 2003, no further mention of compensation was discussed. It was during a retirement plan meeting with all 49 city employees where compensation percentages for Meeder Financial (3rd Party Money Manager for the Defined Benefit Plan) versus my firm (Financial Strategies Group Of St. Louis) were discussed in detail and illustrated on a white board. At that time, employees were given the option to sign with Meeder or Financial Strategies. All but one decided to sign with Financial Strategies Group of St. Louis. At no time were any of the employees coerced into signing with either firm. (Note: It should be noted that my compensation from Nationwide for the Defined Benefit Plan was approximately 200 basis points less than the maximum amount of 400 basis points allowed by law. Further, my compensation after the plans were instituted amounted to only 12 basis points per year, significantly

under other like programs assessing 25 basis points per year.) My goal had always been to establish an effective and fair retirement plan for all employees, ensure that individual investments were based on sound advice and careful consideration of the individual's long term financial needs, and clearly establish an individual service level which would act as the standard for future investment representatives. At no time had I intended to be involved with this program more than a few months.

In November of 2003, I was admitted to emergency at St. Luke's Hospital and remained in ICU for two of three (3) weeks in the hospital. During this period, four (4) documents related to authorizations for compensation for me, Gateway Pension Services, Nationwide Financial, and Meeder Financial were fraudulently signed using my name. These documents were processed at City Hall, forwarded to Gateway Pension Services, and presented as having authentic signatures by me as Mayor. At no time did I ever see these documents until a few months ago. Further, in the months of December, January, and February, the Board of Alderman approved both Plan Documents prepared by the City Attorney's office, approved Nationwide, Gateway Pension Services, and Meeder Financial as 3rd Party Administrator, Service Provider, and 3rd Party Money Manager, respectively. All documents related to these firms and programs were submitted for Board review prior to receiving approval. Ordinances were passed based on these documents. During the entire period of December through most of February, I was unavailable to participate full time in city affairs.

3.

Payroll and Personnel

The city did not have ordinances establishing the duties for some officials and employees and did not establish the ordinance allowing former Mayor Salamone's additional salary in a timely manner. In addition, raises given employees were not in compliance with the city's policy and the city's personnel policy is not complete and up-to-date. Timesheets are not always signed by city employees and/or approved by their supervisor. Finally, the city needs to review the legality of the money purchase pension plan established for all city employees.

- A. The city has not adopted ordinances to establish the duties of some city officials and employees. No ordinance currently exists for the Director of Finance, the Human Resources Manager, or the Director of Parks and Recreation. In addition, it appears the written job descriptions for the City Clerk, Assistant City Clerk, and Bookkeeper contain overlapping duties.

Section 79.290, RSMo, requires the duties of city officials and employees to be set by ordinance. To ensure compliance with state law and to avoid misunderstandings, the Board should adopt ordinances which specify the terms of office and clear job descriptions of all city officials and employees.

The city regularly had vacant positions, changes in positions, and added and eliminated some positions during the two years ended March 31, 2005. This may

have resulted in some confusion and a breakdown of city controls, as noted in MAR 4. In addition, this may also have resulted in disorganization and the city's inability to locate several invoices, contracts, and bids/proposals as noted in MARs 1 and 4 and further substantiates the need for ordinances clearly establishing the duties of all city officials and employees.

B. Several concerns were noted regarding compensation paid to former Mayor Salamone.

1. Former Mayor Salamone was elected in April of 2002 to a four year term and received a monthly salary of \$275 for his official duties. Additional compensation granted him totaling \$3,637 was unsupported by state law.

In June 2003, former Mayor Salamone was compensated \$937 for time spent in court hearings and depositions on behalf of the city. While the time spent on court hearings and depositions may not have been an everyday occurrence, it would appear this is an extension of his official duties and would, therefore, not require additional compensation.

In addition, after the termination of former City Administrator Boyer, former Mayor Salamone received additional compensation for other duties being performed related to negotiations for the proposed city center, capital campaign, and other redevelopment projects. He began receiving payments for these additional duties as an independent contractor beginning February 2004; however, the Board of Aldermen did not formally approve his hiring as Interim City Administrator until March 2004. The extra payments granted him prior to the board's approval amounted to \$2,700. While the compensation for the additional duties may have been appropriate with the board's approval, the compensation earned for the month of February 2004 does not appear to have been appropriate.

Section 79.270, RSMo, states that the salary of a municipal officer shall not be changed during his term of office. In addition, the additional compensation paid to former Mayor Salamone appears to violate Section 105.454, RSMo, which states that no elected or appointed official of any political subdivision; serving in an executive capacity shall perform any service for such political subdivision for any consideration other than the compensation provided for the performance of his official duties.

2. The city did not have a written contract with former Mayor Salamone for his additional duties and invoices documenting services provided only included the date the service was provided and the total amount requested. Additional detail including the work performed and the number of hours worked was not provided.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties. In addition, detailed invoices should be obtained from independent contractors to support the services provided and the payments made.

- C. Raises given employees for the years ended March 31, 2005 and 2004 were not always in compliance with the city's policy. Raises were received each year for cost of living adjustments and performance appraisal increases. The following raises were not given in accordance with city policy:
1. Annual performance appraisals could not be located supporting raises for three employees in fiscal year 2004 and two employees in fiscal year 2005. In addition, the actual raise received by three additional employees did not appear to agree to the suggested increase as documented in their performance appraisal. There was no documentation supporting any amount other than that noted in the applicable performance appraisal. City policy requires annual performance appraisals which should provide supporting documentation for actual employee pay increases.
 2. An agreement allowing salary increases for the Zoning Compliance Specialist was not documented. Per discussion with city officials, the Zoning Compliance Specialist had a verbal agreement with her supervisor allowing for salary increases as training was attended and certifications were received. The raises received are supported by the appropriate training and certification; however, the agreement allowing the raises was not in writing and was not supported by the city policy.
 3. In April 2004, the public works foreman received a payment of \$1,798. Personnel records indicate this was a "one time payout" and the employee's monthly salary did not increase. Per city officials, a lump sum payment was given to the public works foreman because he had already reached the top of his pay scale. This is supported by city policy which suggests awarding merit pay for an employee at their maximum in a lump sum. However, there was no documentation supporting the approval of this payment or the amount awarded.

Raises should be given in accordance with city policy and adequate supporting documentation should be maintained to support all employee raises.

- D. The city's personnel manual has not been updated since 1998. The manual includes policies related to longevity pay and sick leave use incentives which the city no longer allows. The manual also discusses a salary schedule and an evaluation process which are no longer relevant. In addition to these outdated

policies, we noted the following concerns regarding the city's personnel manual and policies:

- The city does not have a detailed written policy on tuition reimbursements. The city's existing policy indicates that each department head is responsible for developing such a policy. However, per discussion with city officials, no written policies have been developed.
- The city does not adequately monitor its outside employment policy. The city's policy allows employees to engage in other employment, provided that such work does not interfere with the employee's work at the city. Employees who engage in outside employment are required to notify their supervisor; however, the information is not added to the employee's personnel file and reviewed by the Board of Aldermen, Mayor, or Human Resources Manager for compliance with the city's policy.
- The personnel manual does not establish the city's formal workday, including when and how long employees can take for lunch and breaks.

An updated comprehensive employee manual which summarizes policies can benefit both city officials and employees by providing a basic understanding between management and employees regarding rights and responsibilities. In addition, an updated employee manual can help ensure that management's policies are fairly and consistently applied to all city employees. Also, an updated and complete personnel file should be maintained for each employee by the Human Resources Manager to document compliance with the city's policies.

- E. Timesheets were not signed by some employees and/or their supervisor. We scanned March and November 2004 timesheets and noted 28 timesheets that were either not signed by the employee, approved by their supervisor, or both. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.
- F. During the year ended March 31, 2004, the city contributed to a pension plan on behalf of police and fire department employees, as well as a money purchase pension plan for all non-uniformed employees of the city. While the police and fire pension plan is allowed by state law, the city is apparently prohibited from establishing its own retirement plan for other non-uniformed city employees. The Missouri Constitution, Article 6, Section 25, states that political subdivisions can only provide pensions for its employees when such authority is given to the political subdivisions by the General Assembly. No statutory authority has been given for cities to provide their own retirement plan. Section 70.600, RSMo, the statute creating the Missouri Local Government Employees' Retirement System (LAGERS), states its purpose as "providing for the retirement or pensioning of the officers and employees...of any political subdivision of the state...". Section

70.615, RSMo, stipulates that after October 13, 1967, a political subdivision shall not commence coverage of its employees under another system other than LAGERS.

WE RECOMMEND the Board of Aldermen:

- A. Establish by ordinance the job descriptions of all officials and employees.
- B. Consult with legal counsel and determine if the additional compensation granted former Mayor Salamone prior to the approval of the ordinance establishing his additional duties (and related compensation) was appropriate. In addition, the Board of Aldermen should enter into written agreements for all services and require adequately detailed invoices be obtained supporting payments to independent contractors.
- C. Ensure raises given all employees are in compliance with city policy and adequate supporting documentation is maintained to support these raises.
- D. Update the employee manual and include detailed written policies for tuition reimbursements, outside employment, and the city's official workday. Also, an updated and complete personnel file should be maintained by the Human Resources Manager for each employee.
- E. Ensure timesheets are signed by employees and a supervisor.
- F. Consult with legal counsel and review the legality of the city's retirement plan for non-uniformed employees.

AUDITEE'S RESPONSE

- A. *The City of Rock Hill agrees with the State Auditor and will take action to make sure all responsibilities of all officials and staff members are covered in the city's code book of ordinances. Detailed job descriptions are maintained for these and for the employee positions. These job descriptions require ongoing review and revisions. Changes to the job descriptions are approved by the Board and maintained by the Human Resources Manager.*
- B. *The Board of Aldermen did not authorize Mayor Salamone to be compensated for time spent in court hearing and depositions on behalf of the city.*

Mayor Salamone offered to do additional work on a temporary emergency basis due to the termination of the City Administrator. The Board did not authorize Mayor Salamone to be paid any more than the ordinance states.
- C. *The Board agrees that raises should be given only in accordance with city policy and ordinances.*

- D. *The City of Rock Hill is currently in the process of updating the personnel manual.*
- E. *The Acting City Administrator now reviews each timesheet before signing paychecks. No checks are signed or released until all signatures have been received.*
- F. *The City Attorney has reviewed the matter and believes the city is operating lawfully.*

Response from Robert Salamone

- B.1. *The \$937 in compensation for depositions and court hearings was approved by the Board of Alderman and sanctioned by the City Attorney, based on the City Attorney's position that the duties in question were, "above and beyond the normal duties of Mayor".*

The additional compensation received after the termination of then City Administrator Joan Boyer was approved by the Board of Alderman in Executive Session, in the presence of the City Attorney in February of 2004. The City Attorney never advised that it was necessary to have an ordinance adopted. With his approval, my compensation was made retroactive as of March, 2004 and continued forward until July of 2004 when I retired from office. The City Attorney never advised that my compensation as Acting City Administrator was in any way unlawful.

- B.2. *The City Attorney never advised the Mayor or Board that a contract for services was necessary.*
- F. *The City Attorney's law firm researched, designed, and prepared two (2) individual Plan documents for the proposed retirement plans. This process took months and cost the City over \$15,000. It was my impression that the City Attorney had performed appropriate due diligence in researching and preparing documentation for these plans. At no time did the City Attorney advise the City that these plans were in potential violation of state law.*

4.	Expenditures
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Invoices and supporting documentation were not always retained and expenditures were not paid in a timely manner. In addition, the city did not prepare or retain written agreements for all services provided, did not solicit or retain bids/proposals in accordance with their policy, incurred expenditures that were not a prudent use of public funds, and did not have policies related to credit card use, employee meals while on non-travel status, and YMCA benefits. Finally, the city did not report all allowances and fringe benefits in accordance with IRS guidelines.

- A. Several expenditures were not adequately supported by vendor invoices.

<u>Expenditure</u>	<u>Amount</u>
City hall expenses	\$ 8,455
Property appraisal	2,500
Class registration	1,500
Delivery of city flyers	400
Cash advance	169
Petty cash reimbursement	156

While some of the above expenditures are self explanatory, it is unclear exactly what was purchased or what service was provided for expenditures such as the city hall expenses, the cash advance, and the petty cash reimbursement.

In addition, former Mayor Salamone's reimbursements for city business on his personal cell phone totaling \$837 for three months of calls were not supported by adequate documentation. These costs were also significantly more than the average \$130 per month the city paid for the city cell phone used by the former Mayor subsequent to these reimbursements.

All expenditures should be supported by paid receipts or vendor invoices to ensure the obligation was actually incurred and the expenditures represent appropriate uses of public funds.

- B. Due to the untimely processing of payments, late fees and finance charges totaling \$1,180 were incurred on several city purchases and unemployment tax submissions from May 2003 through December 2004. Invoices for cell phones and credit cards were not paid by their due date and unemployment tax submissions to the Division of Employment Security for the first quarter 2004 and the fourth quarter 2003 were late. Also, although no late fees were incurred, one expenditure for a land appraisal was paid eight months after it was due.

City officials indicated that at this time the city was experiencing a decreasing cash balance and had to closely monitor expenditures. In addition, there was constant turnover in the administrative department that was responsible for accounts payable duties (see MAR 3). This may have caused some confusion as to who was responsible for these procedures and ultimately resulted in the late fees and finance charges.

The city should ensure accounts payable duties and procedures are clearly defined and invoices are processed in a timely manner to prevent the assessment of late fees and finance charges.

- C. The city did not enter into contracts or could not locate contracts for services provided from April 2003 through January 2005 for the following payments:

<u>Expenditure</u>	<u>Amount</u>
Street repair	\$209,011
City Attorney's legal services	243,311
Legal fees related to a personnel matter	19,000
YMCA memberships	16,000
Special review of retirement plans	2,131

In addition, the city has not entered into written agreements with independent contractors providing accounting and bookkeeping services and the invoices submitted for these services did not always include adequate detail including the work performed. Prior to his official hiring in August 2003, the Director of Finance provided contract accounting services to the city totaling \$8,591 from May through August 2003. Another individual provides various services to the city including bookkeeping and serving as an assistant to the Mayor. For the year ended March 31, 2004, the city paid her \$5,766 for these services and has paid an additional \$22,879 in fiscal year 2005 through January 2005.

Because the city has not clearly described the relationship they intended to create with the individuals providing the services through a written contract, it is not clear why these individuals were considered independent contractors or if they actually meet the Internal Revenue Service (IRS) criteria for being an independent contractor. As a result, if the city classified an employee as an independent contractor and had no reasonable basis for doing so, the city may be held liable for employment taxes for that worker.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties. In addition, detailed invoices should be obtained from these independent contractors to support the services provided and the payments made.

- D. The city's purchasing policy requires the city to advertise for bids for expenditures over \$5,000, obtain at least three written bids for purchases between \$500 and \$5,000, and obtain at least three oral or written bids for purchases between \$100 and \$500. In addition to the items noted in MARs 1 and 7, for purchases from April 2003 through January 2005, the city either did not always solicit bids/proposals in compliance with their bidding policy or did not always retain bids/proposals, discussed in board meeting minutes, documenting their compliance with the policy for the following goods and services:

<u>Expenditure</u>	<u>Amount</u>
Street repair	\$209,011
Accounting system and subsequent support	44,859
Compensation and classification study	15,000
Urban planning	8,772
Police department radios	5,480
City Center property appraisal #1	4,800
City Center property appraisal #2	3,000

The city's bidding procedures provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid in accordance with city code. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

E. During the fiscal year ended March 31, 2004, the city held dinners and purchased gifts for employees that did not appear to be prudent uses of public funds. The city also held a Christmas party in December 2004. The city spent approximately \$7,152, on these events and gifts.

- The cost of a July 2003 employee farewell dinner for a retiring city employee was \$238 for an appetizer buffet.
- The cost of a November 2003 appreciation dinner for 35 employees and officials at a local casino totaled \$1,576, including \$200 for attendance prizes. In addition, the city gave each employee in attendance \$25 in cash and \$50 in cash was given to employees that could not attend the dinner because they were working.
- The cost of holiday cookie tins distributed to employees and other persons doing business with the city totaled \$1,094 in December 2003.
- The cost of gifts purchased for the retiring Assistant Fire Chief totaled \$213 in March 2004.
- The cost of the December 2004 employee Christmas party totaled \$626, including \$252 in food, \$299 in Christmas presents for board members, and \$75 in supplies. Also, each employee received a \$50 gift certificate.

The total cost of the gifts to employees was \$3,405 and was not budgeted as part of the employees' official salaries.

The costs of the dinners, parties, and gifts purchased appear excessive and do not appear to be prudent uses of public funds. Gift certificates and cash gifts given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution. In addition, Attorney General's Opinion No. 72, 1955 to Pray, states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- F. The city does not have a formal policy regarding credit card usage or guidelines to determine whether credit cards are needed or of benefit to the city. During the audit period the city maintained as many as four separate credit cards that were used by various officials and employees. Credit card purchases from April 2003 through January 2005 exceeded \$15,300.

Credit card statements were paid without adequate supporting documentation of purchases. Supporting documentation, such as original invoices, could not be provided for 38 credit card purchases reviewed. Twenty-one of these purchases were for meals. An additional 12 meal purchases were supported by an invoice but did not document the purpose of the meal and/or who was in attendance. The other invoices that could not be located included charges for lodging, computer software, food, and office supplies.

In addition, some credit card statements and supporting documentation could not be located by the city for the months of July through October 2003, December 2003, and February 2004. The payments made by the city for these statement months totaled approximately \$4,700. The city has subsequently provided us with copies of these statements; however, supporting documentation was also not available for these statements.

Finally, sales tax of approximately \$56 was paid on some credit card expenditures and there were some personal purchases (groceries) totaling approximately \$173 on credit cards that were subsequently reimbursed to the city.

The city should adopt policies and procedures to ensure credit cards are used for only necessary city-related purposes and are not used for personal purchases. The city should also retain all credit card statements and require the users of the credit cards to submit invoices or other documentation for all charges. Without such documentation, it is unclear whether these purchases are valid and necessary city expenditures.

- G. The city does not have formal policies regarding using city funds for employee meals while not on travel status or for meals of non-city employees. As noted above in part F, we reviewed several expenditures for meals that included at least one guest and/or meals for city officials in the St. Louis area.

The city should develop formal policies regarding these issues, which address meal expenditures for non-city employees and require documentation of the city-related business purpose of each meal. The policy should also address when in-town meal expenditures for city employees are allowed. Documentation should include the purpose of the meeting or meal and a list of the individuals participating.

- H. Police and fire department employees were not required to submit invoices or an itemized expense report to support the uniform allowances paid in March 2003 or September 2004. In addition, former City Administrator Boyer's contract allowed her to receive a monthly vehicle allowance of \$350 to cover mileage and insurance costs; however, she was not required to account for the actual miles driven on city business or document the actual expenditures incurred.

These uniform allowances and vehicle allowances were not included on the employees' W-2 forms as compensation. IRS Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments.

- I. The city does not have a policy addressing the YMCA memberships provided various department heads and other employees and this fringe benefit was not included on W-2 forms as compensation. The city paid a monthly membership fee of approximately \$30 per employee to the YMCA for a total of approximately \$16,000 from April 2003 through January 2005. This benefit is primarily for the police and fire department employees, providing them a place to workout and stay fit to meet the daily demands of their job; however, this benefit is also offered to any other city employee that wants to participate.

IRS publication 15-B requires athletic facility fringe benefits be included in the employee's pay when the facility is not on the city's premises or when the facility is not owned or leased by the city.

- J. The city has not established procedures to ensure all payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the IRS as required. For calendar year 2003, the city did not report a payment to the previous mayor for court services totaling \$937. For calendar year 2004, the city did not report the payments to an attorney providing legal services totaling \$19,391. Sections 6041 through 6051 of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on 1099-Misc form.

WE RECOMMEND the Board of Aldermen:

- A. Require adequate supporting documentation for all expenditures.

- B. Clearly define accounts payable duties and procedures ensuring all invoices are processed in a timely manner.
- C. Enter into written agreements for all services. In addition, the relationship between the parties involved should be clearly defined, including the basis for classifying the service as being provided by an independent contractor, in accordance with IRS guidelines. Also, adequately detailed invoices should be obtained supporting payments to independent contractors.
- D. Ensure bids/proposals are solicited and retained for goods purchased and services provided in accordance with the city's bidding policy.
- E. Ensure all city expenditures are a prudent use of public funds. In addition, the city should discontinue paying gift certificates or cash gifts to employees.
- F. Review the use of the city's credit cards and adopt applicable policies and procedures to help ensure credit cards are used only for necessary city-related purposes and not for personal purchases. These policies should require retention of credit card statements and adequate supporting documentation for all charges prior to payment, such as detailed invoices.
- G. Adopt policies regarding the payment of meal expenses for guests and in-town meal expenditures for city employees. Adequate supporting documentation and the purpose of the expenditures should be maintained to ensure such expenditures are for necessary city business.
- H. Require adequate support for these reimbursements or ensure allowances are included on employee W-2 forms in compliance with the IRS reporting requirements.
- I. Adopt a personnel policy addressing the YMCA membership benefit. In addition, the Board of Aldermen should ensure taxable benefits are reported as gross income and payroll taxes are withheld from these payments.
- J. Establish procedures to ensure payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the IRS as required.

AUDITEE'S RESPONSE

- A. *The City of Rock Hill agrees with the recommendation of the State Auditor's Office. We always strive to maintain adequate documentation.*
- B. *The City of Rock Hill strives to process all invoices in a timely manner. The current method of processing invoices is more effective than in the recent past.*

- C. *As stated in the city's response to 3. Payroll and Personnel, Point B, the city agrees with this recommendation of the State Auditor's Office.*
- D. *The City of Rock Hill has recently changed its bidding policy in order to ensure more complete compliance. Monthly, the Board reviews all bills to be paid and will not approve any payments for which they have not seen the proof that the bidding process has been properly done.*
- E. *The City of Rock Hill agrees that the prudent use of public funds is of the utmost importance. The prudent use of public funds must be maintained to provide the best opportunity for the city to provide quality services to its citizens. The Mayor and Board of Aldermen believe that a trained and motivated staff of employees is necessary to provide the quality of services that the citizens deserve. In a small city with limited revenue, large raises can not always be used to maintain such a basis of employees. Many management resources recommend other positive reinforcements at different times of the year are helpful in achieving this goal.*

The Mayor and Board of Aldermen believe that demonstrating care to employees creates employees who care. Thanking a long term employee at retirement, an employee banquet and small holiday gifts for employees are a part of demonstrating this care. In a similar manner, flowers are sent for funerals or employees who are in the hospital. As the elected representatives of the citizens of Rock Hill, the Mayor and Board believe the citizens would agree.

The statement that an appreciation dinner was held at a local casino may lead some people in the public to an incorrect conclusion. The appreciation dinner was not held inside the casino area. It was held on a floor that does not have gaming activities. The city did not pay for alcoholic drinks and gambling was not a part of the appreciation dinner. None of the city's money went towards any gambling activities. After the event, the Board passed a motion not to have any such future events at any casinos due to the incorrect conclusion that some people may reach. To that end, the Mayor and Board are planning to be more personally involved in the employee appreciation functions in the future and the budget for this has been lowered.

The Mayor and Board of Aldermen do respect the opinion of the State Auditor's Office but believe spending a few dollars to demonstrate they care for their employees is a prudent and cost effective use of public funds.

- F. *Currently, the city has only one active credit card. It is held by the Acting City Administrator. A detailed invoice is turned in for each purchase and retained for payment. When an expenditure is for a meal, a separate page is included stating who was at the meeting and what subjects were discussed. If an item is confidential, some level of explanation which demonstrates the city purpose is included. Additional cards have not and will not be issued until a new written policy and procedure are approved. With only one card in use, it is easy to insure the proper information is obtained.*

The city knows it is tax exempt even on credit card purchases. There are times when the Acting City Administrator has found a needed item outside of normal work hours. The city will save more in the cost of the time to make the purchase the next day during normal work hours than the amount of the sales tax that could be saved. The Acting City Administrator now has a copy of the city's tax exempt letter in a briefcase he takes home at night. This may save both time and sales tax in the future.

- G. The City of Rock Hill has complied with the recommendation of the State Auditor's Office. A list of who attended city-related meals as well as the subjects discussed are now required.*
- H. The Board of Aldermen at their April 6, 2005 meeting changed the uniform allowance treatment so all departments are handled the same. The city will not make payment without detailed invoices.*
- I. Police officers and fire fighters are required to meet a fitness/agility requirement. The city has determined that it is appropriate to provide workout facilities so they can meet this job requirement. If the city went to the expense to build, own and equip a workout facility it would not be considered a taxable benefit. Unfortunately, the IRS believes that providing a more cost effective alternative should be taxable. This creates cost inefficiencies for small cities and an unfair burden for the employees of such cities.*

The city also believes that employees that exercise stay healthier. Those employees don't get sick as often and generally recover faster. This increases productivity for the city.

The City of Rock Hill recognizes the reasons for the recommendation of the State Auditor's Office. The personnel policy will include a policy for membership to a workout facility and payments will be included as gross income as required by the IRS.

- J. The city does have a computerized system that does help to identify those who should receive a form 1099 as required by the IRS. The city has issued 1099s and believes a well-written policy and procedure will help insure 1099s are issued to all appropriate individuals and businesses.*

It should be noted that the amount for Mayor Salamone was missed because the accounting employee thought he was only being paid for expenses at that time.

The city issues 1099s for all law firms that receive more than \$25 in a year. This law firm was only working at the Board's direction on personnel and litigation issues. Confidential information from their invoices was maintained by the Human Resource Manager. Because of this, the person working on the 1099s was unaware this was a law firm.

In the future, the list of vendors will be reviewed by the Human Resource Manager and the Finance Director to be sure such firms are included. This will be included in new written procedures.

Response from Robert Salamone

- A. *During the period in question, I was deeply involved in overseeing negotiations, preparing legal documents, and planning for nearly \$3.5 million in economic development projects for the city. The city did not furnish me with a cell phone at that time and I was forced to use my personal cell phone for city business related to these projects. Appropriate documentation was submitted to Mr. Donald Cary, Chief Finance Officer on a monthly basis. Copies of my statements were submitted and calls identified.*

5. Board Meetings, Minutes, and Ordinances

Minutes for board meetings are not always maintained, signed or approved in a timely manner or adequate. In addition, minutes are not maintained for all closed meetings, information discussed in closed meetings was questionable, and the city did not properly announce or post an agenda for a closed meeting. Also, the city needs to improve its controls over information requested by the public and adopt ordinances in a timely manner.

- A. Minutes of meetings could not always be located and some meeting minutes were not approved in a timely manner by the Board of Aldermen or signed by the clerk and mayor. Open meeting minutes are usually prepared by the city clerk (or deputy city clerk in the clerk's absence) and signed by the mayor and the clerk; however, the minutes for meetings on June 24, 2003 and August 11, 2003 could not be located. In addition, during the April 7, 2004 meeting, the minutes from December 22, 2003 through the previous meeting were approved. Also, minutes from April through December 2004 were not signed by the clerk and mayor.

Section 610.020, RSMo, requires minutes be taken and retained for meetings. In addition, by not approving minutes on a timely basis, there is less assurance the matters discussed at the board meeting are accurately reflected in the approved minutes. Approving minutes three or more months later does not provide a timely and effective record of the activities of the board to the public. The minutes should be approved by the board on a timely basis and signed by the clerk and mayor immediately upon approval to provide attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- B. Board minutes did not always include sufficient detail of matters discussed and actions taken.
- 1) Votes by alderman were not always recorded.
 - 2) Meetings were not always officially called to order and members present or absent at the board meetings were not always recorded.

- 3) Minutes were sometimes presented in outline form and did not include adequate detail as to what was being discussed or voted on.

Section 610.020, RSMo, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions.

This condition was also reported by the city's independent auditors.

- C. Closed meetings were not always adequately documented or conducted in accordance with state law. Per discussion with city officials, the city only prepares and maintains closed session minutes when votes are taken on an issue being discussed. Our review of closed meeting minutes noted the following concerns:

- 1) The board regularly conducts closed meetings but does not always prepare minutes of the meetings.
- 2) Minutes of applicable open meetings did not always indicate the reasons and votes taken to go into closed session.
- 3) The city did not document how some items discussed in closed session complied with state law. These items included discussions of staffing levels, job descriptions, and services provided to citizens.
- 4) The city did not properly announce or post an agenda for the closed meeting held concerning the termination of the former city clerk. Per discussion with city personnel, approval authorizing the termination, on June 7, 2004, was originally solicited and received from each board member via phone conversation or e-mail. This action constitutes an official board vote and meeting, but was not properly announced or performed in accordance with state law.

Board actions requiring the use of closed meetings should be held in compliance with Chapter 610, RSMo. Section 610.020, RSMo, requires minutes for closed meetings shall be taken and retained by the public governmental body, including but not limited to, a record of any votes taken at such meeting. The minutes shall include the date, time, place, members present, members absent and a record of any votes taken. Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and certain personnel issues, and requires the votes taken and final decisions to be made public. Section 610.022, RSMo, requires the board to vote in open session to close a meeting and to announce publicly the reasons for going into closed session. This law also provides that public governmental bodies shall not discuss, record, or vote on any other business during the closed meeting that differs from the specific reasons used to justify such meeting.

- D. The city does not have adequate controls to ensure compliance with the Sunshine Law in following up on information requested by the public. The city does not maintain a log of public requests. Section 610.023, RSMo, provides each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure the city is complying with this statute, the city should document adequate information in a request log to determine if requests are completed timely and that all requests are adequately fulfilled.

- E. Ordinances were not adopted in a timely manner. Our review noted the following concerns:
- 1) Voters approved a parks and stormwater tax in November 1999, but the city did not officially add an ordinance to its city code until June 2004.
 - 2) An ordinance authorizing the additional duties and salary of former Mayor Salamone was not approved by the board until June 2004 (see MAR 3).
 - 3) Prior to March 2003, the city did not have an ordinance establishing the mayor's and aldermen's salaries.

Since the ordinances represent legislation which has been passed by the Board of Aldermen to govern the city and its residents, it is imperative the city's ordinances be complete, well organized, and current.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes are maintained for all meetings as required by state law. In addition, the Board of Aldermen should ensure minutes are approved on a timely basis and signed by the mayor and the city clerk in order to attest to their accuracy and completeness.
- B. Ensure minutes are complete and include all required information.
- C. Properly conduct all closed meetings and document applicable matters in accordance with state law.
- D. Ensure a public request log is maintained and that the city is complying with the Sunshine Law.
- E. Ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.

AUDITEE'S RESPONSE

- A&B. The Board believes it is in the public's best interest to have minutes that cover the subjects and the areas discussed at each meeting. The Board does not believe this requires verbatim minutes of every word that is spoken. The Board closely reviews the minutes and amends them for additional information. The city does tape record the meetings and these tapes are maintained and made available to the public. High employee turnover was the cause of delay.*
- C. The City of Rock Hill is currently complying with all applicable statutory requirements. The Board intended closed session minutes to be kept properly. Apparently, the turnover of administration employees that occurred during the time Joan Boyer was the City Administrator negatively impacted in issuing and maintaining closed session minutes of meetings.*
- D. The City of Rock Hill is prepared to log all public requests for information.*
- E. A complete review of the codifications of the city's ordinances has been done. It is currently being analyzed and will be presented to the Board for consideration and approval.*

The city regularly receives new proposed ordinances from the City Attorney that are required to comply with new state laws and other regulations. An example is a recent bill that was required for administrative search warrants.

6. Budgets, Financial Reporting, and Planning
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The city's budgets were not always complete and actual expenditures exceeded the original budget amount for two funds during the year ended March 31, 2004. In addition, the city did not publish their financial statements semi-annually, submit an annual financial report to the State Auditor's Office for the year ended March 31, 2002, or submit the report for the year ended March 31, 2004 in a timely manner. The city also needs to develop a formal street maintenance plan.

- A. The fiscal year 2004 budget does not include beginning and projected ending fund balances for the General Fund or a budget for the Police Training Fund. In addition, the fiscal year 2005 budget lacks some required information regarding the city's debt; does not present prior years actual expenditures for the General Fund in adequate detail, only presenting totals by department; and only includes the General Fund.*

Section 67.010, RSMo, requires each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget

should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message and information on interest, amortization, or redemption charges on debt.

- B. For the year ended March 31, 2004, the city's actual expenditures exceeded the amounts budgeted for the Tax Increment Financing (TIF) Fund and the Sewer Lateral Fund as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TIF Fund	\$ 0	2,660	(2,660)
Sewer Lateral Fund	45,000	52,402	(7,402)

Prior to their request in July 2004, the Board did not receive reports showing the balances of each fund and an analysis of the budgeted and actual revenues and expenditures to date and were unable to properly monitor the status of the budget. Quarterly financial statements are now prepared by the Director of Finance and reviewed by the board, but budget and actual results are only available for the General Fund as noted above in part A.

The budget process provides a means to allocate financial resources in advance. Failure to adhere to the expenditure limits imposed by the budgets weakens the effectiveness of this process. Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

This condition was also reported by the city's independent auditors.

- C. The city does not publish semiannual financial statements. Section 79.160, RSMo, requires the Board of Aldermen to prepare and publish semiannual statements of receipts, expenditures, and indebtedness of the city. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.
- D. The city did not submit an annual financial report to the State Auditor's Office for fiscal year 2002. In addition, while the 2003 annual financial report was submitted timely, the 2004 report was not delivered to the State Auditors until it was requested from the city. Section 105.145, RSMo, requires political subdivisions to timely file an annual report of the financial transactions of the political subdivision with the State Auditor's Office.
- E. A formal maintenance plan for all city streets has not been prepared annually. Upon the issuance of general obligation bonds in 2002 for the construction and reconstruction of streets, a plan was prepared; however, it only included a small portion of the city's streets that were to be repaired with bond proceeds over the

next several years. A complete maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the city budgets are prepared in accordance with state law.
- B. Ensure actual expenditures do not exceed budgeted amounts. If circumstances require expenditures in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional expenditures and documenting the reasons for such.
- C. Prepare and publish semiannual financial statements in accordance with state law.
- D. Submit annual reports of financial transactions to the State Auditor's Office as required by state law.
- E. Prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition, the Board of Aldermen should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

- A. *The city's 2006 budget message does include a statement articulating that additional information will need to be prepared and included in this budget.*
- B. *The City of Rock Hill agrees with the recommendation of the State Auditor's Office.*
- C. *The city recognizes the benefits of regularly updating the citizens about the financial condition of the city. In addition to the required publication, the city plans to include this information in the city newsletters that are delivered to every home in the city. This meets the intent of the law. This will be in addition to publishing the results in an appropriate newspaper to meet the letter of the law.*

- D. *A copy of the fiscal 2002 audited financial statement has been forwarded to the State Auditor's Office. Future audits will be provided when completed.*
- E. *Earlier this spring the city hired a new firm to act as the city's engineer. This firm has reviewed all the streets in the city. They have been acquiring the engineering drawings that have been prepared for some of the streets. They are combining this information to create a maintenance plan that includes reasonable estimates of the costs to properly repair the streets. This firm has worked with the city's Public Works Department to determine which streets were in the worst shape and that department has started this work.*

In a small city like Rock Hill, it would be hard for the Mayor and Aldermen to avoid seeing repair projects while they are in progress. The questions they have raised from doing this insure the current projects are being completed correctly and in a timely manner as well as providing them with the strong base of knowledge that the auditors are recommending.

7. Dispatch Services

The city did not formally evaluate the costs and benefits of running its own dispatching service versus contracting for the service, did not solicit requests for proposals for this service, and has obligated the city to pay this contract for five years.

The Board of Aldermen approved an ordinance authorizing a contract with the city of Brentwood for dispatch services in July 2003 and signed the contract the following month. Costs for the first year were \$158,000 plus a one time fee of \$11,134. Each additional year's service cost is increased by three percent.

- A. According to city officials, the contract was negotiated to save the city money over providing the services in-house. During the years ended March 31, 2003 and 2002, the city's in-house dispatching expenses were approximately \$220,100 and \$187,900, respectively. While it would appear the city may be saving money by contracting out this service, there was no documentation that a formal cost/benefit analysis was performed before entering into the contract. In addition, this proposal was not mentioned in the board minutes prior to the board's approval for the mayor to enter into a contract. Such an analysis is necessary to ensure the city's decision is the best economical use of city resources. Including the analysis and discussion of the proposal in the board minutes would also better inform the public as to the associated costs and benefits and allow for public comments on the proposal.
- B. City officials negotiated the contract with Brentwood. No requests for proposals were obtained for this service. Soliciting proposals for dispatching services would help provide a range of possible choices and allow the city to make a

better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

- C. The city signed a five year contract with the city of Brentwood for this service, therefore, obligating the city for future periods with no re-appropriation clause. The contract appears to violate the intent of Article VI, Section 26(a), of the Missouri Constitution, which states that no city shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years, except as otherwise provided in the Constitution.

WE RECOMMEND the Board of Aldermen:

- A. Perform a formal cost analysis before contracting out for future services to ensure the city is making the most economical decisions. All discussions of such proposals should be documented in the board minutes.
- B. Ensure bids or proposals are solicited prior to contracting out for services.
- C. Consult with legal counsel regarding this contract and not incur debt in violation of the Missouri Constitution.

AUDITEE'S RESPONSE

- A. *The City of Rock Hill agrees that a formal cost analysis is an important part of selecting a contractor for services. The Mayor and Board also agree that the best qualified vendor is part of the decision process. Analysis of this will also need to be in writing along with any other factors that the Board considers when selecting a contractor for services. Savings to the citizens of Rock Hill of this intergovernmental agreement with Brentwood are obvious; with the contract costs reduced from \$220,100 to \$158,000.*
- B. *The City of Rock Hill recognizes the value of obtaining multiple bids to obtain qualified services and the lowest cost. Rock Hill included the City of Brentwood when it was seeking bids to provide trash removal services. While bids are not required for intergovernmental agreements, Rock Hill will request bids whenever possible. In situations where the city does not seek bids, it will maintain records in minutes of meetings or elsewhere explaining why bids were not sought.*
- C. *The City Attorney for the City of Rock Hill has stated at an open Board meeting that future Boards are not bound by prior Boards' actions. This was stated specifically concerning the contract with Brentwood for dispatching services. The City of Brentwood was well aware of the fact. Since both signers of the contract know the state law and recognize it applies to this contract, the City of Rock Hill does not believe this violates the intent of Article VI, Section 26(a), of the Missouri Constitution.*

The city does not have a formal policy regarding cellular phone usage or guidelines to determine whether a cellular phone is needed or of benefit to the city. In addition, cellular phone bills from one of the city's providers are only in summary form and could not be adequately reviewed for personal use because they were not supported by a detailed listing of the calls made. From April 2003 through January 2005, the city incurred cellular phone charges exceeding \$23,800. Although cellular bills are supposed to be reviewed and approved by the appropriate city department head, our review of the cellular phone bills for one month noted calls which appeared to be personal in nature. After we brought this to the city's attention, the cellular phone bill was re-reviewed for personal calls and, as a result, the city requested and received reimbursement. While the additional charges noted were not significant, it does not appear city funds should be used to pay for personal telephone usage.

In addition, during this same timeframe the city changed carriers, changed plans, and added and eliminated cellular phones. While the city currently appears to have reduced its cellular phone costs by eliminating some phones and modifying plans, a few phones still have little or no usage.

While cellular phones can help increase employee productivity, they are also costly. A policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the board authorizes the phone to be used for personal purposes. Effective procedures should be implemented to monitor cellular phone usage and review invoices for propriety. In addition, detailed invoices listing the calls made from each phone are needed in order to perform an adequate review.

WE RECOMMEND the Board of Aldermen develop a policy regarding the use of cellular phones including an assessment of which employees need a cellular phone and procedures to monitor their use. In addition, the Board of Aldermen should ensure detailed invoices are always received from the city's cellular phone providers.

AUDITEE'S RESPONSE

The auditors note that a few phones have little usage. In situations where it may be necessary to contact employees on a 24/7 basis the city considers it a positive that those employees are not abusing the cell phones. For example, the Acting City Administrator has such a phone. When possible, the walkie-talkie feature is used because it creates no additional charges. These phones have proven their usefulness when the electric is out and when the employee is out of the office and quick communication is needed. When consolidating to one carrier for all cell phones, several units with only the walkie-talkie feature were acquired. The need for a phone along with the walkie-talkie was considered prior to acquiring these phones. If a position becomes vacant, the phone is maintained and utilized but not assigned permanently to another individual until the position is filled.

The city currently uses one provider for all cell phone service. This includes a walkie-talkie feature that saves money. The cell phone bill does detail all cell phone calls. The city considers it a positive when cell phones that are needed for 24/7 communication have limited usage, because the city benefits in emergency response capability without inappropriate usage of the phones.

9.

Fund Accounting

The city does not separately account for various restricted revenues in accordance with state law and/or city ordinance.

- A. The city has not established a debt service fund for their street bonds in accordance with the bond covenant and state law and currently deposits all debt service property taxes into the street bond fund. In 2002, the city issued \$3,000,000 in general obligation bonds for the construction and reconstruction of streets and related stormwater control improvements. The city levies a property tax to pay the principal and interest on the bonds. Section 108.180, RSMo, requires debt service taxes be deposited into a separate fund to be used to make all bond principal, interest, and fee payments. In addition, Article II of the bond covenant requires the establishment of a separate debt service fund.
- B. The city does not separately account for the motor fuel taxes and road and bridge allotments received from the county. The city also does not separately account for parks and stormwater, fire department, and capital improvement sales taxes. The city currently deposits all these taxes in the General Fund.

Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets. In addition, city ordinances numbered 1444 and 1529 state that the parks and stormwater and fire department sale tax monies should be deposited into a separate Parks and Stormwater Sales Tax Trust Fund and Fire Protection Trust Fund, respectively.

To ensure compliance with the Missouri Constitution and city ordinances, and to ensure all restricted revenues are adequately accounted for, the city should establish separate funds for these monies and expend these monies directly out of those funds.

A similar condition was also reported by the city's independent auditors.

WE RECOMMEND the Board of Aldermen establish a debt service fund to account for the general obligation bond principal, interest, and fee payments in accordance with the bond covenant and state law. The Board of Aldermen should also establish separate

funds to account for other restricted revenues in accordance with the Missouri Constitution and city ordinances.

AUDITEE'S RESPONSE

The independent auditors that do the annual audit for the City of Rock Hill have stated that the bond proceeds and the taxes levied to pay the bonds have been reported separately as required by state statute. The city will work with the independent audit firm to not only insure the state requirements are met, but to establish a separate debt service fund as recommended by the State Auditor.

Sometimes restricted funds are not set up in smaller cities. While accounting personnel may be able to work reasonably with multiple funds, it is often hard for employees of other departments to work on projects where some of the expense comes from one fund and some expenses come from another fund.

A significant number of cities do not break out small designated receipts like the Road and Bridge tax because they know they will have more than enough of the appropriate expenditures during that fiscal year.

In situations such as these, utilizing the general fund for these restricted revenues and the expenditures can provide better budgetary review and control. The city's independent auditors do review the expenditures and will break out a portion of the fund balance and list it as being restricted for a designated purpose.

Rock Hill does recognize the benefit of miscellaneous funds and has created them in the recent past. The Police Department did not spend the amount that had been received in court costs for training for several years. Since it did not appear this would be cleared up within a year, a separate fund was established. This will be done in the future as appropriate.

10. Capital Asset Records

The city has not established records to account for all city-owned property and procedures to reconcile capital asset purchases to property record additions. In addition, usage logs are not required for some city vehicles.

- A. The city has not established records to account for all city-owned property. In addition, procedures do not exist to reconcile capital asset purchases to additions from the property records. There is no comprehensive list of all city owned property except for the list of land and buildings owned by the city and the property list maintained by the police department. However, the police department list is not up-to-date or complete, as we noted radios and a computer purchased during 2004 did not trace to the list. Property records are necessary to ensure better internal controls over assets and provide a basis for determining insurance coverage.

The city should establish detailed property records. All property items should be recorded at historical cost or estimated historical cost, if historical cost is not available. The records should be maintained on a perpetual basis, accounting for capital asset acquisitions and dispositions as they occur. In addition, all items should be inventoried annually, reconciling the inventory to the detailed property records, and identified as city property with a tag or similar device.

This condition was also reported by the city's independent auditors.

- B. Usage logs are not required for some city vehicles. In addition, the city does not have a written policy on the proper use of vehicles. Seventeen city vehicles are maintained for the police, fire and public works departments (including three surplus vehicles and the police motorcycle); however, vehicle logs are not maintained for the motorcycle and five vehicles currently used by the police department. Per city officials, the city did maintain a mileage log for police cars several months ago, but this was only for a test period.

Logs are necessary to document appropriate use of the vehicles at all times. The logs should include the purpose and destination of each trip and the daily beginning and ending odometer readings. These logs should be reviewed to ensure the vehicles are being properly utilized and help identify vehicles which should be replaced. Information on the logs should also be used to reconcile fuel purchases and other maintenance charges. In addition, to ensure city vehicles and motorcycles are only used for official city purposes, the city should develop a written policy regarding the use of such vehicles.

WE RECOMMEND the Board of Aldermen:

- A. Ensure complete and detailed property records are established that account for all property items of the city. These records should be updated for any property additions or dispositions as they occur, and all items should be tagged or otherwise identified as city property. Reconciliations should also be performed between expenditure records and additions made to the fixed asset records. In addition, physical inventories of all city-owned property should be performed periodically and reconciled to detailed capital asset records to ensure that all assets are accounted for properly.
- B. Maintain logs reporting mileage and usage of each vehicle. A supervisor should review the logs periodically for completeness and reasonableness. In addition, a vehicle usage policy should be developed.

AUDITEE'S RESPONSE

- A. *The City of Rock Hill will comply with GASB 34 requirements which include detailed assets and depreciation. This policy will provide a reasonable definition of what is a fixed asset. This will need to include written procedures for labeling, depreciation,*

determining an estimated life, updating property records and physical auditing of the fixed assets.

- B. The City of Rock Hill recognizes the need to insure the city's vehicles are used for city purposes.*

The city does own vehicles that are used by various departments. These vehicles are only used for city business and not taken home at night for personal use except as follows. Vehicles are provided for the Captains responsible for operations of the Police and Fire Departments because they are on call 24/7. The Fire Department has another vehicle for times when the Captain responsible for operations is out of town and the next in command will be on call 24/7. This vehicle is available for different departments to use when appropriate for travel to training in and out of town.

The city has conducted mileage logs at various times. The mileage has shown the usage was appropriate for the work to be accomplished. While mileage logs give the appearance of vigilance, it would be hard to prove inappropriate use this way. In other cities, it has been shown that the city is better served by the many eyes of the citizens who call and question why a city vehicle was seen at a particular location outside the city limits.

At the recommendation of the Fire and Police Departments, the city will be utilizing a new system which will allow them to obtain fuel at different locations when needed. This will address the type of problem that occurred last year when electric in the city was off for a couple of days. This system will require odometer readings and security codes to identify which employee is filling which vehicle. This will provide a log without excessive paperwork. Each department head will be required to review the log before approving the monthly bill for fuel.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF ROCK HILL, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Rock Hill is located in St. Louis County. The city was incorporated in 1929 and is currently a fourth-class city. The population of the city in 2000 was 4,765.

The city government consists of a mayor and six-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended March 31, 2004, are identified below. The Mayor was paid \$275 per month and Board of Aldermen members are each paid \$185 per month.

Mayor and Board of Aldermen	Dates of Service During the Year Ended March 31, 2004		
Robert Salamone, Mayor (1) Edith Brown, Alderwoman Edward J. Johnson, Alderman Sheri McCann, Alderwoman Matthew Knuckles, Alderman Julie Morgan, Alderwoman (2) Mike Conran, Alderman (2)	April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004		
Other Principal Officials and Employees	Dates of Service During the Year Ended March 31, 2004	Compensation Paid for the Year Ended March 31, 2004	
Robert Salamone, Interim City Administrator (1) Joan Boyer, City Administrator (3) Don Cary, Finance Administrative Services Director (4) Tina Capriglione, Human Resources Specialist (5) Deanna Kaber, City Clerk (6) Penny Thomas, City Clerk (7) John Kriska, Fire Chief (8) Terry Good, Chief of Police (9) Art Peasall, Maintenance Facility Supervisor Al Hayden, Director of Parks and Recreation	February 2004 – March 2004 April 2003 – February 2004 August 2003 – March 2004 June 2003 – March 2004 February 2004 – March 2004 July 2003 – January 2004 April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004 April 2003 – March 2004	\$	7,237 67,888 47,179 28,116 3,689 23,514 65,308 64,476 34,167 54,679

Ronald Meyer, Superintendent of Public Works	April 2003 – March 2004	49,297
Ken Heinz, City Attorney (10)	April 2003 – March 2004	7,320
Mark Levitt, Municipal Judge	April 2003 – March 2004	9,600
Stephen J. Jianakoplos, Prosecuting Attorney	April 2003 – March 2004	9,600
Ronda Capriglione, Independent Contractor (11)	July 2003 and December 2003 – March 2004	5,766

- (1) Mayor Robert Salamone received extra compensation as Interim City Administrator from February through July 2004. The additional compensation received was \$20,200 and \$6,300 for the years ended March 31, 2005 and 2004, respectively. He also received compensation in the amount of \$937 for time spent in court hearings and depositions from February through May 2003. He resigned effective August 2004. Upon the Mayor's resignation announcement, Don Cary, Finance Administrative Services Director, was appointed acting city administrator effective July 2004. Don received no additional compensation for this appointment.
- (2) Mike Conran was appointed Mayor effective August 2004, and Edie Barnard was appointed to fill the alderman vacancy in September 2004. Mr. Conran did not run for re-election and was replaced by Julie Morgan, effective April 2005, and David Townsend was appointed to fill Ms. Morgan's alderman position in May 2005.
- (3) Joan Boyer was terminated effective February 2004.
- (4) Prior to being hired into the newly created position of Finance Administrative Services Director, Don Cary provided accounting services to the city as an independent contractor from May through August 2003. Don received compensation of \$8,591 for these services.
- (5) Tina Capriglione moved into the newly created Human Resources Specialist position in September 2003 upon the completion of the city's compensation and classification study. Prior to that, Tina was a temporary employee helping out the City Administrator until being hired full-time as an administrative assistant in July 2003. Tina was promoted to the newly created Human Resources Manager position effective April 2004.
- (6) Deanna Kaber was terminated in June 2004. At that same time Don Cary was also appointed interim city clerk. Don received no additional compensation for this appointment.
- (7) Prior to Penny Thomas's appointment as city clerk in July 2003, the city clerk position had been vacant.
- (8) John Kriska was promoted to Public Safety Administrator effective July 2004.
- (9) Terry Good resigned as Chief of Police effective May 2004. This position was eliminated with the creation of the Public Safety Administrator, who now supervises both the police and fire departments.
- (10) The compensation includes a \$610 monthly retainer for attending board meetings, providing general counsel, and secretarial services. In addition, the law firm of Curtis, Heinz, Garrett & O'Keefe provided other services which were billed per hour. The city paid approximately \$134,143 for these additional legal services.
- (11) Ronda Capriglione originally served as an office assistant. She then became the former Mayor's assistant in March 2004 and in fiscal year 2005 began providing services similar to that of an Assistant City Clerk and/or bookkeeper.

In addition to the officials identified above, the city employed 37 full-time employees and 8 part-time employees on March 31, 2004.

Assessed valuations and tax rates for the years ended March 31, 2005 and 2004 were as follows:

ASSESSED VALUATIONS	2003	2004
Real estate	\$ 42,435,510	42,478,080
Commercial	15,440,171	14,319,079
Personal property	11,797,140	11,399,550
Total	<u>\$ 69,672,821</u>	<u>68,196,709</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	
	2003	2004
General Fund (residential real)	\$ 0.3100	0.3150
(commercial real)	0.3060	0.3320
(personal)	0.3540	0.3540
Library (residential real)	0.3170	0.3210
(commercial real)	0.3130	0.3420
(personal)	0.3600	0.3600
Debt service	0.5110	0.3990

TAX RATES PER \$1 OF RETAIL SALES

	Rate
General	\$ 0.0100
Capital improvement	0.0050
Storm water control and local parks	0.0050
Fire department	0.0025



Claire McCaskill

Missouri State Auditor

August 2005

Daviess County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Daviess, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Daviess County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county continues to significantly overestimate the amounts budgeted for expenditures of the Special Road and Bridge Fund. During the years ended December 31, 2004 and 2003, budgeted expenditures exceeded actual expenditures by \$1,141,722 and \$858,550, respectively. Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool and has also allowed the county to over transfer monies to the General Revenue Fund. While the county changed its transfer policy in 2002, of the \$51,300 over transfer, \$4,900 related to the past three years.
- The county apparently has not monitored the level of bank activity, resulting in insufficient collateral securities being pledged to cover the county's deposits on December 31, 2004 and 2003, respectively.
- As similarly noted in prior audit reports, minutes were not maintained for closed meetings of the county commission, which is now required by law.
- Health Center procedures related to capital assets, acknowledgement of receipt of goods and services, and the petty cash fund are in need of improvement. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.
- The Developmentally Disabled Board could not locate minutes for five board meetings and did not adequately maintain documentation for bid selections or to support all expenditures.
- The Central Dispatch for Emergency Services (CDES) Board's closed meeting minutes lacked sufficient detail of matters discussed and actions taken. Additionally, employee timesheets are not approved and signed by a supervisor, the 911 supervisor is not completing a timesheet, capital asset records are not maintained and property tags are not affixed to all assets.

(over)

YELLOW SHEET

Also included in the audit were recommendations related to townships' published financial statements, the county's capital assets, and Sheriff's controls and procedures.

All reports are available on our website: www.auditor.mo.gov

DAVIESS COUNTY, MISSOURI

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DAVIESS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Daviess County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Daviess County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Daviess County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 21, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Daviess County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 21, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Tania Williams
	Naima Ramlatchman
	Alvin L. Cochren, Jr.
	Christopher L. Holder



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Daviess County, Missouri

We have audited the financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Daviess County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Daviess County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Daviess County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 21, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

DAVIESS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,043,443	829,980	721,118	1,152,305
Special Road and Bridge	640,707	1,079,560	1,044,082	676,185
Assessment	24	121,795	121,777	42
Law Enforcement Sales Tax	3,472	400,503	365,570	38,405
Law Enforcement Training	3,631	4,234	3,460	4,405
Prosecuting Attorney Training	191	1,051	733	509
Law Enforcement Training POST	1,428	2,828	2,806	1,450
Sheriff Civil Fee	8,689	9,115	11,219	6,585
Jail Capital Improvement	263,932	4,076	0	268,008
Domestic Violence	45	286	316	15
Prosecuting Attorney Check Processing	2,200	5,615	5,282	2,533
Election Services	2,747	1,084	2,405	1,426
Jackson Township Grant Maintenance	46,293	12,515	0	58,808
Local Emergency Planning Committee	7,064	5,141	5,333	6,872
Recorder's User Fees	35,389	5,692	6,508	34,573
Recorder Technology Fund	8,022	3,574	0	11,596
Care Center Lease	239,432	3,951	0	243,383
Health Care Reserve	38,657	291	0	38,948
Frazier Trust	15,819	250	445	15,624
Sheriff Forfeiture	642	7	0	649
Mays Estate	15,392	251	3,270	12,373
Prosecuting Attorney Delinquent Tax	2	0	0	2
Collector's Tax Maintenance	8,650	9,059	2,349	15,360
Prosecuting Attorney Forfeitures	292	3	0	295
Cannon	0	35,832	25,230	10,602
Health Center	248,366	416,714	367,599	297,481
Central Dispatch Emergency Services	370,643	264,023	239,277	395,389
Developmentally Disabled	164,759	80,382	72,853	172,288
Circuit Clerk Interest	6,236	552	24	6,764
Associate Circuit Interest	3,154	1,983	120	5,017
Election HAVA	0	15,033	0	15,033
Law Enforcement Block Grant	0	9,070	9,069	1
Law Library	1,340	4,000	3,660	1,680
Total	\$ 3,180,661	3,328,450	3,014,505	3,494,606

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DAVIESS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 815,997	907,672	680,226	1,043,443
Special Road and Bridge	750,742	896,021	1,006,056	640,707
Assessment	(8,608)	127,417	118,785	24
Law Enforcement Sales Tax	45,635	349,735	391,898	3,472
Law Enforcement Training	5,131	4,015	5,515	3,631
Prosecuting Attorney Training	350	1,097	1,256	191
Law Enforcement Training POST	1,403	2,161	2,136	1,428
Sheriff Civil Fee	7,056	11,598	9,965	8,689
Jail Capital Improvement	356,364	7,568	100,000	263,932
Domestic Violence	339	353	647	45
Prosecuting Attorney Check Processing	1,299	5,594	4,693	2,200
Election Services	4,297	1,057	2,607	2,747
Jackson Township Grant Maintenance	40,518	5,775	0	46,293
Local Emergency Planning Committee	2,249	9,282	4,467	7,064
Recorder's User Fees	32,753	5,844	3,208	35,389
Recorder Technology Fund	4,524	3,498	0	8,022
Care Center Lease	235,788	3,644	0	239,432
Health Care Reserve	37,275	1,702	320	38,657
Frazier Trust	15,483	336	0	15,819
Sheriff Forfeitures	635	7	0	642
Mays Estate	15,064	328	0	15,392
Prosecuting Attorney Delinquent Tax	2	0	0	2
Collector's Tax Maintenance	0	8,650	0	8,650
Prosecuting Attorney Forfeitures	288	4	0	292
Health Center	171,284	432,304	355,222	248,366
Central Dispatch Emergency Services	392,643	239,822	261,822	370,643
Developmentally Disabled	150,244	77,423	62,908	164,759
Circuit Clerk Interest	9,807	3,191	6,762	6,236
Associate Circuit Interest	1,609	1,798	253	3,154
Law Library	802	3,865	3,327	1,340
Total	\$ 3,090,973	3,111,761	3,022,073	3,180,661

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,039,576	3,298,364	(741,212)	3,480,962	3,106,772	(374,190)
DISBURSEMENTS	4,883,913	3,001,656	1,882,257	4,416,950	3,015,058	1,401,892
RECEIPTS OVER (UNDER) DISBURSEMENTS	(844,337)	296,708	1,141,045	(935,988)	91,714	1,027,702
CASH, JANUARY 1	3,181,117	3,176,167	(4,950)	3,039,557	3,079,557	40,000
CASH, DECEMBER 31	2,336,780	3,472,875	1,136,095	2,103,569	3,171,271	1,067,702
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	230,000	232,272	2,272	217,600	220,513	2,913
Sales and use taxes	235,000	257,934	22,934	247,500	231,343	(16,157)
Intergovernmental	67,250	76,217	8,967	70,000	62,272	(7,728)
Charges for services	116,250	121,630	5,380	89,575	124,102	34,527
Interest	13,500	14,363	863	15,000	13,645	(1,355)
Other	121,000	127,564	6,564	117,730	121,611	3,881
Transfers in	29,000	0	(29,000)	34,186	134,186	100,000
Total Receipts	812,000	829,980	17,980	791,591	907,672	116,081
DISBURSEMENTS						
County Commissioner	79,964	78,854	1,110	77,840	77,430	410
County Clerk	71,344	66,266	5,078	71,321	64,717	6,604
Elections	48,200	45,992	2,208	24,540	11,971	12,569
Buildings and grounds	98,650	56,329	42,321	141,117	106,389	34,728
Employee fringe benefit	52,880	46,505	6,375	49,000	43,187	5,813
County Treasurer	48,017	45,405	2,612	58,431	45,069	13,362
Ex Officio County Collector	5,000	1,390	3,610	2,800	1,285	1,515
Recorder of Deeds	55,164	53,910	1,254	54,370	53,651	719
Circuit Clerk	3,600	2,919	681	2,950	2,954	(4)
Associate Circuit Court	17,120	12,460	4,660	20,500	11,559	8,941
Court administration	15,849	9,702	6,147	14,351	6,609	7,742
Public Administrator	19,379	18,478	901	17,301	17,243	58
Jail	115,000	88,271	26,729	40,000	21,835	18,165
Prosecuting Attorney	94,088	84,700	9,388	90,890	80,616	10,274
Juvenile Offices	9,569	4,885	4,684	9,699	5,537	4,162
County Coroner	20,923	20,014	909	20,388	16,466	3,922
Insurance	20,000	23,768	(3,768)	17,000	15,827	1,173
University Extension	27,000	20,000	7,000	20,000	20,000	0
Litigation	20,000	1,146	18,854	15,000	284	14,716
Public health and welfare service	1,500	350	1,150	1,000	803	197
Other	31,650	16,324	15,326	31,550	16,294	15,256
Transfers out	50,953	23,450	27,503	33,500	60,500	(27,000)
Emergency Fund	100,000	0	100,000	100,000	0	100,000
Total Disbursements	1,005,850	721,118	284,732	913,548	680,226	233,322
RECEIPTS OVER (UNDER) DISBURSEMENTS	(193,850)	108,862	302,712	(121,957)	227,446	349,403
CASH, JANUARY 1	1,043,443	1,043,443	0	815,997	815,997	0
CASH, DECEMBER 31	849,593	1,152,305	302,712	694,040	1,043,443	349,403

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	1,804,500	1,064,180	(740,320)	1,380,000	871,695	(508,305)
Interest	10,000	7,439	(2,561)	20,000	12,083	(7,917)
Other	7,000	7,941	941	22,500	12,243	(10,257)
Total Receipts	1,821,500	1,079,560	(741,940)	1,422,500	896,021	(526,479)
DISBURSEMENTS						
Salaries	120,000	92,927	27,073	120,000	84,000	36,000
Employee fringe benefit	32,200	24,237	7,963	30,200	19,793	10,407
Supplies	23,500	13,864	9,636	22,500	14,868	7,632
Insurance	9,300	7,469	1,831	8,300	7,883	417
Road and bridge materials	594,000	474,418	119,582	582,000	497,175	84,825
Equipment repairs	20,000	6,119	13,881	20,000	13,400	6,600
Rentals	2,000	0	2,000	2,000	0	2,000
Equipment purchases	90,000	30,000	60,000	140,000	101,666	38,334
Construction, repair, and maintenance	1,244,500	384,706	859,794	885,000	223,253	661,747
Other	15,700	5,642	10,058	16,000	5,412	10,588
Transfers out	34,604	4,700	29,904	38,606	38,606	0
Total Disbursements	2,185,804	1,044,082	1,141,722	1,864,606	1,006,056	858,550
RECEIPTS OVER (UNDER) DISBURSEMENTS	(364,304)	35,478	399,782	(442,106)	(110,035)	332,071
CASH, JANUARY 1	640,707	640,707	0	750,742	750,742	0
CASH, DECEMBER 31	276,403	676,185	399,782	308,636	640,707	332,071
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	105,820	105,067	(753)	110,864	106,299	(4,565)
Interest	0	57	57	0	37	37
Other	1,000	721	(279)	1,000	581	(419)
Transfers in	43,353	15,950	(27,403)	33,500	20,500	(13,000)
Total Receipts	150,173	121,795	(28,378)	145,364	127,417	(17,947)
DISBURSEMENTS						
Assessor	150,081	121,777	28,304	136,474	118,785	17,689
Total Disbursements	150,081	121,777	28,304	136,474	118,785	17,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	92	18	(74)	8,890	8,632	(258)
CASH, JANUARY 1	24	24	0	(8,608)	(8,608)	0
CASH, DECEMBER 31	116	42	(74)	282	24	(258)

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	235,000	257,934	22,934	247,500	231,343	(16,157)
Intergovernmental	38,163	510	(37,653)	47,000	0	(47,000)
Charges for services	126,000	140,647	14,647	53,410	72,649	19,239
Interest	100	148	48	300	110	(190)
Other	2,800	1,264	(1,536)	1,350	5,633	4,283
Transfers in	0	0	0	0	40,000	40,000
Total Receipts	402,063	400,503	(1,560)	349,560	349,735	175
DISBURSEMENTS						
Salaries	152,700	148,094	4,606	145,792	149,413	(3,621)
Office expense:	6,620	7,199	(579)	9,000	6,042	2,958
Equipment	10,570	1,425	9,145	1,250	688	562
Travel	25,900	25,111	789	30,800	32,098	(1,298)
Insurance	34,720	31,626	3,094	28,853	29,271	(418)
Prisoner costs	155,500	140,478	15,022	166,500	163,456	3,044
Other	11,090	10,730	360	10,920	10,930	(10)
Transfers out	0	907	(907)	0	0	0
Total Disbursements	397,100	365,570	31,530	393,115	391,898	1,217
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,963	34,933	29,970	(43,555)	(42,163)	1,392
CASH, JANUARY 1	3,472	3,472	0	45,635	45,635	0
CASH, DECEMBER 31	8,435	38,405	29,970	2,080	3,472	1,392
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	4,000	4,196	196	4,500	3,723	(777)
Interest	40	38	(2)	75	42	(33)
Other	0	0	0	0	250	250
Total Receipts	4,040	4,234	194	4,575	4,015	(560)
DISBURSEMENTS						
Prosecuting Attorney	7,670	3,460	4,210	9,600	5,515	4,085
Total Disbursements	7,670	3,460	4,210	9,600	5,515	4,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,630)	774	4,404	(5,025)	(1,500)	3,525
CASH, JANUARY 1	3,631	3,631	0	5,131	5,131	0
CASH, DECEMBER 31	1	4,405	4,404	106	3,631	3,525
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,048	(452)	1,200	1,096	(104)
Interest	0	3	3	0	1	1
Total Receipts	1,500	1,051	(449)	1,200	1,097	(103)
DISBURSEMENTS						
Sheriff	1,500	733	767	1,400	1,256	144
Total Disbursements	1,500	733	767	1,400	1,256	144
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	318	318	(200)	(159)	41
CASH, JANUARY 1	191	191	0	350	350	0
CASH, DECEMBER 31	191	509	318	150	191	41

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING - POST FUND</u>						
RECEIPTS						
Intergovernmental	2,100	2,806	706	4,000	2,137	(1,863)
Interest	2,400	22	(2,378)	40	24	(16)
Total Receipts	4,500	2,828	(1,672)	4,040	2,161	(1,879)
DISBURSEMENTS						
Sheriff	3,500	2,806	694	4,200	2,136	2,064
Total Disbursements	3,500	2,806	694	4,200	2,136	2,064
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	22	(978)	(160)	25	185
CASH, JANUARY 1	1,428	1,428	0	1,403	1,403	0
CASH, DECEMBER 31	2,428	1,450	(978)	1,243	1,428	185
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for service:	10,000	9,080	(920)	6,000	11,558	5,558
Interest	40	35	(5)	100	40	(60)
Total Receipts	10,040	9,115	(925)	6,100	11,598	5,498
DISBURSEMENTS						
Sheriff	15,000	11,219	3,781	10,000	9,965	35
Total Disbursements	15,000	11,219	3,781	10,000	9,965	35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,960)	(2,104)	2,856	(3,900)	1,633	5,533
CASH, JANUARY 1	8,689	8,689	0	7,056	7,056	0
CASH, DECEMBER 31	3,729	6,585	2,856	3,156	8,689	5,533
<u>JAIL CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	7,000	4,076	(2,924)	10,000	7,568	(2,432)
Total Receipts	7,000	4,076	(2,924)	10,000	7,568	(2,432)
DISBURSEMENTS						
Other	10,000	0	10,000	0	0	0
Transfers out	0	0	0	100,000	100,000	0
Total Disbursements	10,000	0	10,000	100,000	100,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	4,076	7,076	(90,000)	(92,432)	(2,432)
CASH, JANUARY 1	263,932	263,932	0	356,364	356,364	0
CASH, DECEMBER 31	260,932	268,008	7,076	266,364	263,932	(2,432)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	400	285	(115)	300	350	50
Interest	5	1	(4)	0	3	3
Total Receipts	405	286	(119)	300	353	53
DISBURSEMENTS						
Abuse shelter	450	316	134	600	647	(47)
Total Disbursements	450	316	134	600	647	(47)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45)	(30)	15	(300)	(294)	6
CASH, JANUARY 1	45	45	0	339	339	0
CASH, DECEMBER 31	0	15	15	39	45	6

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY CHECK PROCESSING FUND</u>						
RECEIPTS						
Charges for services	7,500	5,605	(1,895)	7,500	5,594	(1,906)
Interest	0	10	10	0	0	0
Total Receipts	7,500	5,615	(1,885)	7,500	5,594	(1,906)
DISBURSEMENTS						
Prosecuting Attorney	9,375	5,282	4,093	8,600	4,693	3,907
Total Disbursements	9,375	5,282	4,093	8,600	4,693	3,907
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,875)	333	2,208	(1,100)	901	2,001
CASH, JANUARY 1	2,200	2,200	0	1,299	1,299	0
CASH, DECEMBER 31	325	2,533	2,208	199	2,200	2,001
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,049	49	1,800	962	(838)
Interest	60	35	(25)	50	95	45
Total Receipts	1,060	1,084	24	1,850	1,057	(793)
DISBURSEMENTS						
County Clerk	3,800	2,405	1,395	6,000	2,607	3,393
Total Disbursements	3,800	2,405	1,395	6,000	2,607	3,393
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,740)	(1,321)	1,419	(4,150)	(1,550)	2,600
CASH, JANUARY 1	2,747	2,747	0	4,297	4,297	0
CASH, DECEMBER 31	7	1,426	1,419	147	2,747	2,600
<u>JACKSON TOWNSHIP GRANT MAINTENANCE FUND</u>						
RECEIPTS						
Intergovernmental	500	980	480	500	500	0
Interest	900	835	(65)	500	855	355
Other	12,000	6,000	(6,000)	12,000	0	(12,000)
Transfers in	4,420	4,700	280	4,420	4,420	0
Total Receipts	17,820	12,515	(5,305)	17,420	5,775	(11,645)
DISBURSEMENTS						
Road maintenance	20,000	0	20,000	0	0	0
Total Disbursements	20,000	0	20,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,180)	12,515	14,695	17,420	5,775	(11,645)
CASH, JANUARY 1	46,293	46,293	0	40,518	40,518	0
CASH, DECEMBER 31	44,113	58,808	14,695	57,938	46,293	(11,645)

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LOCAL EMERGENCY PLANNING COMMITTEE FUND						
RECEIPTS						
Intergovernmental	4,700	5,100	400	1,800	9,265	7,465
Interest	0	41	41	40	17	(23)
Total Receipts	4,700	5,141	441	1,840	9,282	7,442
DISBURSEMENTS						
Training	11,346	5,333	6,013	3,725	4,467	(742)
Total Disbursements	11,346	5,333	6,013	3,725	4,467	(742)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,646)	(192)	6,454	(1,885)	4,815	6,700
CASH, JANUARY 1	7,064	7,064	0	2,249	2,249	0
CASH, DECEMBER 31	418	6,872	6,454	364	7,064	6,700
RECORDER'S USER FEES FUND						
RECEIPTS						
Charges for service:	4,000	5,156	1,156	4,000	5,216	1,216
Interest	300	536	236	0	628	628
Total Receipts	4,300	5,692	1,392	4,000	5,844	1,844
DISBURSEMENTS						
Recorder of Deeds	39,689	6,508	33,181	36,753	3,208	33,545
Total Disbursements	39,689	6,508	33,181	36,753	3,208	33,545
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,389)	(816)	34,573	(32,753)	2,636	35,389
CASH, JANUARY 1	35,389	35,389	0	32,753	32,753	0
CASH, DECEMBER 31	0	34,573	34,573	0	35,389	35,389
RECORDER TECHNOLOGY FUND						
RECEIPTS						
Charges for service:	2,500	3,476	976	2,500	3,473	973
Interest	15	98	83	0	25	25
Total Receipts	2,515	3,574	1,059	2,500	3,498	998
DISBURSEMENTS						
Recorder of Deeds	10,537	0	10,537	7,024	0	7,024
Total Disbursements	10,537	0	10,537	7,024	0	7,024
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,022)	3,574	11,596	(4,524)	3,498	8,022
CASH, JANUARY 1	8,022	8,022	0	4,524	4,524	0
CASH, DECEMBER 31	0	11,596	11,596	0	8,022	8,022

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CARE CENTER LEASE FUND</u>						
RECEIPTS						
Interest	3,500	3,951	451	4,500	3,644	(856)
Total Receipts	3,500	3,951	451	4,500	3,644	(856)
DISBURSEMENTS						
Property management	10,000	0	10,000	10,000	0	10,000
Total Disbursements	10,000	0	10,000	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	3,951	10,451	(5,500)	3,644	9,144
CASH, JANUARY 1	239,432	239,432	0	235,788	235,788	0
CASH, DECEMBER 31	232,932	243,383	10,451	230,288	239,432	9,144
<u>HEALTH CARE RESERVE FUND</u>						
RECEIPTS						
Interest	1,500	291	(1,209)	650	1,702	1,052
Total Receipts	1,500	291	(1,209)	650	1,702	1,052
DISBURSEMENTS						
Health care	20,000	0	20,000	20,000	320	19,680
Total Disbursements	20,000	0	20,000	20,000	320	19,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,500)	291	18,791	(19,350)	1,382	20,732
CASH, JANUARY 1	38,657	38,657	0	37,275	37,275	0
CASH, DECEMBER 31	20,157	38,948	18,791	17,925	38,657	20,732
<u>FRAZIER TRUST FUND</u>						
RECEIPTS						
Interest	300	250	(50)	300	336	36
Total Receipts	300	250	(50)	300	336	36
DISBURSEMENTS						
School supplies	800	445	355	400	0	400
Total Disbursements	800	445	355	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(195)	305	(100)	336	436
CASH, JANUARY 1	15,819	15,819	0	15,483	15,483	0
CASH, DECEMBER 31	15,319	15,624	305	15,383	15,819	436
<u>SHERIFF FORFEITURES FUND</u>						
RECEIPTS						
Interest	6	7	1	10	7	(3)
Total Receipts	6	7	1	10	7	(3)
DISBURSEMENTS						
Sheriff	600	0	600	600	0	600
Total Disbursements	600	0	600	600	0	600
RECEIPTS OVER (UNDER) DISBURSEMENTS	(594)	7	601	(590)	7	597
CASH, JANUARY 1	642	642	0	635	635	0
CASH, DECEMBER 31	48	649	601	45	642	597

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MAYS ESTATE FUND</u>						
RECEIPTS						
Interest	300	251	(49)	350	328	(22)
Total Receipts	300	251	(49)	350	328	(22)
DISBURSEMENTS						
Equipment	13,000	3,270	9,730	13,000	0	13,000
Total Disbursements	13,000	3,270	9,730	13,000	0	13,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,700)	(3,019)	9,681	(12,650)	328	12,978
CASH, JANUARY 1	15,392	15,392	0	15,064	15,064	0
CASH, DECEMBER 31	2,692	12,373	9,681	2,414	15,392	12,978
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Prosecuting Attorney	2	0	2	0	0	0
Total Disbursements	2	0	2	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2)	0	2	0	0	0
CASH, JANUARY 1	2	2	0	2	2	0
CASH, DECEMBER 31	0	2	2	2	2	0
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	7,500	8,970	1,470	2,500	8,650	6,150
Interest	0	89	89	50	0	(50)
Total Receipts	7,500	9,059	1,559	2,550	8,650	6,100
DISBURSEMENTS						
Ex Officio County Collector	10,920	2,349	8,571	1,000	0	1,000
Total Disbursements	10,920	2,349	8,571	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,420)	6,710	10,130	1,550	8,650	7,100
CASH, JANUARY 1	8,650	8,650	0	0	0	0
CASH, DECEMBER 31	5,230	15,360	10,130	1,550	8,650	7,100
<u>PROSECUTING ATTORNEY FORFEITURES FUND</u>						
RECEIPTS						
Interest	8	3	(5)	2	4	2
Total Receipts	8	3	(5)	2	4	2
DISBURSEMENTS						
Prosecuting Attorney	300	0	300	288	0	288
Total Disbursements	300	0	300	288	0	288
RECEIPTS OVER (UNDER) DISBURSEMENTS	(292)	3	295	(286)	4	290
CASH, JANUARY 1	292	292	0	288	288	0
CASH, DECEMBER 31	0	295	295	2	292	290

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CANNON FUND</u>						
RECEIPTS						
Interest	0	47	47			
Other	30,000	28,285	(1,715)			
Transfers in	7,500	7,500	0			
Total Receipts	37,500	35,832	(1,668)			
DISBURSEMENTS						
Restoration	33,500	25,230	8,270			
Total Disbursements	33,500	25,230	8,270			
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	10,602	6,602			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	4,000	10,602	6,602			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	193,000	203,495	10,495	165,000	192,306	27,306
Intergovernmental	134,700	130,601	(4,099)	135,500	146,580	11,080
Charges for services	64,500	62,369	(2,131)	58,000	74,396	16,396
Interest	4,700	4,613	(87)	5,500	4,247	(1,253)
Other	18,550	15,636	(2,914)	17,200	14,775	(2,425)
Total Receipts	415,450	416,714	1,264	381,200	432,304	51,104
DISBURSEMENTS						
Salaries	292,936	281,369	11,567	243,100	261,116	(18,016)
Office expenditure:	19,650	14,111	5,539	16,500	18,176	(1,676)
Mileage and training	13,700	9,098	4,602	7,200	9,680	(2,480)
Contract	22,900	20,396	2,504	39,850	22,456	17,394
Health Education	10,150	7,029	3,121	10,500	8,890	1,610
Medical supplies	15,700	13,468	2,232	13,500	14,555	(1,055)
Capital projects	6,000	570	5,430	7,500	0	7,500
Other	24,150	21,558	2,592	20,000	20,349	(349)
Total Disbursements	405,186	367,599	37,587	358,150	355,222	2,928
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,264	49,115	38,851	23,050	77,082	54,032
CASH, JANUARY 1	248,366	248,366	0	171,284	171,284	0
CASH, DECEMBER 31	258,630	297,481	38,851	194,334	248,366	54,032

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CENTRAL DISPATCH EMERGENCY SERVICES FUND</u>						
RECEIPTS						
Sales and use taxes	235,000	257,934	22,934	230,000	231,402	1,402
Interest	5,250	4,074	(1,176)	8,000	5,257	(2,743)
Other	5,000	2,015	(2,985)	2,000	3,163	1,163
Total Receipts	245,250	264,023	18,773	240,000	239,822	(178)
DISBURSEMENTS						
Salaries	172,547	167,121	5,426	146,737	146,077	660
Office supplies	10,900	8,543	2,357	11,000	8,854	2,146
Equipment/maintenance & repair	7,500	1,400	6,100	7,500	6,919	581
Mileage and training	4,000	3,828	172	5,180	3,440	1,740
Other	68,000	54,723	13,277	67,450	53,097	14,353
Capital expenditures	13,000	3,662	9,338	56,500	43,435	13,065
Total Disbursements	275,947	239,277	36,670	294,367	261,822	32,545
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,697)	24,746	55,443	(54,367)	(22,000)	32,367
CASH, JANUARY 1	375,593	370,643	(4,950)	352,643	392,643	40,000
CASH, DECEMBER 31	344,896	395,389	50,493	298,276	370,643	72,367
<u>DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	74,350	77,752	3,402	75,000	73,622	(1,378)
Intergovernmental	6	346	340	27	728	701
Interest	2,070	2,284	214	2,533	3,073	540
Total Receipts	76,426	80,382	3,956	77,560	77,423	(137)
DISBURSEMENTS						
Proposals	225,580	56,853	168,727	210,580	49,380	161,200
Equipment	3,000	0	3,000	3,000	0	3,000
Operating expense	6,420	16,000	(9,580)	6,420	13,528	(7,108)
Total Disbursements	235,000	72,853	162,147	220,000	62,908	157,092
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158,574)	7,529	166,103	(142,440)	14,515	156,955
CASH, JANUARY 1	164,759	164,759	0	150,244	150,244	0
CASH, DECEMBER 31	6,185	172,288	166,103	7,804	164,759	156,955
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	720	552	(168)			
Total Receipts	720	552	(168)			
DISBURSEMENTS						
Circuit Clerk	6,956	24	6,932			
Total Disbursements	6,956	24	6,932			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,236)	528	6,764			
CASH, JANUARY 1	6,236	6,236	0			
CASH, DECEMBER 31	0	6,764	6,764			

Exhibit B

DAVIESS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,					
2004			2003		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>					
RECEIPTS					
Charges for services			3,500	3,865	365
Total Receipts			3,500	3,865	365
DISBURSEMENTS					
Reference materials			3,500	3,327	173
Total Disbursements			3,500	3,327	173
RECEIPTS OVER (UNDER) DISBURSEMENTS			0	538	538
CASH, JANUARY 1			802	802	0
CASH, DECEMBER 31			802	1,340	538

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DAVIESS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Central Dispatch for Emergency Services Board, the Health Center Board, or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2003
Associate Circuit Interest Fund	2004 and 2003
Election HAVA Fund	2004
Law Enforcement Block Grant Fund	2004
Law Library Fund	2004

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Domestic Violence Fund and the Local Emergency Planning Committee Fund in 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Developmentally Disabled Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003

In addition, for the Central Dispatch Emergency Fund, the county's published financial statements for the years ended December 31, 2004, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2004, \$2,187,250 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name and \$1,411,617 was uninsured and uncollateralized.

Of the county's bank balance at December 31, 2003, \$2,253,489 was covered by federal depositary insurance or by collateral securities pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers and \$705,900 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by a correspondent bank in the name of the depositary bank's customers.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Developmentally Disabled Board's and the Central Dispatch Emergency Services Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by a correspondent bank in the name of the depositary bank's customers.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustments

The Law Enforcement Sales Tax Fund's cash balance at January 1, 2003, as previously stated has been increased by \$1,884 to agree to the cash balance of the County Treasurer.

The Prosecuting Attorney Administrative Fund's and Bond Forfeiture Fund's cash balances of \$37 and \$1,462, respectively, at January 1, 2003, were previously reported but have been removed as these are not considered county operating funds.

Supplementary Schedule

Schedule

 DAVIESS COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4130	\$ 26,581	25,574
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.592	Local Law Enforcement Block Grants Program	2003-LBG-021	8,163	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-031(18)	0	1,812
		BRO-031(20)	395	0
		BRO-031(21)	0	862
		BRO-031(22)	6,196	181,660
		BRO-031(23)	319,983	17,659
		BRO-031(24)	17,024	12,905
		BRO-031(25)	34,300	0
	Program Total		<u>377,898</u>	<u>214,898</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	3,788
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	0	62
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3130L	0	1,725
93.268	Immunization Grants	N/A	46,851	35,502
		PGA064-4130A	50	3,550
	Program Total		<u>46,901</u>	<u>39,052</u>

Schedule

DAVIESS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
93.283	Bioterrorism Enhanced Communications Contrac	DH030089001	6,556	6,700
93.575	Child Care and Development Block Gran	PGA067-4130S PGA067-4130C	1,095	685
93.945	Assistance Programs for Chronic Disease Preventio and Control	DH030050002	0	5,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4130M	14,251	11,861
Total Expenditures of Federal Award:			\$ <u>481,445</u>	<u>309,345</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

DAVIESS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Daviess County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Daviess County, Missouri

Compliance

We have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Daviess County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003.

Internal Control Over Compliance

The management of Daviess County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Daviess County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 21, 2005 (fieldwork completion date)

Schedule

DAVIESS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DAVIESS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Daviess County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Special Road and Bridge Administrative Service Fee

The county had transferred \$47,000 more to General Revenue Fund from the Special Road and Bridge Fund than would have been transferred had a more reasonable budget estimate or actual disbursements been used.

Recommendation:

Review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

Status:

Partially implemented. The county has changed its procedures in calculating the administrative service fee. However, the budget estimates for the Special Road and Bridge Fund still do not appear reasonable and the General Revenue Fund still owes the Special Road and Bridge Fund for the excess monies transferred. See Management Advisory Report (MAR) finding number 1.

02-2. Closed Meeting Minutes

Minutes were not maintained for the closed portions of meetings. In addition, the actions taken by the Commission in closed meeting were not generally recorded in the regular minutes.

Recommendation:

Ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. See MAR finding number 6.

02-3. Budgetary Practices

- A. Budgets were not adopted for all county funds.
- B. Several county funds overspent their budgets.

Recommendations:

- A. Adopt a budget for all funds.
- B. Warrants not be issued in excess of budgeted funds.

Status:

- A. Not implemented. Budgets were not prepared for the Law Enforcement Block Grant Fund and the Associate Interest Fund for either 2003 or 2004. The Law Library Fund and Election HAVA Fund were not budgeted in 2004 and the Circuit Clerk's Interest Fund was not budgeted in 2003. Although not repeated in the current MAR, the recommendation remains as stated above.
- B. Not implemented. The Domestic Violence Fund and the Local Emergency Planning Committee Funds both overspent their budgets in 2003. Although not repeated in the current MAR, the recommendation remains as stated above.

02-4. Published Financial Statements

The County's published financial statements did not contain all county funds.

Recommendation:

Ensure financial information for all county funds be properly reported in the annual published financial statements.

Status:

Not implemented. Some smaller funds were still omitted from the published financial statements. Although not repeated in the current MAR, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DAVIESS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DAVIESS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 21, 2005. We also have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 21, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Daviess County or of its compliance with the types of compliance requirements applicable to its major federal program but do

not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Special Road and Bridge Administrative Service Fee
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As similarly discussed in a prior report, the county has been significantly overestimating the amounts budgeted for Special Road and Bridge Fund expenditures for several years. As Exhibit B illustrates, budgeted expenditures exceeded actual expenditures during the years ended December 31, 2004 and 2003, by \$1,141,722 and \$858,550, respectively. The County Commission indicated part of the reason for the significant difference between budgeted and actual expenditures is delays in the start or completion of anticipated bridge projects. In addition, it appears some new bridge projects are budgeted in full even if only a portion of the project will be completed in the budget year. The uncompleted portions of projects are budgeted again in the subsequent year.

Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool. Additionally, having a larger budget has allowed the county to over transfer a total of \$51,300 during the six years ended December 31, 2004 to the General Revenue Fund. Section 50.515, RSMo, authorizes the county to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of three percent of the budget of the Special Road and Bridge Fund (amended to five percent, effective August 28, 2004). Because estimates of expenditures for the Special Road and Bridge Fund were significantly in excess of actual expenditures, the amounts transferred to the General Revenue Fund during 2001 and prior years were approximately \$46,400 higher than they would have been had the transfers been based on actual expenditures or more reasonable budgeted amounts. The county did change this policy in 2002 and started basing the transfers on the prior year's total actual expenditures, including the transfer made the previous year, rather than on the budgeted amounts. This resulted in the amounts being transferred for the years 2004, 2003, and 2002 being only \$4,900 more than allowed. The actual transfer for 2004 was made in January 2005. In total, the county has transferred \$51,300 in excess of 3 percent of actual expenditures which is due from the General Revenue Fund to the Special Road and Bridge Fund.

WE AGAIN RECOMMEND the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. In addition, a transfer of approximately \$51,300 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

We will attempt to do a better job of budgeting the Special Road and Bridge Fund in the future, and will forego making an administrative transfer until the liability is resolved.

2. Townships' Published Financial Statements

The County Clerk does not ensure the township boards' financial statements are prepared and published. Only eight of fifteen townships prepared a financial statement and filed it with the county for 2004. In addition, none of the townships provided proof of publication of their financial statement to the County Clerk.

Section 231.290, RSMo, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the townships property, which should be published in a local newspaper and filed with the County Clerk. Section 231.280, RSMo, requires each township to annually publish certain financial information and submit a copy of the published financial report to the County Clerk.

WE RECOMMEND the County Clerk ensure all townships file their detailed financial statements with the county and publish them in a local newspaper in accordance with state law.

AUDITEE'S RESPONSE

I will attempt to get the townships to file the required information.

3. Capital Assets

The county has not established a written policy related to the handling and accounting for capital assets. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo, provides that the officer or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a master listing of capital assets. Each official is supposed to do an annual physical inventory of their assets, and submit the listing to the County Clerk for updating of the master listing.

- Results of annual physical inventories are not submitted to the County Clerk by all offices. The last physical inventory was conducted in 2004, but the results of those inventories were not submitted by some offices.
- The county does not have formal procedures for disposing of county owned property. Written authorization is not obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place an item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk are not always aware of the disposal and may not remove the item from the capital asset records. Written authorization for the disposal of property is necessary

to lessen the possibility of misuse and to provide adequate support for changes to the capital asset records.

- Capital asset expenditures are not reconciled to additions to the capital asset records.
- The County Clerk's master capital asset listing does not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and purchase price or value is not always recorded for each item.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

WE RECOMMEND the County Commission establish a written policy related to handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We will begin to discuss procedures to account for capital assets and will prepare a policy by February 1, 2006.

4. Collateral Securities

Collateral securities pledged by county's depository bank to cover deposits of the County Treasurer were insufficient by approximately \$1,412,000 and \$706,000 on December 31, 2004 and 2003, respectively. The county apparently has not adequately monitored the level of bank activity.

Section 110.020, RSMo, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation. Inadequate collateral securities leave the county's funds unsecured and subject to loss in the event of a bank failure. To ensure sufficient collateral securities are pledged, the county should monitor the level of bank activity and notify the depository banks when additional securities need to be pledged.

WE RECOMMEND the County Commission ensure adequate collateral securities are pledged to protect the county's funds. This can be done by monitoring bank activity and

providing timely notice to the depository banks of the need for additional collateral securities to be pledged.

AUDITEE'S RESPONSE

We will discuss this situation with the County Treasurer, and will ensure this is done in the future.

5. Closed Meeting Minutes

As similarly noted in prior audit reports, minutes are not being maintained for closed sessions of the County Commission. Section 610.021, RSMo, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters. Section 610.020, RSMo was amended in August 2004 to require minutes to be maintained for closed meetings. The County Commission held several closed sessions during the two years ended December 31, 2004, several of which were held after the new law became effective, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. Minutes constitute the official record of proceedings of the County Commission. Failure to maintain accurate minutes results in an inadequate record of the County Commission's actions, proceedings, and decisions. In addition, without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

WE AGAIN RECOMMEND the County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

AUDITEE'S RESPONSE

I am now doing this.

6. Health Center's Accounting Controls and Procedures
--

Health Center procedures related to capital assets, acknowledgment of receipt of goods and services, and the petty cash fund are in need of improvement. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.

- A. The Health Center maintains a master listing of capital assets. Our review of the capital asset records indicated the following areas where improvements are needed:
- Property tags are not placed on capital assets as they are received. Two items, a projector and a computer, had the same number on their property tags and only the projector was included on the capital asset records.

- The capital asset listing does not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and purchase price or value is not always recorded.
- Physical inventories are not conducted annually. A copier and a fax machine were included in the Health Center Board minutes as being disposed of in May 2004, but are still listed on the current capital asset records.
- Capital asset expenditures are not reconciled to additions to the capital asset records.

Adequate capital asset records and procedures are necessary to secure better internal controls over Health Center property and provide a basis for determining proper insurance coverage of Health Center property.

- B. The Health Center does not require acknowledgment of receipt of goods or services to be noted on the invoices. Various invoices for the purchase of office and medical supplies did not indicate the supplies were actually received. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs of the Health Center.
- C. The Health Center maintains a petty cash fund which is used to make small purchases and to pay for postage. Approximately \$418 was spent during 2004 and 2003 from petty cash.
- No ledger is maintained for the petty cash fund. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis, and all reimbursements should be supported by vendor invoices or other adequate documentation.
 - A review of the reimbursements for petty cash revealed that the Health Center was paying for various items which do not appear necessary for the operation of the Health Center. Some of these items included bottled water, paper goods, and flowers. These types of expenditures do not appear to be a prudent use of health center funds. The Health Center Board should ensure that funds are only spent on items which are necessary and beneficial to county residents.
- D. Employee timesheets are not signed by the employee, and are not approved and signed by a supervisor. In addition the payroll clerk does not initial changes made by her on employees timesheets due to calculation errors made by employees. Employee timesheets should be signed by the employee and include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked.

WE RECOMMEND the Health Center Board:

- A. Ensure annual physical inventories are performed, that capital asset additions be assigned a property tag number and recorded as they occur, and reconcile additions to the property records periodically. In addition, the original cost of all capital assets should be added to the capital assets records as well as the acquisition/disposition dates and method of disposition.
- B. Require evidence of receipt of goods or services on each invoice before approving payment.
- C.1. Maintain the petty cash fund on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.
- 2. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- D. Ensure employee timesheets are signed by the employee and require documentation of the administrator's approval on all timesheets as well as documentation of approval for corrections made.

AUDITEE'S RESPONSE

- A. *We are in the process of updating our capital asset records and will ensure physical inventories are done periodically.*
- B&D. *These have been implemented.*
- C.1. *We will discuss procedures with the administrator and determine what changes, if any, are needed.*
- 2. *We will take this under advisement.*

7. Developmentally Disabled Board

The Developmentally Disabled Board could not locate all of the board minutes and did not adequately maintain documentation for bid selection or to support all expenditures.

- A. The Developmentally Disabled Board could not locate board minutes for five of the monthly meetings during the two years ending December 31, 2004.

In addition to being required by state law, minutes serve as the only official permanent public record of decisions made by the board. Section 610.010, RSMo,

requires a journal or minutes of meetings shall be taken and maintained by public governmental bodies.

- B. A request for monies to build a fence was submitted to the board by a citizen. While three bids were attached, the low bid was not accepted.. The low bid was \$5,292, but a bid for \$5,800 was accepted. No documentation was maintained that provided the basis and justification for awarding the contract to a vendor other than the lowest bidder.

Justification for selecting a higher bid should be thoroughly documented to provide assurance the purchase was handled properly and the bid selected was the lowest and best.

- C. Adequate documentation is not retained to support some expenditures made. Of five expenditures selected for review, supporting documentation such as an invoice, could not be located for three. These expenditures were \$1,052 for a basketball goal and materials, \$2,655 for the remodeling of a room, and \$1,195 for a computer.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of Developmentally Disabled Board funds.

WE RECOMMEND the Developmentally Disabled Board:

- A. Ensure official minutes are retained in a permanent record as required by state law.
- B. Maintain adequate documentation of bid awards, particularly in those cases where the lowest bid is not accepted.
- C. Ensure adequate documentation is obtained to support all expenditures.

AUDITEE'S RESPONSE

- A. *We will ensure these are maintained in the future.*
- B. *We will ensure better documentation is maintained on bid selection in the future.*
- C. *We agree and will ensure adequate documentation is maintained for future purchases.*

8. Central Dispatch for Emergency Services Board

Concerns with the Central Dispatch for Emergency Services (CDES) Board's procedures include closed meeting minutes which lack detail, timesheets which are not approved and signed by employees' supervisor, and capital asset records which are not adequate.

- A. The Board held several closed session meetings during the two years ended December 31, 2004. Although notes are recorded to document the discussions in these closed sessions, these notes did not contain sufficient detail of matters discussed and action taken. Section 610.021, RSMo, allows the Board to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters. Section 610.020, RSMo was amended in August 2004 to require minutes to be maintained for closed meetings. Minutes constitute the official record of proceedings of the Board. Failure to maintain accurate minutes results in an inadequate record of the Board's actions, proceedings, and decisions. In addition, without adequate minutes, the Board cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.
- B. Employee timesheets are not approved and signed by the employees' supervisor. In addition, the 911 Supervisor is not filling out a timesheet. Without timesheets, the Board cannot adequately monitor the number of hours worked or the amount of leave used.

Timesheets should be prepared by all employees and signed by a supervisor to provide supporting documentation to the Board that payroll disbursements are valid and proper. In addition, the Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken or paid.

- C. Capital asset records are not maintained and property tags are not affixed to all assets. Adequate capital asset records are necessary to secure better internal control over CDES Board property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on property. In addition, property control tags should be affixed to all capital assets to help improve accountability over these items and help ensure that assets are not lost or stolen.

WE RECOMMEND the Central Dispatch for Emergency Services Board:

- A. Ensure closed meeting minutes clearly document all business conducted.
- B. Ensure timesheets are prepared by all employees and require documentation of the supervisor's approval on all timesheets.

- C. Establish records to account for capital assets, and identify all capital assets with a number, tag, or similar identifying device.

AUDITEE'S RESPONSE

A,B

&C. *We agree and have already implemented these recommendations.*

9. Sheriff's Controls and Procedures

Concerns with the Sheriff's procedures include not always turning over the calendar sale proceeds to the County Treasurer and not having adequate controls established over seized property.

- A. Calendar sale proceeds are not always being turned over to the County Treasurer. We noted at least \$765 in proceeds from the sale of advertising space on a calendar featuring the Sheriff's department employees which were deposited into his regular fee account. Rather than treating those funds as an accountable fee, the Sheriff retained some of those monies to pay for office supplies and cell phone bills, and turned the remainder over to the County Treasurer at month end along with other fees collected.

These monies represent accountable fees which should be turned over to the County Treasurer. The Sheriff has no statutory authority to maintain such an account outside the county treasury. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states, "...sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

- B. Adequate control over seized property has not been established. Current procedures have each deputy responsible for bringing in seized items and posting them to the log. All officers have access to the vault where items are stored and there are no procedures in place to keep track of who enters the room. Periodic physical inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory record should include information such as description of the property, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record when evidence is removed from the room and access to the room should be limited. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

WE RECOMMEND the Sheriff:

- A. In the future, turn over all accountable fees to the County Treasurer.
- B. Limit access to the seized property room and perform periodic physical inventories and compare the results to the inventory records.

AUDITEE'S RESPONSE

- A. *I will discuss this situation with the County Commission and Prosecuting Attorney and will determine the best method of accounting for these funds.*
- B. *I have assigned an officer to perform periodic reconciliations, but considering the size of my staff it would be inefficient to try to limit access to seized property.*

Follow-Up on Prior Audit Findings

DAVIESS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Daviess County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Special Road and Bridge Fund Administrative Service Fee

The budgets for the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures and, had a more reasonable budget estimate been used or actual disbursements, the transfer amounts to the General Revenue Fund would have been approximately \$15,000 less.

Recommendation:

The County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

Status:

Not implemented. See MAR finding 1.

2. Central Dispatch for Emergency Services Board

- A. Actual expenditures exceeded budgeted amounts.
- B. The CDES Board's budgets were not complete or accurate.

Recommendations:

The Central Dispatch for Emergency Services Board:

- A. Keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised. In addition, ensure maintenance of accurate accounting records and an effective financial reporting system to accurately monitor budgeted and actual financial activity.
- B. Ensure budgets are accurate and complete.

Status:

- A. Implemented.
- B. Partially implemented. Monies in certificates of deposits are not included in the fund balance but are listed on the summary page as other net resources available. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Closed Meeting Minutes

Minutes were not maintained for the closed portion of the Commission meetings. In addition, the actions taken by the commission in closed meetings were not generally recorded in the regular minutes.

Recommendation:

The County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. See MAR finding 5.

4. Ex Officio Recorder of Deeds Accounting Controls and Procedures

- A. Receipts were not deposited intact. Cash was withheld from deposits to make cash refunds and pay out passport fees to the Ex Officio Recorder of Deeds.
- B. Copy monies received were held until the end of the month and put into a change fund to use as a petty cash fund.
- C. The method of payment received (cash, check, or money order) was not recorded on the Ex Officio Recorder of Deeds' abstract of fees.

Recommendations:

The Ex Officio Recorder of Deeds:

- A. Deposit all monies intact and write checks for all disbursements.
- B. Maintain the petty cash fund on an imprest basis. If this is not possible, at a minimum, the amount of copy monies received and reported on the worksheets should be reconciled to deposits.

- C. Record the method of payment on the receipt records and reconcile the cash, checks, and money orders received to the composition of bank deposits.

Status:

- A. Partially implemented. The Recorder's office discontinued handling passport fees when the office was split from the Circuit Clerk's Office, effective January 1, 2003. However, the current Recorder of Deeds did not discontinue the practice of making cash refunds for overpayments until January 2005. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented.

5. Health Center Board

- A. The Board gave employee bonuses.
- B. Minutes were not prepared to document the matters discussed in closed meetings and board minutes did not always indicate the reasons for closing the meetings. In addition, the actions taken by the board in closed meetings are not generally recorded in the regular minutes.

Recommendations:

The Health Center Board:

- A. Discontinue the practice of paying employee bonuses.
- B. Ensure minutes are prepared for all closed meetings. In addition, board minutes should document the reasons for closing the meeting and decisions made in closed session should be disclosed in open session.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DAVIESS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1836, the county of Daviess was named after Colonel J. H. Daviess of Kentucky. Daviess County is a township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Gallatin.

Daviess County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 356 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 759 miles of county roads.

The county's population was 8,905 in 1980 and 8,016 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	52.4	50.8	48.5	46.8	33.7 23.9
Personal property		20.9	20.8	20.0	19.7	8.2 7.9
Railroad and utilities		6.4	5.6	5.5	5.9	5.1 4.1
Total	\$	79.7	77.2	74.0	72.4	47.0 35.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Daviess County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.2900	.2900	.2900	.2900
Health Center Fund		.2600	.2600	.2600	.2600
Senate Bill 40 Board Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 24,497	23,885	22,276	21,637
General Revenue Fund	236,774	231,206	215,353	209,509
Assessment Fund	66,450	52,910	49,824	47,500
Health Center Fund	208,112	202,349	188,071	176,206
Developmentally Disabled Fund	79,956	78,088	72,855	70,596
School districts	3,439,980	3,357,831	3,168,098	3,074,102
Library district	158,995	155,632	145,253	142,131
Ambulance districts	237,059	259,109	243,588	236,525
Fire protection districts	191,701	187,290	172,152	162,657
Townships	70,413	68,991	64,441	62,727
Township road and bridge	515,661	503,502	463,071	460,876
Watershed districts	5,998	4,523	4,504	4,233
Special Road Bonds Fund	41,727	82,690	83,570	76,607
Nursing Home Debt Service Fund	0	4	21	46
Cities	111,168	106,291	97,984	11,636
County Clerk	96	98	242	247
County Employees' Retirement	28,444	27,518	23,331	20,846
Tax Maintenance Fund	9,097	9,536	400	0
Commissions and fees:				
Township Collectors	45,999	45,417	43,992	42,409
General Revenue Fund	37,433	37,962	31,409	29,842
Total	\$ 5,509,560	5,434,832	5,090,435	4,850,332

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	94	94	93	93	%
Personal property	88	88	88	87	
Railroad and utilities	100	99	98	96	

Daviess County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.005	None	None	%
Law Enforcement	.005	None	None	
911	.005	None	None	
Use Tax	.015	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
David Tolen, Presiding Commissioner		27,709	27,171	26,438	25,705
David Holcomb, Associate Commissioner		24,953	24,459	23,786	23,113
Danny Heldenbrand, Associate Commissioner		24,953	24,459	23,786	23,113
Georgia Maxwell, Recorder of Deeds (1)		35,768	35,020		
Linda Steward, County Clerk		38,544	37,796	36,776	35,756
Julia Filley, Prosecuting Attorney		46,489	45,587	44,357	43,127
Kevin Heldenbrand, Sheriff		43,368	42,510	41,340	40,170
David McWilliams, County Coroner		10,573	10,364	4,764	
Wallace R. Greene, County Coroner				3,973	9,785
Vicki J. Corwin, Public Administrator (2)		16,707	16,377	15,900	15,540
Reta Rains, Treasurer and Ex Officio County Collector, year ended March 31,	37,298	36,737	3,046		
Judy Carder, Treasurer and Ex Officio County Collector, year ended March 31			29,693	35,148	
Betty Harmison, County Assessor (3), year ended August 31,		39,555	38,840		
Thomas Everly, County Assessor (4), year ended August 31,				37,824	36,764

(1) Separated from Circuit Clerk's office in 2003.

(2) Effective January 2001, the Public Administrator elected to change from a fee basis to a salary basis.

(3) Includes \$746 and \$866 annual compensation received from the state in 2004 and 2003, respectively.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Linda Adkins, Circuit Clerk	47,900	47,300	47,300	47,300
Daren Adkins, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

August 2005

HEALTH AND SENIOR SERVICES

Information Technology Security Controls



Sensitive Health Department data is vulnerable to unauthorized use, and department computer security is not in full compliance with federal rules

This audit reviewed the computer security management program at the Department of Health and Senior Services (DHSS). Auditors assessed if computer security efforts ensured department data remained confidential and complied with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Security Rule by the federal deadline. The following highlights the audit findings.

Partially implemented security program leaves data at risk	DHSS did not have a fully developed security management program. Accepted standards state policies are necessary to set organizational strategic directions for security and assign resources for the implementation of security. (See page 5)
Risk assessment process not fully implemented	DHSS had not fully implemented a formal risk assessment process or had policies to conduct such assessments, although informal risk assessments are regularly performed. Risk assessments need to be documented and the HIPAA Security Rule states risk assessments are necessary to protect data confidentiality and integrity. (See page 6)
No requirement to confirm user access rights	DHSS management did not require periodic confirmation of user access rights. Such review would ensure access rights are commensurate with the user's job duties. (See page 9)
Reinvestigation of employee backgrounds not performed	DHSS had not reinvestigated backgrounds of employees in technology positions. Accepted standards call for reinvestigations every 5 years. (See page 9)
Not fully compliant with federal security rules	The HIPAA Security Rule required health information be secured by April 2005. DHSS did not meet this deadline, although officials did comply with several parts of the Security Rule. HIPAA includes provision for fines of \$100 per violation for non-compliance with Act requirements. (See page 11)
Default password settings leave system vulnerable	Auditors found password settings to gain access to some systems were left at default settings, which did not comply with department security policies or accepted standards. Information systems staff said resetting the passwords was not a priority due to the limited number of users for the applicable systems. (See page 12)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Julia M. Eckstein, Director
Department of Health and Senior Services
Jefferson City, MO 65102

The Department of Health and Senior Services' (DHSS) mission is to protect and promote quality of life and health for all Missourians by developing and implementing programs and systems that provide information and education; effective regulation and oversight; quality services; and surveillance of diseases and conditions. DHSS's Office of Information Systems (OIS) is responsible for providing computer systems to support this mission. Our objectives included determining whether DHSS management (1) established adequate information technology security controls to ensure the confidentiality, integrity, and availability of data and information and (2) complied with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Security Rule by the federal deadline.

We found DHSS had not fully implemented a security management program to protect the information and technology assets that support the mission and operations of the department. We identified weaknesses in existing security policies and procedures and instances where critical security policies had not been developed. While we identified information technology security controls that had been developed and implemented, DHSS had not implemented all of the standards and specifications required to be in compliance with the HIPAA Security Rule. We also determined DHSS had not established a strategic plan for technology to ensure technology resources are integrated with the department's overall mission and business goals. In addition, we found weak security settings over some passwords, which increase the risk that data or systems could be compromised.

We have included recommendations to improve information technology security controls, which should help DHSS ensure the confidentiality, integrity, and availability of data and information.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer. Key contributors to this report included Jeff Thelen, Lori Melton, Frank Verslues and Preston Hammond.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

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Abbreviations

DHSS	Department of Health and Senior Services
GAO	Government Accountability Office
HIPAA	Health Insurance Portability and Accountability Act of 1996
OIS	Office of Information Systems

Sensitive Data and Systems Are Vulnerable to Unauthorized Use and Disclosure

Technology assets and information that is processed, stored, and transmitted on Department of Health and Senior Services' (DHSS) systems may be inadequately protected from unauthorized disclosure, modification, use, or destruction. This situation has occurred because DHSS had not fully implemented a security management program to protect the information and technology assets that support the mission and operations of the department. Without the guidance of a security management program, information technology security policies and procedures had not been developed or were missing key elements. While some information technology security controls had been developed and implemented, DHSS had not implemented all of the standards and specifications required to be in compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Security Rule. DHSS also has not established a strategic plan for technology to ensure technology resources are used for department priorities and are integrated with the department's overall strategic objectives. In addition, password security settings for some DHSS systems had been left at default settings which increases the risk that data or systems could be compromised. Collectively, these weaknesses impair DHSS's ability to ensure the confidentiality, integrity, and availability of data and sensitive health information.

Background

DHSS is responsible for protecting and promoting the health of all Missourians. According to its mission statement, DHSS attempts to meet this responsibility by developing and implementing programs and systems that provide information and education; effective regulation and oversight; quality services; and surveillance of diseases and conditions.

To administer its programs, DHSS must assure clients and providers the confidentiality and privacy of health care information the department electronically collects, maintains, uses, or transmits is secure. Security of health information is especially important when such information can be directly linked to an individual. Confidentiality is threatened not only by the risk of improper access to electronically stored information but also by the risk of interception during electronic transmission of the information.

The Office of Information Systems (OIS) oversees the management of all computer programs and systems for DHSS. Information, some of which is sensitive, maintained in DHSS systems includes:

- Childhood lead poisoning prevention program
- Communicable and environmental disease prevention, treatment reporting, and investigation
- Elderly abuse hotline
- Food establishment inspections and licenses

-
- Health care employee disqualification list
 - Immunization records
 - Organ donor records
 - Various licensing and inspection information, such as for child/adult day care facilities or health facilities
 - Vital records
 - Other health statistics

In April 2005, DHSS transferred the job duties of the Security Officer to the Chief Information Officer. Those duties included maintenance of DHSS security policies and procedures, development of an information security awareness program, and ensuring appropriate and cost-effective security control measures are in place for all information systems.

HIPAA requires, among other provisions, health plans and providers to protect and secure certain health information. The safeguards comprising HIPAA-mandated security focus on protecting data confidentiality, integrity, and availability of individually identifiable health information. When Congress legislated HIPAA in 1996, it required compliance within 18 months. The federal Department of Health and Human Services proposed a HIPAA Security Rule to supplement the law in 1998. This HIPAA Security Rule was finalized in April 2003 and required compliance by April 2005. DHSS evaluated its systems and determined some of the systems fall under this rule. Since many of the provisions of the HIPAA Security Rule are for general security, the entire department must follow the HIPAA Security Rule standards and specifications.

According to accepted standards, computer security is the protection afforded to an automated information system in order to attain the applicable objectives of preserving the confidentiality, integrity, and availability of information system resources.

Scope and Methodology

To understand DHSS information technology security controls, we identified and reviewed department and OIS policies and procedures, user manuals, and other documents. We also discussed with the Chief Information Officer, the Security Officer, and other key OIS staff whether information technology security controls were in place and operating effectively.

To determine compliance with the HIPAA Security Rule, we reviewed the regulation and underlying law and the HIPAA Security Rule. We compared DHSS policies and procedures to the HIPAA Security Rule standards and specifications.

We based our evaluation on applicable federal, national and international standards and best practices related to information technology security controls from the following sources:

- National Institute of Standards and Technology
- Information Systems Audit and Control Association
- U.S. Government Accountability Office (GAO)

We also reviewed the Missouri Adaptive Enterprise Architecture developed and maintained by the Office of Administration's Information Technology Services Division to determine whether statewide security standards had been established and finalized. We specifically reviewed the partially finalized security domain, which defines the standards and policies needed to protect the information and technology assets of the state.

We requested comments on a draft of our report from the Director of the Department of Health and Senior Services, and those comments are reprinted in Appendix I. We conducted our work between February and June 2005.

Security Management Program Is Not Fully Implemented

A security management program provides a framework for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy of an agency's security controls. A security management program is the foundation of an agency's security control structure and a reflection of management's commitment to addressing security risks. Implementing an information security program is essential to ensuring controls over information and information systems work effectively on a continuing basis, according to GAO.

DHSS had not fully established a security management program on which department-wide security policies, standards, and procedures can be formulated, implemented, or monitored. OIS management stated DHSS adopted the Missouri Adaptive Enterprise Architecture security domain as its architecture framework. The security domain is not fully developed, but it defines the security management principles which are needed to ensure the appropriate level of protection for the state's information and technology assets. When completed, the security domain architecture will provide a security plan template for agencies to use as guidance when developing agency plans; it will not provide an actual plan for agencies to implement.

Although the security domain architecture is not fully developed, standards are available to DHSS for security management planning. Accepted standards state policies are necessary to set organizational strategic directions for security and assign resources for the implementation of

security. According to GAO, a critical element of an effective security management program is developing and implementing policies and procedures to govern security over an agency's information technology environment.

DHSS has developed and documented policies for specific security areas, including password standards and business continuity planning. However, policies and procedures still need to be developed for the following areas:

- Risk assessment program
- System and data classification
- Security activity and violation logging and review
- Review of security settings
- Segregation of duties
- User account access rights review
- Position sensitivity analysis and background reinvestigations
- Security incident handling and reporting
- Security awareness training

Risk assessment program is not fully implemented

Identifying and assessing information security risks are essential steps in determining what controls are required and what level of resources should be expended on controls. Moreover, by increasing awareness of risks, these assessments generate support for the adopted policies and controls, which helps ensure policies and controls operate as intended, according to GAO. A risk assessment helps to identify potential vulnerabilities and threats or weaknesses that could be exploited and to ensure appropriate controls are implemented to mitigate these vulnerabilities.

DHSS had not fully implemented a formal risk assessment process and had no policies for conducting these assessments. OIS management said a formal risk assessment has never been performed. The Chief Information Officer said however, that informal, undocumented risk assessments are performed regularly. Since risks and threats change over time or employees leave, the results of risk assessments need to be documented to ensure an appropriate action plan is developed to limit vulnerabilities. According to the HIPAA Security Rule and accepted standards, an assessment of the potential risks and vulnerabilities is necessary to protect the confidentiality, integrity and availability of data and information.

Systems and data not classified according to sensitivity and criticality

DHSS management does not have assurance systems and data receive an appropriate level of protection. DHSS had not established a department-wide framework for systems and data classification, according to OIS management. Such a framework examines the sensitivity of both the data to

be processed and the system itself to identify when to classify information as confidential, public, or other established levels.

A general classification framework is established to define an appropriate set of protection levels and the placement of data in information classes, according to accepted standards. Sensitivity is generally classified in terms of confidentiality, integrity, and availability. Factors such as the importance of the system to the organization's mission and the consequences of unauthorized use of the system or data need to be examined when assessing sensitivity. OIS management said a classification framework had not been developed because the department was waiting for policy from the Office of Administration Information Technology Services Division in this area. The Information Technology Services Division issued a draft standard on data classification in January 2005, but the state's Chief Information Officer said there are plans to revise this document and does not know when it will be finalized.

Policies needed to log, report and review security activity and violations

DHSS management had not taken sufficient steps to ensure system security controls have functioned properly. Policies and procedures for logging appropriate security-related events and monitoring specific access are necessary when developing effective security programs. Accepted standards state security activity¹ should be logged, reported, reviewed and appropriately evaluated on a regular basis to identify and resolve incidents involving unauthorized activity. In addition, the HIPAA Security Rule requires procedures to regularly review records of information system activity, such as audit logs, access reports, and security incident tracking reports.

A properly functioning security monitoring program is essential to ensure unauthorized attempts to access critical data are detected and investigated, according to GAO. A security monitoring program would include routinely reviewing security violations including failed attempts to access sensitive data and resources. These actions are critical for ensuring improper access to sensitive information is detected on a timely basis.

¹ Security activity includes users attempting to access data they are not authorized to access, performing a task they are not authorized to perform, or accessing data they are authorized to access that is of a sensitive nature.

Policies needed to report and review security settings

Agencies help secure networks by installing and configuring a network operating system, security software, and network devices² that permit authorized activity and deny unauthorized requests. Since sensitive data and programs are stored on or transmitted along networks, adequately securing networks is critical to protect data and information technology resources from unauthorized access and use.

DHSS has not developed policies to review security settings for the network server operating system, network security software, or the network devices. OIS management stated there are no formally documented procedures for periodically reporting and reviewing security settings for these network systems and devices. However, OIS management said security settings are reviewed and tested before the network devices are put in use. According to accepted standards, monitoring alterations of system security settings is important to ensure changes did not diminish security.

OIS management said reviews have not been necessary because trusted employees have access to make changes and do not need to be monitored. However, security settings could still be overlooked. According to the GAO, a key element of a security management program is ongoing testing and evaluation to ensure systems are in compliance with policies, and that policies and controls are both appropriate and effective. This type of oversight is a fundamental element because it demonstrates management's commitment to the security program, reminds employees of their roles and responsibilities, and identifies and mitigates areas of noncompliance and ineffectiveness.

Policies needed to ensure segregation of duties

Inadequately segregated duties increase the risk erroneous or fraudulent transactions could be processed, improper program changes implemented, or computer resources damaged or destroyed, according to GAO. DHSS had not created or implemented a policy requiring segregation of duties among information technology staff, according to OIS management. In addition, DHSS had no policies in place to review logical access to ensure adequate segregation of duties. OIS management agreed segregation of duties should be ensured, but stated DHSS relies on the inherent segregation imposed by the divisions within the organizational chart. We could not verify whether segregation has been sufficient without a comprehensive list of user account access rights, which was not available (see next section). Accepted standards state policies should be established to require a division of roles

² Network devices include (1) firewalls to prevent unauthorized access into the network, (2) routers to filter and forward data through the network, and (3) switches to forward data among parts of the network.

	<p>and responsibilities that should exclude the possibility for a single individual to subvert a critical process.</p>
<p>Review of user account access rights needed</p>	<p>Monitoring users and their access rights is an on-going process. User access may change permanently or temporarily. Without complete and timely reporting of user access, management cannot ensure users' access is limited to only those functions necessary to accomplish assigned job responsibilities or ensure unauthorized changes of user access rights will be detected, according to accepted standards. These accepted standards state a review of users and access rights should examine the levels of access each individual has, if the access is needed to perform their duties, whether all accounts are still active, and whether management authorizations are up-to-date.</p> <p>OIS management said DHSS had no policies or procedures requiring management to review and confirm all user access rights periodically. Additionally, system administration did not have a process in place for reporting all DHSS user access rights so they can be reviewed by the resource owners to ensure access rights are commensurate with the user's job duties and responsibilities.</p> <p>Each system and application DHSS maintains has the capability to report user access, according to OIS management. However, there is no single list of users with all their access rights. In order for OIS to create a comprehensive list of users and access rights, system administration would have to compile user access information from all the various systems and applications. OIS is currently working on integrating the user access reporting capabilities of all DHSS systems, according to OIS management. The purpose of the new program is to provide resource owners with a complete listing of users and access rights. Once the integration is complete, user access rights will be pulled directly from the various systems and reported directly to the resource owners for review. However, personnel funding issues for integrating the new automated security access program are currently prohibiting OIS from dedicating the personnel necessary to complete the project, according to OIS management.</p>
<p>Background reinvestigations of employees in sensitive technology positions not performed</p>	<p>DHSS management risks not detecting unacceptable employee actions because background reinvestigations have not been performed on current employees in technology positions. DHSS policy requires background investigations for applicants being offered a job with the department. Background screenings help determine whether an individual is suitable for a given position.</p> <p>According to accepted standards, periodic background reinvestigations should be performed at least once every 5 years, consistent with the</p>

sensitivity of the position. However, DHSS management said the department has not reviewed positions to determine sensitivity. Sensitivity levels are based on the type and degree of harm, such as disclosure of confidential information, an employee can cause through the misuse of computer systems and its data. Sensitivity levels are used to determine if job positions require background screenings. Without determining levels of sensitivity of job positions, management cannot establish which positions need reinvestigations.

Security incident handling procedures not fully documented

DHSS had no comprehensive procedures to address computer security incident handling and had not documented incident handling responsibilities and duties. Computer security incident handling and response is the process and actions an organization takes in response to a computer security incident, according to accepted standards.³

An incident response policy should be created as a foundation for incident response procedures, according to accepted standards. DHSS's policy lacked key components, including a means for prioritizing incidents and responsibilities for handling and tracking incidents. The HIPAA Security Rule also requires covered entities to implement policies and procedures to address reasonably anticipated security incidents that pose a threat or hazard to the security or integrity of protected information.

The responsibilities and procedures related to incident handling have been incorporated into employees' daily job duties, according to OIS management. However, we found these responsibilities and procedures have not been formally documented. Without formally documented procedures, there are no guidelines to ensure the priorities of the organization are reflected in response operations to consistently handle security incidents, according to accepted standards. As a result, incidents may not be handled in the most optimal manner, leaving the network or other systems vulnerable.

Employees had not received ongoing security awareness training

Training is an essential component of a security management program. Computer intrusions and security breakdowns often occur because computer users fail to take appropriate security measures. For this reason, it is vital employees using computer resources be aware of the importance and sensitivity of information handled, as well as business and legal rationale for

³ The Office of Administration Information Technology Services Division defines a security incident as an adverse event, or threat of an adverse event, in a computer system and/or network.

maintaining its confidentiality, integrity, and availability, according to GAO.

DHSS management said personnel had not been trained on an ongoing basis regarding computer security and their roles in ensuring appropriate use of department resources. New employees received security training as part of orientation, but employees received no other security awareness training except sporadic reminders when a problem occurred. According to accepted standards, employees play a crucial role in helping ensure the security of computer systems and information technology resources. Accepted standards also state ongoing training programs are necessary to maintain employees' security awareness to the level required to perform effectively. In addition, the HIPAA Security Rule required a security awareness and training program for all employees be implemented by the April 2005 deadline.

The Chief Information Officer said a computer-based training program has been established to comply with the HIPAA Security Rule and all staff are required to take it. We found the training included information related to DHSS's security issues and had been made available for employees in June 2005.

DHSS Is Not Fully Compliant With HIPAA Security Rule

The HIPAA Security Rule required health plans and providers ensure safeguards be taken to protect the security of health information by April 2005. DHSS did not comply with the HIPAA Security Rule by the federal deadline. However, we found the department did comply with parts of the HIPAA Security Rule and the following had been established:

- Business continuity and disaster recovery plans.
- Policy for sanctioning employees who fail to comply with the security policies and procedures.
- Procedures authorizing access to electronic protected health information, or in locations where it might be accessed.
- Administrative rules for terminating access.
- Policies and procedures for creating, changing, and safeguarding passwords.

Section 1176 of HIPAA provides penalties of \$100 per violation, not to exceed \$25,000 a year for violations of an identical requirement or prohibition, for non-compliance with the Act.

DHSS Lacks Strategic Plan for Technology

Technology planning is the process of establishing goals and objectives, developing strategies to achieve those objectives, and developing plans to ensure the strategies are implemented. Technology plans help ensure costly

technology investments are focused in the areas of greatest strategic importance. This process ensures the effectiveness of those investments by matching information technology priorities to an organization's overall priorities, as explained in *State and Local Government Information Security – Operations and Technical Management*.⁴

DHSS did not have a strategic plan to align its information technology resources with its overall mission and business goals. Although DHSS prepares an overall strategic plan, the Chief Information Officer stated he had not been involved in the department's business planning process. The Chief Information Officer did provide a technology report that lists the previous year's accomplishments and planned projects for upcoming years. However, this report did not address the department's goals, how technology is used to help attain these goals, or priorities of planned projects. According to accepted standards, technology plans should be developed to help ensure the use of technology is aligned with the mission and goals of the organization.

The DHSS Chief Information Officer stated there are processes in place, including the establishment of an Information Technology Advisory Committee, to facilitate the technology planning process. DHSS established the Information Technology Advisory Committee to review policies, make recommendations on department business priorities, and to help ensure technology issues are communicated throughout the department.

Default Password Security Settings Leave Some DHSS Systems Vulnerable

DHSS policy requires passwords be at least 5 characters and reset at least every 60 days, and user accounts be locked after 42 days of inactivity. However, we found password security settings for some DHSS systems had been left at default settings, which did not comply with DHSS policy or accepted standards. OIS management said they were aware of these settings and agreed passwords should be in compliance with DHSS policy. However, OIS management added changing default settings had not been a priority because there have been a limited number of users for the applicable systems.

Conclusions

DHSS has not effectively implemented some critical information technology security controls to properly protect the confidentiality, integrity, and availability of data and sensitive health information processed by the department's computers and network. Weaknesses exist in DHSS's information security controls because it has not fully implemented a

⁴ *State and Local Government Information Security – Operations and Technical Management*, Version 2.0, Geoffrey H. Wold and Jeffrey S. Locketz, December 2002.

comprehensive security management program to ensure effective controls are established and maintained, and information security receives significant management attention. Until DHSS fully implements a security management program and takes steps to develop the necessary policies and controls to correct or mitigate its information security control weaknesses, DHSS will have limited assurance its sensitive information and systems are adequately protected. Specifically, DHSS has not developed policies to (1) implement a risk assessment program; (2) classify systems and data according to sensitivity; (3) log and report security activity and violations; (4) periodically report and review security settings for network server operating system, security software, and other network devices; and (5) ensure adequate segregation of duties. In addition, the lack of (1) periodic reviews of user access rights, (2) determining which employee technology positions are highly sensitive and need background reinvestigations, (3) fully documented procedures and responsibilities for handling and tracking computer security incidents, and (4) an ongoing employee security awareness program, increases the level of risk.

While some information technology security controls were in place, DHSS has not developed and implemented all of the standards and specifications required to be in compliance with the HIPAA Security Rule. As a result, DHSS cannot ensure the confidentiality, integrity, and availability of protected health information. To strive towards compliance with the HIPAA Security Rule, DHSS needs to develop the policies and procedures necessary to fully implement its security management program.

DHSS did not have a strategic plan for technology in place. A structured planning approach should help DHSS establish goals and objectives, define strategies and policies to help achieve those objectives, and develop a detailed technology plan to ensure the strategies are properly implemented. Without a technology plan in place, DHSS cannot guarantee the integration of information technology initiatives with the department-wide strategic business plan.

Password security settings for some systems have been left at the default settings, which does not comply with DHSS policy or accepted standards. This weakness increases the risk of passwords being compromised and unauthorized transactions going undetected.

Recommendations

We recommend the Director of the Department of Health and Senior Services:

1. Enhance existing security controls by fully developing a comprehensive security management program to protect the confidentiality, integrity, and

availability of data and systems and to protect the security of health information required by the HIPAA Security Rule. Management should develop policies and procedures and implement security controls by taking the following actions:

- Fully implement a risk assessment program and policy,
 - Establish a systems and data classification framework,
 - Develop policies and procedures to log, report, and review appropriate security activity and security violations,
 - Develop policies to periodically report and review network security settings,
 - Develop policies to ensure adequate segregation of duties,
 - Perform a periodic review of user account access rights,
 - Evaluate employee technology positions for sensitivity to determine which positions are highly sensitive and need background reinvestigations,
 - Fully document security incident handling procedures and responsibilities, and
 - Implement an ongoing employee security awareness and training program.
2. Develop a strategic plan for technology to support the department's goals and incorporate technology issues in the department's overall strategic planning process.
3. Ensure all password security settings comply with department policy and accepted standards.

Agency Comments

See Appendix I for agency comments.

Agency Comments



Missouri Department of Health and Senior Services
P.O. Box 570, Jefferson City, MO 65102-0570 Phone: 573-751-6400 FAX: 573-751-8010
RELAY MISSOURI for Hearing and Speech Impaired 1-800-735-2966 VOICE 1-800-735-2466
Julia M. Eckstein
Director



August 8, 2005

Ms. Claire McCaskill
Missouri State Auditor
State Capitol, Room 224
Jefferson City, MO 65101

Dear Ms. McCaskill:

We have reviewed the draft audit report on the Department of Health and Senior Services (DHSS) and Information Technology Services Division (ITSD) Information Security Controls. Our response to this audit report follows:

Recommendation #1 – *We recommend the Director of the Department of Health and Senior Services enhance existing security controls by fully developing a comprehensive security management program to protect the confidentiality, integrity, and availability of data and systems and to protect the security of health information required by the HIPAA Security Rule. Management should develop policies and procedures and implement security controls by taking the following actions:*

- *Fully implement a risk assessment program and policy,*
- *Establish a systems and data classification framework,*
- *Develop policies and procedures to log, report, and review appropriate security activity and security violations,*
- *Develop policies to periodically report and review network security settings,*
- *Develop policies to ensure adequate segregation of duties,*
- *Perform a periodic review of user account access rights,*
- *Evaluate employee technology positions for sensitivity to determine which positions are highly sensitive and need background reinvestigations,*
- *Fully document security incident handling procedures and responsibilities, and*
- *Implement an ongoing employee security awareness and training program.*

Response to Recommendation #1 - The DHSS/ITSD Security Program has been in operation for seven years and is outlined in DHSS Administrative Policies 24.17 and 24.2. DHSS/ITSD currently maintains 20 departmental policies and 22 ITSD policies to ensure the confidentiality and integrity of departmental IT assets. The current DHSS Information Security Program Officer is Scott Willett. It is DHSS/ITSD opinion the DHSS administrative policies address the bulleted issues noted below. DHSS/ITSD management will, as deemed appropriate, develop and implement, additional policies to enhance the DHSS/ITSD Security Program:

- **Risk Assessment Policy** (will follow State Enterprise Architecture Guidance)
- **Systems and Data Classification** framework (will follow State Enterprise Architecture Guidance)

www.dhss.mo.gov

The Missouri Department of Health and Senior Services protects and promotes quality of life and health for all Missourians by developing and implementing programs and systems that provide: information and education, effective regulation and oversight, quality services, and surveillance of diseases and conditions.

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER: Services provided on a nondiscriminatory basis.

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- **Network Security Setting Policy** - Ensure periodic oversight of security setting on critical network resources.
- **Segregation of Duties** - DHSS Administrative Policy 24.17 Information Security Administration specifies clear segregation of administrative duties. This policy clearly defines specific roles for the Department Director, Department Security Officer, Division/Center Directors, Department Chief Information Officer, Local Security Officers Program Security Officers, and the workforce. The automated system only allows provisional access to DHSS information systems with a minimum of two levels of approval. Many other segregations (both physical and logical) exist within the ITSD framework. One physical segregation is the limited number of staff who have a swipe card that allows them to access the computer room.
- **User Account Review Policy** - Develop procedures to collect all user account access rights from all DHSS/ITSD maintained computer information systems on a regular basis to be distributed to appropriate program custodian for review.
- **Employee background checks** - DHSS/ITSD will continue to follow the DHSS Administrative Policy 5.12 Position Staffing and Background Checks. DHSS/ITSD management will recommend to DHSS Office of Personnel positions that need additional background checks based on physical and logical access to DHSS computer systems. Policies may be refined as a result of statewide IT consolidation efforts.
- **Security Incident Handling/Security Activity and Security Violations** - For several years, DHSS/ITSD adopted and implemented the statewide Security Incident Handling policy that was developed and approved by the Missouri State Enterprise Architecture Review Committee. DHSS/ITSD management had informed DHSS/ITSD employees of this policy and procedure. In May 2005, the official DHSS Information Security Incident Reporting policy (DHSS Administrative Policy 24.18) was approved. This policy was distributed to all DHSS employees to follow. The DHSS Security Incident Reporting policy clearly defines the proper roles and necessary actions to be taken to address security events. The SAO report indicates, "responsibilities and procedures have not been fully documented." DHSS/ITSD states that all DHSS employees have been made aware of their responsibilities to report security incidents and disagrees with SAO finding that the current security incident handling procedures leaves "the network or other systems vulnerable." DHSS/ITSD will update the DHSS Security Incident Reporting Policy to include prioritizing multiple concurrent security incidents. DHSS Administrative Policy 24.18 will be augmented to include procedures for reviewing security activity and security violations.

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- **Employees had not received on-going security awareness training** - All employees, when logging onto their computers, must agree to confidentiality terms and conditions prior to being granted access to the next screen. Also, all faxes, e-mails, etc. must contain a confidentiality statement. All DHSS staff are required to annually review and sign a DHSS Confidentiality Statement. In June 2005, DHSS/ITSD made available a Security Awareness and Training Program that all DHSS staff are required to complete.

Recommendation #2 – *We recommend the Director of the Department of Health and Senior Services develop a strategic plan for technology to support the department's goals and incorporate technology issues in the department's overall strategic planning process.*

Response to Recommendation #2 - DHSS/ITSD staff were instrumental in developing the DHSS Information Technology Advisory Committee (ITAC) several years ago. ITAC's primary purpose, as outlined in DHSS Administrative Policy 24.12, is to have the department's senior management and senior IT staff meet quarterly to collaboratively develop and prioritize the department's IT projects and align them with the department's strategic goals. Meetings consist of reviewing current IT projects, discussing new IT projects to meet additional departmental needs, and prioritizing IT projects to meet the needs of the department.

ITSD staff participated in the department's last formal strategic planning process, which began January 2000. DHSS/ITSD CIO is a member of the recently formed committee to develop the new DHSS strategic plan. DHSS/ITSD staff are also currently involved in several major IT projects that will enhance business processes and services for both the public and for the department.

Recommendation #3 – *We recommend the Director of the Department of Health and Senior Services ensure all password security settings comply with department policy and accepted standards.*

Response to Recommendation #3 - In June 2005, DHSS/ITSD modified password security setting on UNIX systems to meet security policy requirements. As specified in the DHSS Security Management Program, password setting and other critical security setting will be monitored and reviewed periodically to ensure appropriate settings.

In summary, we feel that DHSS/ITSD IT security controls are HIPAA compliant and are stronger than probably any other state agency. We do not see that reflected in the findings and recommendations in this draft audit report. Please contact me if you require information regarding the issues covered in this letter. Thank you.

Sincerely,


Julia M. Eckstein
Director

cc Dan Ross
Scott Willett
Rebecca Mankin



Claire McCaskill
Missouri State Auditor

August 2005

Sixth Judicial Circuit

Platte County,
Missouri



Office Of
Missouri State Auditor
Claire McCaskill

August 2005

The following findings were noted as a result of an audit conducted by our office of the Sixth Judicial Circuit, Platte County, Missouri.

When transferring to the Justice Information System (JIS), some of the information did not properly convert from the old system to the JIS. As a result, the open items (liabilities) listing at December 31, 2004, had \$25,216 which could not be associated with specific cases. In addition, although monthly bank reconciliations are prepared, the reconciled bank balance at December 31, 2004, was approximately \$1,800 less than the JIS balance. Also included in the audit were recommendations related to the law library and traffic tickets.

All recommendations from our prior audit reports on the Sixth Judicial Circuit and the Associate Division V, Traffic Violation Bureau have been implemented.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

SIXTH JUDICIAL CIRCUIT
PLATTE COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Sixth Judicial Circuit
Platte County, Missouri

We have audited certain operations of the Sixth Judicial Circuit, Platte County, Missouri. The scope of this audit included, but was not necessarily limited to, the two years ended December 31, 2004. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Platte County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Sixth Judicial Circuit, Platte County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 28, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Tania Williams
	Naima Ramlatchman
	Alvin L. Cochren, Jr.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SIXTH JUDICIAL CIRCUIT
PLATTE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Accounting Controls and Procedures
-----------	---

The court implemented the Justice Information System (JIS), a statewide computerized case management system, in November 1999. When transferring to the JIS, some of the information did not properly convert from the old system to the JIS. As a result, the open items (liabilities) listing at December 31, 2004, had \$25,216 which could not be associated with specific cases. In addition, although the Circuit Clerk prepares monthly bank reconciliations, the clerk has not been able to resolve the differences between the reconciled bank balance and the JIS balance. The reconciled bank balance at December 31, 2004, was approximately \$1,800 less than the JIS balance.

Accurate and complete bank reconciliations are necessary to ensure that all monies are properly deposited, and accounting records are in agreement with the bank. This allows for the timely correction of errors, and provides the basis for a monthly comparison of reconciled cash balances to open items listings. The Circuit Clerk should also attempt to determine the reason for any unidentified liabilities that are determined to exist, and if proper disposition cannot be determined, dispose of them in accordance with state law.

WE RECOMMEND the Circuit Clerk ensure the differences between the reconciled bank balance and the JIS balance are properly investigated and resolved. In addition, the Circuit Clerk should conduct a case by case review to determine the reason for any unidentified liabilities and any monies remaining unidentified should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

Since the year 2000, the Circuit Clerk's office is and has been conducting a case by case review to "match" any monies in open items to the appropriate case files that were not converted by JIS. This process will continue.

2.	Law Library
-----------	--------------------

Perpetual inventory records of law library materials are not maintained and annual physical inventories are not performed. A physical inventory should be performed annually and compared to perpetual inventory records. Proper inventory procedures reduce the risk of loss, misuse, or theft of law library assets.

WE RECOMMEND the Circuit Clerk require the law library custodian to maintain perpetual inventory records and perform an annual physical inventory of all law library materials.

AUDITEE'S RESPONSE

The Circuit Clerk indicated the law library custodian has physically inventoried the law library materials.

3. Traffic Tickets

Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. The Sheriff's department maintains a log of tickets written by each deputy. However, the numerical sequence of tickets is not accounted for by sorting the log by ticket number. As a result, at least 400 tickets were not included on the log.

Without proper accounting for the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Circuit Clerk's office cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, the date issued, offense, and the violator's name would enable the Sheriff's department, Prosecuting Attorney, and Circuit Clerk's office to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted. In addition, a record should be maintained of the ultimate disposition of each ticket to ensure all documents have been accounted for properly.

WE RECOMMEND the Circuit Clerk's office work with the Sheriff's department and the Prosecuting Attorney's office to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as the ultimate disposition of tickets.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

The Circuit Clerk's office has absolutely no statutory authority that would allow it to meaningfully address the concerns expressed in this recommendation. The Circuit Clerk's office has always worked with the Sheriff's department and the Prosecuting Attorney's office in accordance with Missouri Statutes and as a matter of comity.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

SIXTH JUDICIAL CIRCUIT
PLATTE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Sixth Judicial Circuit, Platte County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1998, and our prior audit report on Associate Division V, Traffic Violations Bureau for July 1, 1999 through May 31, 2000.

SIXTH JUDICIAL CIRCUIT
PLATTE COUNTY, MISSOURI

1. Criminal Cost Billings

- A. The Circuit Clerk did not submit criminal cost billings to the state for incarceration costs related to defendants where the court retained the option of granting probation to the defendant after 120 days.
- B. Although it appeared the Circuit Clerk's office generally ensured that other applicable cases (non-120 day cases) were properly billed, we noted one such case in 1996, involving billable costs of \$4,012, which was not billed to the state.

Recommendation:

The Circuit Clerk take timely action to ensure any unbilled costs pertaining to past 120 day cases are billed to the state before the two-year time limit expires. In addition, in the future, the Circuit Clerk should ensure all billable criminal costs are billed to the state on a timely basis.

Status:

Implemented. Billings are now submitted to the state for criminal costs where the court retained the option of granting probation after 120 days.

SIXTH JUDICIAL CIRCUIT
ASSOCIATE DIVISION V
TRAFFIC VIOLATIONS BUREAU

1. Misappropriated Funds

Payments on at least nine traffic tickets, totaling \$925, were not recorded or deposited. It appeared these monies were misappropriated. Payments on twenty-three additional traffic tickets, totaling \$2,225, also appeared to have been misappropriated. In addition, payments on a number of other traffic tickets did not appear to have been properly handled. It is likely that additional monies related to at least some of these tickets were also misappropriated.

Recommendation:

The Associate Division V Judge and Circuit Clerk work with the various law enforcement authorities regarding any criminal prosecution of this matter and to obtain restitution.

Status:

Implemented. This was resolved in court and the individual has been sent to prison.

2. Accounting Controls and Procedures

- A. Manual receipt slips were issued to walk-in payers when payments could not be recorded directly into the computer system. These manual receipt slips were single copy receipts given to the payer, and were not prenumbered. No copy or other record of the manual receipt slips which were issued were maintained by the court.
- B. Improvements were needed in the segregation of duties in the Traffic Violations Bureau. Except for collections received on court dates, one clerk was responsible for collecting and maintaining physical custody of receipts, recording payments into the court's computer system and filing the cases as closed. The clerk had access to the manual case files, the court's computer system, and she had the ability to change or delete court dates and record case dispositions. In addition, this clerk had the capability of having warrants withdrawn.

Recommendation:

The Circuit Clerk:

- A. Continue to ensure any manual receipt slips issued are prenumbered, duplicate receipt slips are maintained, and that these receipt slips are accounted for properly.
- B. Ensure the duties surrounding the handling of traffic tickets and the related payments are segregated to the extent practical. At a minimum, procedures should be established to periodically identify any traffic cases that have had no recorded activity or have not been otherwise resolved for an extended period of time.

Status:

Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SIXTH JUDICIAL CIRCUIT
PLATTE COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Sixth Judicial Circuit consists of only Platte County.

The Sixth Judicial Circuit consists of two circuit judges and three associate circuit judges. The Division II judge serves as the presiding judge and is responsible for administration of the circuit. Two of the associate circuit judges preside over the associate circuit court, and one of the associate circuit judges presides over the probate division and associate circuit court.

In addition to the judges, the personnel of the Sixth Judicial Circuit, Platte County, Missouri, include a circuit clerk, a chief deputy clerk, two probate division clerks, two court reporters, a chief juvenile officer, and approximately twenty-seven other employees. Since the circuit court in Platte County has a centralized court system, the circuit clerk has additional responsibilities in addition to her statutory duties as circuit clerk. The Circuit Clerk is also responsible for the collection and disbursement of associate and probate division fees and the maintenance of associate division case files.

Operating Costs

The operating expenses of the various courts and the Juvenile Justice Center are paid by Platte County. The operating expenses for the circuit judges, court reporter, and juvenile office are also paid by Platte County.

The salaries of the court personnel and the chief juvenile officer are paid by the state of Missouri. The salaries of the remaining juvenile office personnel and court services are paid by Platte County.

Receipts

Receipts of the Sixth Judicial Circuit, Platte County, were as follows:

		Year Ended December 31,		
		2004	2003	2002
Court deposits, fees, bonds, and other	\$	3,005,844	3,955,228	8,334,718
Interest income		13,630	43,892	71,353
Total	\$	<u>3,019,474</u>	<u>3,999,227</u>	<u>8,406,071</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Sixth Judicial Circuit, Platte County, were as follows:

	2004		Year Ended June 30, 2003		2002	
	Filings	Dispositions	Filings	Dispositions	Filings	Dispositions
Civil	4,043	3,938	3,684	3,666	3,474	3,374
Criminal	14,495	15,007	16,127	16,112	16,719	16,172
Juvenile	165	115	132	116	132	155
Probate	154	118	124	118	110	113
Total	18,857	19,178	20,067	20,012	20,435	19,814

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2004, statistics on the compliance of the Sixth Judicial Circuit, Platte County, with time standards for disposition of certain types of cases were as follows:

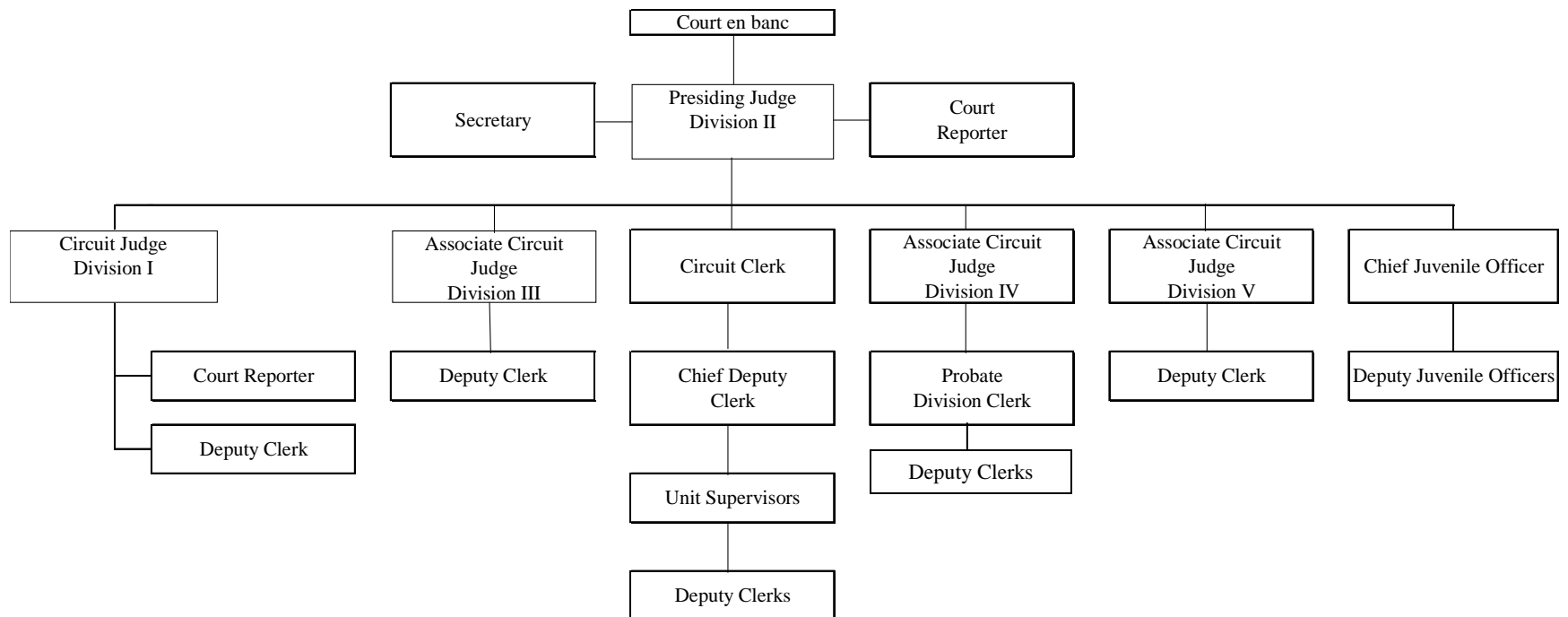
Type of Case	Time Standard	Sixth Judicial Circuit Platte County, Missouri	State Total
Circuit Civil	90% in 18 months	79 %	78 %
	98% in 24 months	85	87
Domestic Relations	90% in 8 months	81	85
	98% in 12 months	88	91
Associate Civil	90% in 6 months	96	86
	98% in 12 months	99	97
Circuit Felony	90% in 8 months	90	82
	98% in 12 months	93	91
Associate Criminal	90% in 4 months	71	73
	98% in 6 months	87	85

Personnel

At December 31, 2004, the judges, Circuit Clerk, and Chief Juvenile Officer of the Sixth Judicial Circuit, Platte County, were as follows:

Owens Lee Hull Jr., Circuit Judge, Division II (Presiding Judge)
 Abe Shafer, Circuit Judge, Division I
 Daniel M. Czamanske, Associate Circuit Judge, Division III
 James W. Van Amburg, Associate Circuit Judge, Division IV
 Gary D. Witt, Associate Circuit Judge, Division V
 Sandra L. Dowd, Circuit Clerk
 Janet Warner, Chief Juvenile Officer
 An organization chart follows:

SIXTH JUDICIAL CIRCUIT
 PLATTE COUNTY, MISSOURI
 ORGANIZATION CHART
 DECEMBER 31, 2004





Claire McCaskill

Missouri State Auditor

August 2005

Moniteau County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

August 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Moniteau, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Moniteau County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Various federal program expenditures were not included on the 2004 Schedule of Expenditures of Federal Awards resulting in an under statement of approximately \$48,000.
- Bid documentation was not maintained for vehicles leased through two federal programs.
- Although it appears the County Commission and other county officials are working together to monitor and improve the county's financial condition, the General Revenue Fund remains weak. At December 31, 2004, the General Revenue Fund had a cash balance of approximately \$69,000. The 2005 General Revenue Fund budget reflects an estimated ending cash balance of (\$17,575). The County Commission should continue to monitor and take the necessary steps to improve the financial condition of the General Revenue Fund.
- The budget does not clearly document plans for funding a jail project. To present a true and accurate picture to the taxpayers and to effectively use the budget as a management tool, anticipated expenditures should reflect only those amounts the county plans to spend during that budget year. Reserving funds for a future project would have been more appropriately disclosed in the budget message.
- The County Commission has not prepared a formal analysis of operating expenditures associated with the possible increased capacity of the planned jail project or the related funding sources.
- Procedures to account for county-owned property should be improved to ensure records are accurate and complete. Updates to general fixed asset listings are made only when, and if, officials notify the County Clerk of a purchase. In addition, annual inspections are not performed.

(over)

YELLOW SHEET

- Controls over the county's computer systems are in need of improvement. Access to property tax data files is not adequately restricted, a security system is not in place to stop incorrect log-on attempts, and a formal contingency plan has not been developed. In addition, the County Clerk should perform a more comprehensive review of back tax books.
- The Senate Bill 40 (SB40) Board does not adequately monitor disbursements made to a not-for-profit corporation. In addition, the SB40 Fund has an excessive cash balance, the anticipated financial condition of the SB40 Fund was not adequately projected, and the prior two years' actual receipts and disbursements were not included on the budget.
- The Prosecuting Attorney has not established an adequate system to account for bad check complaints, receipts are not always deposited timely, and accounting duties are not adequately segregated. The Prosecuting Attorney indicated that, unlike many other counties, criminal charges are filed for all bad check complaints.
- The Emergency Dispatch Board has not established adequate general fixed asset records. In addition the Emergency Dispatch Fund budgets do not project the anticipated financial condition of the Fund.

All reports are available on our website: www.auditor.mo.gov

MONITEAU COUNTY, MISSOURI

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MONITEAU COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Moniteau County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Moniteau County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Moniteau County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Moniteau County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 15, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Moniteau County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 15, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer , CPA
Audit Manager:	Peggy Schler , CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Terri Crader
	Wendy Groner



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Moniteau County, Missouri

We have audited the financial statements of various funds of Moniteau County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Moniteau County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Moniteau County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Moniteau County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 15, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

MONITEAU COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 4,223	1,552,162	1,486,645	69,740
Special Road and Bridge	164,263	959,036	839,309	283,990
Assessment	253	142,696	136,485	6,464
Law Enforcement Training	158	2,752	2,780	130
Sheriff Civil Fee	25,315	36,684	36,962	25,037
Prosecuting Attorney Training	1,309	1,055	1,502	862
Prosecuting Attorney Bad Check	40,405	8,761	4,205	44,961
Recorder User Fee	32,589	11,593	13,200	30,982
Adult Abuse	1,724	1,264	1,818	1,170
Local Emergency Planning Commission	8,794	3,077	2,623	9,248
Off System Bridge Projects	0	285,094	285,094	0
Election Service	3,898	3,804	871	6,831
Cemetery Trust	15,757	495	1,222	15,030
Capital Improvement	357,715	488,870	151,151	695,434
Associate Circuit Division Interest	1,828	96	0	1,924
Circuit Clerk Interest	10,114	1,077	0	11,191
Law Library	11,777	5,185	3,573	13,389
Collector's Tax Maintenance	7,439	10,225	4,389	13,275
Election Improvement	0	15,056	0	15,056
Health Center	488,903	367,889	368,079	488,713
Emergency Dispatch	157,422	431,334	399,155	189,601
Drug Task Force Assistance	1,021	59	808	272
Senate Bill 40 Board	393,759	178,018	108,676	463,101
Collector's Soda Fund	1,441	190	324	1,307
Total	\$ 1,730,107	4,506,472	3,848,871	2,387,708

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MONITEAU COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 30,046	1,496,930	1,522,753	4,223
Special Road and Bridge	164,470	923,709	923,916	164,263
Assessment	13,429	128,804	141,980	253
Law Enforcement Training	276	2,493	2,611	158
Sheriff Civil Fee	32,667	44,660	52,012	25,315
Prosecuting Attorney Training	791	2,281	1,763	1,309
Prosecuting Attorney Forfeiture	1,181	0	1,181	0
Prosecuting Attorney Bad Check	31,830	9,318	743	40,405
Prosecuting Attorney Delinquent Tax	158	0	158	0
Recorder User Fee	28,302	14,184	9,897	32,589
Adult Abuse	1,675	1,907	1,858	1,724
Local Emergency Planning Commission	8,880	4,812	4,898	8,794
Off System Bridge Projects	0	39,105	39,105	0
Election Service	3,515	543	160	3,898
Cemetery Trust	15,147	610	0	15,757
Capital Improvement	0	431,795	74,080	357,715
Associate Circuit Division Interest	1,734	94	0	1,828
Circuit Clerk Interest	12,145	1,555	3,586	10,114
Law Library	9,402	5,771	3,396	11,777
Collector's Tax Maintenance	0	8,991	1,552	7,439
Health Center	437,438	383,230	331,765	488,903
Emergency Dispatch	146,710	416,335	405,623	157,422
Drug Task Force Assistance	7,825	7,020	13,824	1,021
Senate Bill 40 Board	227,363	245,848	79,452	393,759
Collector's Soda Fund	1,082	909	550	1,441
Total	\$ 1,176,066	4,170,904	3,616,863	1,730,107

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,486,933	4,491,226	4,293	4,174,128	4,169,995	(4,133)
DISBURSEMENTS	5,106,969	3,848,547	1,258,422	4,399,676	3,616,313	783,363
RECEIPTS OVER (UNDER) DISBURSEMENTS	(620,036)	642,679	(1,254,129)	(225,548)	553,682	(787,496)
CASH, JANUARY 1	1,456,978	1,728,666	271,688	1,011,302	1,174,984	163,682
CASH, DECEMBER 31	836,942	2,371,345	1,534,403	785,754	1,728,666	942,912
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	247,000	277,264	30,264	266,900	260,814	(6,086)
Sales taxes	460,000	468,982	8,982	470,000	456,266	(13,734)
Intergovernmental	524,225	512,875	(11,350)	495,150	440,858	(54,292)
Charges for service:	239,600	226,374	(13,226)	223,550	245,853	22,303
Interest	1,200	2,953	1,753	1,500	1,228	(272)
Other	29,700	48,364	18,664	26,650	30,740	4,090
Transfers in	55,144	15,350	(39,794)	13,500	61,171	47,671
Total Receipts	1,556,869	1,552,162	(4,707)	1,497,250	1,496,930	(320)
DISBURSEMENTS						
County Commissior	86,900	86,447	453	85,700	85,359	341
County Clerk	89,108	87,587	1,521	81,928	81,898	30
Elections	59,900	50,860	9,040	14,990	14,072	918
Buildings and grounds	27,500	23,277	4,223	38,900	36,688	2,212
Employee fringe benefit	89,700	81,473	8,227	94,800	92,009	2,791
County Treasurer	31,100	30,403	697	31,560	31,382	178
County Collector	71,425	70,829	596	72,808	72,325	483
Circuit Clerk/Ex Officio Recorder of Deed	19,318	14,931	4,387	20,518	15,409	5,109
Associate Circuit Court	13,834	12,775	1,059	14,259	11,359	2,900
MOSMART	149,985	140,264	9,721	99,124	98,058	1,066
Court administration	17,000	15,832	1,168	21,000	12,920	8,080
Public Administrator	30,000	29,784	216	30,450	30,364	86
Sheriff	229,235	228,723	512	199,710	199,231	479
Jail	165,830	160,989	4,841	214,882	198,343	16,539
Prosecuting Attorney	103,664	102,282	1,382	103,370	103,022	348
Juvenile Office:	44,786	11,057	33,729	49,436	26,252	23,184
County Coroner	13,375	12,572	803	13,500	12,869	631
Other General Government	94,380	85,084	9,296	81,222	86,916	(5,694)
Circuit Judges/Court Reporters	9,251	4,796	4,455	9,093	5,248	3,845
Crime Victim Advocate	20,665	123	20,542	27,156	20,627	6,529
Drug Task Force	254,000	219,931	34,069	243,404	233,263	10,141
Debt service	0	0	0	46,000	45,319	681
Transfers out	22,900	16,626	6,274	5,000	9,820	(4,820)
Emergency Fund	35,749	0	35,749	19,467	0	19,467
Total Disbursements	1,679,605	1,486,645	192,960	1,618,277	1,522,753	95,524
RECEIPTS OVER (UNDER) DISBURSEMENTS	(122,736)	65,517	188,253	(121,027)	(25,823)	95,204
CASH, JANUARY 1	4,223	4,223	0	30,046	30,046	0
CASH, DECEMBER 31	(118,513)	69,740	188,253	(90,981)	4,223	95,204

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	363,500	380,243	16,743	356,500	362,029	5,529
Intergovernmental	537,025	547,232	10,207	523,100	534,078	10,978
Charges for services	20,000	16,174	(3,826)	13,500	24,526	11,026
Interest	2,500	4,258	1,758	2,500	3,032	532
Other	1,200	11,129	9,929	10,000	44	(9,956)
Total Receipts	924,225	959,036	34,811	905,600	923,709	18,109
DISBURSEMENTS						
Salaries	293,800	292,238	1,562	290,000	283,812	6,188
Employee fringe benefit	56,410	56,303	107	60,270	58,016	2,254
Supplies	115,000	108,108	6,892	116,800	95,020	21,780
Insurance	25,000	21,994	3,006	25,000	23,866	1,134
Road and bridge materials	150,000	145,440	4,560	125,000	166,981	(41,981)
Equipment repairs	75,000	64,854	10,146	95,000	71,092	23,908
Equipment purchases	120,000	122,363	(2,363)	200,000	181,872	18,128
Construction, repair, and maintenance	45,000	22,645	22,355	40,000	40,512	(512)
Other	12,500	5,364	7,136	17,250	2,745	14,505
Transfers out	27,831	0	27,831	0	0	0
Total Disbursements	920,541	839,309	81,232	969,320	923,916	45,404
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,684	119,727	116,043	(63,720)	(207)	63,513
CASH, JANUARY 1	164,263	164,263	0	164,470	164,470	0
CASH, DECEMBER 31	167,947	283,990	116,043	100,750	164,263	63,513
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	130,294	141,656	11,362	130,770	128,368	(2,402)
Interest	300	436	136	450	436	(14)
Other	0	604	604	0	0	0
Transfers in	8,900	0	(8,900)	2,500	0	(2,500)
Total Receipts	139,494	142,696	3,202	133,720	128,804	(4,916)
DISBURSEMENTS						
Assessor	139,693	136,485	3,208	142,257	141,980	277
Total Disbursements	139,693	136,485	3,208	142,257	141,980	277
RECEIPTS OVER (UNDER) DISBURSEMENTS	(199)	6,211	6,410	(8,537)	(13,176)	(4,639)
CASH, JANUARY 1	253	253	0	13,429	13,429	0
CASH, DECEMBER 31	54	6,464	6,410	4,892	253	(4,639)

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,550	2,747	197	2,600	2,490	(110)
Interest	25	5	(20)	15	3	(12)
Total Receipts	2,575	2,752	177	2,615	2,493	(122)
DISBURSEMENTS						
Sheriff	2,500	2,780	(280)	2,650	2,611	39
Total Disbursements	2,500	2,780	(280)	2,650	2,611	39
RECEIPTS OVER (UNDER) DISBURSEMENTS	75	(28)	(103)	(35)	(118)	(83)
CASH, JANUARY 1	158	158	0	276	276	0
CASH, DECEMBER 31	233	130	(103)	241	158	(83)
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Intergovernmental	20,000	18,333	(1,667)	23,000	29,000	6,000
Charges for services	14,000	17,981	3,981	14,200	15,347	1,147
Interest	350	370	20	275	313	38
Total Receipts	34,350	36,684	2,334	37,475	44,660	7,185
DISBURSEMENTS						
Sheriff	59,500	23,462	36,038	50,000	35,737	14,263
Transfers out	0	13,500	(13,500)	13,470	16,275	(2,805)
Total Disbursements	59,500	36,962	22,538	63,470	52,012	11,458
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,150)	(278)	24,872	(25,995)	(7,352)	18,643
CASH, JANUARY 1	25,315	25,315	0	32,667	32,667	0
CASH, DECEMBER 31	165	25,037	24,872	6,672	25,315	18,643
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	600	576	(24)	1,200	667	(533)
Charges for services	300	465	165	500	415	(85)
Interest	15	14	(1)	10	18	8
Transfers in	0	0	0	1,192	1,181	(11)
Total Receipts	915	1,055	140	2,902	2,281	(621)
DISBURSEMENTS						
Prosecuting Attorney	1,750	1,502	248	3,200	1,763	1,437
Total Disbursements	1,750	1,502	248	3,200	1,763	1,437
RECEIPTS OVER (UNDER) DISBURSEMENTS	(835)	(447)	388	(298)	518	816
CASH, JANUARY 1	1,309	1,309	0	791	791	0
CASH, DECEMBER 31	474	862	388	493	1,309	816

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY FORFEITURE FUND</u>						
RECEIPTS						
Interest				10	0	(10)
Total Receipts				10	0	(10)
DISBURSEMENTS						
Prosecuting Attorney				0	0	0
Transfers out				1,191	1,181	10
Total Disbursements				1,191	1,181	10
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,181)	(1,181)	0
CASH, JANUARY 1				1,181	1,181	0
CASH, DECEMBER 31				0	0	0
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental	100	832	732	200	94	(106)
Charges for services	8,000	7,337	(663)	8,000	8,679	679
Interest	300	592	292	250	387	137
Transfers in	0	0	0	158	158	0
Total Receipts	8,400	8,761	361	8,608	9,318	710
DISBURSEMENTS						
Prosecuting Attorney	3,100	4,205	(1,105)	17,500	743	16,757
Transfers out	2,500	0	2,500	0	0	0
Total Disbursements	5,600	4,205	1,395	17,500	743	16,757
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,800	4,556	1,756	(8,892)	8,575	17,467
CASH, JANUARY 1	40,405	40,405	0	31,830	31,830	0
CASH, DECEMBER 31	43,205	44,961	1,756	22,938	40,405	17,467
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for services				200	0	(200)
Interest				10	0	(10)
Total Receipts				210	0	(210)
DISBURSEMENTS						
Transfers out				368	158	210
Total Disbursements				368	158	210
RECEIPTS OVER (UNDER) DISBURSEMENTS				(158)	(158)	0
CASH, JANUARY 1				158	158	0
CASH, DECEMBER 31				0	0	0

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	12,000	11,149	(851)	12,500	13,844	1,344
Interest	300	444	144	350	340	(10)
Total Receipts	12,300	11,593	(707)	12,850	14,184	1,334
DISBURSEMENTS						
Ex Officio Recorder of Deed	13,700	13,200	500	10,550	9,897	653
Total Disbursements	13,700	13,200	500	10,550	9,897	653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	(1,607)	(207)	2,300	4,287	1,987
CASH, JANUARY 1	32,589	32,589	0	28,302	28,302	0
CASH, DECEMBER 31	31,189	30,982	(207)	30,602	32,589	1,987
<u>ADULT ABUSE FUND</u>						
RECEIPTS						
Charges for services	2,200	1,264	(936)	2,300	1,896	(404)
Interest	25	0	(25)	0	11	11
Total Receipts	2,225	1,264	(961)	2,300	1,907	(393)
DISBURSEMENTS						
Domestic violence shelte	3,500	1,818	1,682	3,200	1,858	1,342
Total Disbursements	3,500	1,818	1,682	3,200	1,858	1,342
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,275)	(554)	721	(900)	49	949
CASH, JANUARY 1	1,724	1,724	0	1,675	1,675	0
CASH, DECEMBER 31	449	1,170	721	775	1,724	949
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	6,000	2,962	(3,038)	5,500	4,730	(770)
Interest	100	115	15	65	82	17
Total Receipts	6,100	3,077	(3,023)	5,565	4,812	(753)
DISBURSEMENTS						
Supplies, equipment and training	10,500	2,623	7,877	10,300	4,898	5,402
Total Disbursements	10,500	2,623	7,877	10,300	4,898	5,402
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,400)	454	4,854	(4,735)	(86)	4,649
CASH, JANUARY 1	8,794	8,794	0	8,880	8,880	0
CASH, DECEMBER 31	4,394	9,248	4,854	4,145	8,794	4,649

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>OFF SYSTEM BRIDGE PROJECTS FUND</u>						
RECEIPTS						
Intergovernmental	400,000	285,094	(114,906)	75,000	39,105	(35,895)
Total Receipts	400,000	285,094	(114,906)	75,000	39,105	(35,895)
DISBURSEMENTS						
Bridge projects	400,000	285,094	114,906	75,000	39,105	35,895
Total Disbursements	400,000	285,094	114,906	75,000	39,105	35,895
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	3,100	3,015	(85)	1,750	518	(1,232)
Interest	25	0	(25)	25	25	0
Transfers in	0	789	789	0	0	0
Total Receipts	3,125	3,804	679	1,775	543	(1,232)
DISBURSEMENTS						
County Clerk	3,000	871	2,129	4,000	160	3,840
Transfers out	3,000	0	3,000	0	0	0
Total Disbursements	6,000	871	5,129	4,000	160	3,840
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,875)	2,933	5,808	(2,225)	383	2,608
CASH, JANUARY 1	3,898	3,898	0	3,515	3,515	0
CASH, DECEMBER 31	1,023	6,831	5,808	1,290	3,898	2,608
<u>CEMETARY TRUST FUND</u>						
RECEIPTS						
Interest	1,300	495	(805)	200	610	410
Total Receipts	1,300	495	(805)	200	610	410
DISBURSEMENTS						
Cemetery upkeep	6,000	1,222	4,778	3,750	0	3,750
Total Disbursements	6,000	1,222	4,778	3,750	0	3,750
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,700)	(727)	3,973	(3,550)	610	4,160
CASH, JANUARY 1	15,757	15,757	0	15,147	15,147	0
CASH, DECEMBER 31	11,057	15,030	3,973	11,597	15,757	4,160

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales tax	450,000	467,450	17,450	450,000	430,083	(19,917)
Interest	3,000	7,420	4,420	1,500	1,712	212
Transfers in	0	14,000	14,000	0	0	0
Total Receipts	453,000	488,870	35,870	451,500	431,795	(19,705)
DISBURSEMENTS						
Jail	325,000	0	325,000	200,000	0	200,000
Road and bridge	350,000	132,352	217,648	200,000	34,101	165,899
Courthouse	25,000	18,799	6,201	25,000	979	24,021
Transfers out	104,313	0	104,313	25,000	39,000	(14,000)
Total Disbursements	804,313	151,151	653,162	450,000	74,080	375,920
RECEIPTS OVER (UNDER) DISBURSEMENTS	(351,313)	337,719	689,032	1,500	357,715	356,215
CASH, JANUARY 1	357,715	357,715	0	0	0	0
CASH, DECEMBER 31	6,402	695,434	689,032	1,500	357,715	356,215
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	60	96	36	65	94	29
Total Receipts	60	96	36	65	94	29
DISBURSEMENTS						
Associate Circuit Judge	1,000	0	1,000	800	0	800
Total Disbursements	1,000	0	1,000	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(940)	96	1,036	(735)	94	829
CASH, JANUARY 1	1,476	1,828	352	1,383	1,734	351
CASH, DECEMBER 31	536	1,924	1,388	648	1,828	1,180
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,500	1,077	(423)	2,400	1,555	(845)
Total Receipts	1,500	1,077	(423)	2,400	1,555	(845)
DISBURSEMENTS						
Circuit Clerk	6,500	0	6,500	5,500	3,586	1,914
Total Disbursements	6,500	0	6,500	5,500	3,586	1,914
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	1,077	6,077	(3,100)	(2,031)	1,069
CASH, JANUARY 1	10,164	10,114	(50)	12,278	12,145	(133)
CASH, DECEMBER 31	5,164	11,191	6,027	9,178	10,114	936

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services:	5,500	5,130	(370)	5,500	5,724	224
Interest	50	55	5	0	47	47
Total Receipts	5,550	5,185	(365)	5,500	5,771	271
DISBURSEMENTS						
Law Library	7,500	3,573	3,927	7,500	3,396	4,104
Total Disbursements	7,500	3,573	3,927	7,500	3,396	4,104
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,950)	1,612	3,562	(2,000)	2,375	4,375
CASH, JANUARY 1	11,777	11,777	0	9,402	9,402	0
CASH, DECEMBER 31	9,827	13,389	3,562	7,402	11,777	4,375
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services:	8,500	10,225	1,725	3,000	8,991	5,991
Interest	50	0	(50)	50	0	(50)
Total Receipts	8,550	10,225	1,675	3,050	8,991	5,941
DISBURSEMENTS						
County Collector	5,000	4,389	611	2,620	1,552	1,068
Total Disbursements	5,000	4,389	611	2,620	1,552	1,068
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,550	5,836	2,286	430	7,439	7,009
CASH, JANUARY 1	7,278	7,439	161	0	0	0
CASH, DECEMBER 31	10,828	13,275	2,447	430	7,439	7,009
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes:	202,000	211,364	9,364	208,000	200,474	(7,526)
Intergovernmental	104,300	110,363	6,063	120,400	135,391	14,991
Charges for services:	18,900	27,162	8,262	19,500	28,661	9,161
Interest	12,000	10,596	(1,404)	12,000	11,299	(701)
Other	1,850	8,404	6,554	3,050	7,405	4,355
Total Receipts	339,050	367,889	28,839	362,950	383,230	20,280
DISBURSEMENTS						
Salaries and employee fringe benefit	312,600	300,953	11,647	310,000	268,237	41,763
Office expense:	13,100	9,154	3,946	10,150	9,203	947
Contract services	10,600	10,384	216	10,200	7,361	2,839
Capital expenditures	20,000	7,836	12,164	15,000	10,802	4,198
Travel and training	10,500	7,347	3,153	13,050	6,213	6,837
Insurance	3,500	3,393	107	3,000	2,705	295
Medical supplies	18,000	16,139	1,861	7,000	14,690	(7,690)
Family planning supplies	10,000	7,032	2,968	8,500	8,270	230
Other	13,000	5,841	7,159	2,800	4,284	(1,484)
Total Disbursements	411,300	368,079	43,221	379,700	331,765	47,935
RECEIPTS OVER (UNDER) DISBURSEMENTS	(72,250)	(190)	72,060	(16,750)	51,465	68,215
CASH, JANUARY 1	488,903	488,903	0	437,438	437,438	0
CASH, DECEMBER 31	416,653	488,713	72,060	420,688	488,903	68,215

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EMERGENCY DISPATCH FUND						
RECEIPTS						
Sales taxes	412,000	426,176	14,176	428,000	412,839	(15,161)
Interest	2,250	2,912	662	3,600	2,653	(947)
Other	750	2,246	1,496	700	843	143
Total Receipts	415,000	431,334	16,334	432,300	416,335	(15,965)
DISBURSEMENTS						
Accounting	4,995	4,675	320	5,000	4,616	384
Advertising	1,000	620	380	500	220	280
Auto and truck	1,500	1,040	460	1,500	1,264	236
Business meals and entertainmen	1,000	363	637	1,000	1,005	(5)
Continuing education	7,000	1,662	5,338	12,500	5,321	7,179
Dues, subscriptions, and bank charge	1,050	1,388	(338)	2,300	600	1,700
Election costs	10,000	6,045	3,955	0	0	0
Employee benefit	12,000	9,345	2,655	14,000	16,830	(2,830)
Employee soda fund cos	500	2,249	(1,749)	700	531	169
Insurance	7,500	7,241	259	6,000	7,036	(1,036)
Uniforms	0	0	0	1,500	158	1,342
Legal	900	775	125	500	1,050	(550)
License	450	95	355	0	840	(840)
Office supplies	3,000	2,475	525	4,500	2,453	2,047
Postage and freight	400	264	136	400	235	165
Professional fees - employee screenin	1,000	578	422	1,000	920	80
Public education	0	0	0	1,200	1,226	(26)
Rent - equipment	126	0	126	126	126	0
Repairs and maintenance	3,500	5,416	(1,916)	4,000	4,264	(264)
Reward money	500	0	500	500	0	500
Salaries	273,419	266,062	7,357	275,047	266,958	8,089
Signs and installation	4,000	3,272	728	4,000	3,636	364
Supplies	1,000	785	215	1,000	991	9
Payroll taxes	23,457	22,765	692	22,696	22,693	3
Telephone service	55,000	51,853	3,147	55,000	51,295	3,705
Travel	1,000	353	647	1,300	710	590
Utilities and trash	6,500	7,110	(610)	6,500	6,082	418
Computers and radio equipmen	2,000	2,724	(724)	6,000	3,231	2,769
Dispatch card system	1,332	0	1,332	2,670	1,332	1,338
Total Disbursements	424,129	399,155	24,974	431,439	405,623	25,816
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,129)	32,179	41,308	861	10,712	9,851
CASH, JANUARY 1	0	157,422	157,422	0	146,710	146,710
CASH, DECEMBER 31	(9,129)	189,601	198,730	861	157,422	156,561

Exhibit B

MONITEAU COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG TASK FORCE ASSISTANCE FUND</u>						
RECEIPTS						
Intergovernmental	7,500	0	(7,500)	0	3,140	3,140
Interest	45	59	14	0	5	5
Other	0	0	0	0	73	73
Transfers in	0	0	0	0	3,802	3,802
Total Receipts	7,545	59	(7,486)	0	7,020	7,020
DISBURSEMENTS						
Supplies and operation:	8,300	808	7,492	7,825	13,824	(5,999)
Total Disbursements	8,300	808	7,492	7,825	13,824	(5,999)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(755)	(749)	6	(7,825)	(6,804)	1,021
CASH, JANUARY 1	1,021	1,021	0	7,825	7,825	0
CASH, DECEMBER 31	266	272	6	0	1,021	1,021
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	158,000	170,263	12,263	158,000	163,187	5,187
Intergovernmental	0	0	0	68,283	75,658	7,375
Interest	6,800	7,755	955	4,000	7,003	3,003
Total Receipts	164,800	178,018	13,218	230,283	245,848	15,565
DISBURSEMENTS						
General adminsitration	12,774	12,774	0	11,692	11,692	0
Treasurer's bond	0	0	0	223	223	0
Vocational and day activity service	81,690	25,044	56,646	0	0	0
Residential service:	93,280	68,564	24,716	134,034	48,495	85,539
Other	2,294	2,294	0	43,310	19,042	24,268
Total Disbursements	190,038	108,676	81,362	189,259	79,452	109,807
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,238)	69,342	94,580	41,024	166,396	125,372
CASH, JANUARY 1	279,956	393,759	113,803	210,609	227,363	16,754
CASH, DECEMBER 31	\$ 254,718	463,101	208,383	251,633	393,759	142,126

Notes to the Financial Statements

MONITEAU COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Moniteau County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, 911 Board, or Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Collector's Soda Fund for the years ended December 31, 2004 and 2003 and the Election Improvement Fund for the year ended December 31, 2004.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Law Enforcement Training Fund in 2004 and the Drug Task Force Assistance Fund in 2003.

Deficit budget balances are presented for the General Revenue Fund for the years ended December 31, 2004 and 2003. However, the budgets of that fund also

included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Emergency Dispatch Fund for the year ended December 31, 2004.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements for the years ended December 31, 2004 and 2003, did not include the Collector's Soda Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's, Health Center Board's, and 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or respective board's custodial bank in the county's or respective board's name.

The Senate Bill 40 Board's deposits at December 31, 2004, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name or by commercial insurance provided through a surety bond. Of the Senate Bill 40 Board's bank balance at December 31, 2003, \$400,579 was covered by the federal depositary insurance or collateral securities held by the board's custodial bank in the board's name, and \$40,164 was uninsured and uncollateralized.

To protect the safety of Senate Bill 40 deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investments of the various county funds at December 31, 2004 and 2003, were repurchase agreements with reported amounts of \$1,303,867 and \$775,539, respectively, (which approximated fair value). These amounts represent uninsured and unregistered investments for which the securities were held by the dealer bank, or by its trust department or agent in the county's name.

3. Contingent Liability

As of December 31, 2004, the county's legal counsel identified one instance of potential litigation which if realized could represent a significant liability. The instance involves a possible sexual abuse claim against a Sheriff employee. The potential liability in this instance cannot be assessed.

Supplementary Schedule

Schedule

MONITEAU COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 1,569	0
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5168	11,300	0
		ERS045-4168	16,630	8,284
		ERS045-3168W	0	27,548
	Program Total		<u>27,930</u>	<u>35,832</u>
U.S. DEPARTMENT OF DEFENSE				
	Passed through state Department of Public Safety			
12.005	1033 Program	N/A	3,517	1,327
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
16.007	State Domestic Preparedness Equipment Support Program	2003-MU-T3-0003	12,213	0
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.579	Byrne Formula Grant Program	2003-NCD2-014	68,871	0
		2002-NCD2-018	89,853	91,295
		2001-NCD2-043	0	73,993
	Program Total		<u>158,724</u>	<u>165,288</u>
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	TF-2004-08	140,049	98,775
	State Department of Public Safety			

Schedule

MONITEAU COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
16.592	Local Law Enforcement Block Grants Program Missouri Sheriffs' Association -	2002-LBG-054	0	9,000
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,421	800
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-068(7)	285,094	39,105
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	2,443
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	16,776	12,331
	Passed through Secretary of State			
39.011	Election Reform Payments	N/A	4,234	0
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
83.544 *	Public Assistance Grants	N/A	3,339	3,582
83.562	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540	2,700	3,300
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	N/A	0	920
93.268	Immunization Grants	N/A	30,940	18,507
		PGA064-3168A	0	1,650
	Program Total		<u>30,940</u>	<u>20,157</u>

Schedule

MONITEAU COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
93.283	Centers for Disease Control and Prevention	DH040022044	6,993	0
	Investigations and Technical Assistanc	DH030510024	0	6,700
	Program Total		<u>6,993</u>	<u>6,700</u>
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5168S	605	0
		PGA067-4168S	1,130	730
		PGA067-2168	0	900
		PGA067-5168C	230	0
		PGA067-4168C	945	30
		PGA067-3168C	0	1,470
	Program Total		<u>2,910</u>	<u>3,130</u>
93.994	Maternal and Child Health Services Block Grant	ERS175-3043F	0	4,469
	to the States	ERS146-5168M	4,754	0
		ERS146-4168M	11,959	3,986
		ERS146-3168M	0	11,932
		N/A	0	166
	Program Total		<u>16,713</u>	<u>20,553</u>
Total Expenditures of Federal Award:			<u>\$ 715,122</u>	<u>423,243</u>

N/A - Not applicable

* These expenditures include awards made under CFDA number 83.544 and CFDA number 97.036

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

MONITEAU COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Moniteau County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) and 1033 Program (CFDA number 12.005) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Moniteau County, Missouri

Compliance

We have audited the compliance of Moniteau County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Moniteau County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-01 and 04-02.

Internal Control Over Compliance

The management of Moniteau County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-01 and 04-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Moniteau County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 15, 2005 (fieldwork completion date)

Schedule

MONTEAU COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
16.579	Byrne Formula Grant Program
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-01.	Schedule of Expenditures of Federal Awards
---------------	---

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERS045-5168, ERS045-4168, and ERS045-3168W
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: State Department of Public Safety
Federal CFDA Number: 16.579
Program Title: Byrne Formula Grant Program
Pass-Through Entity
Identifying Number: 2003-NCD2-014, 2002-NCD2-018, 2001-NCD2-043
Award Years: 2004 and 2003
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Cape Girardeau County
Federal CFDA Number: 16.580
Program Title: Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
Pass-Through Entity
Identifying Number: TF-2004-08
Award Years: 2004 and 2003
Questioned Costs: Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, require the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's office as part of the annual budget.

The county and health center do not have procedures in place to ensure all federal programs are reported on the SEFA. Although the amounts presented on the 2003 SEFA were generally accurate, several programs were omitted from the 2004 SEFA which was understated by approximately \$48,000. Federal program expenditures which were not included on the schedules included: 1033 Program, \$3,517; Election Reform Payments, \$4,234; Child Care and Development Block Grant, \$2,910; Maternal and Child Health Services Block Grant to the States, \$16,713; State Domestic Preparedness Equipment Support Program, \$12,213; Public Assistance Grants, \$3,339; and State and Local All Hazards Emergency Operations Planning, \$2,700. In addition, the pass-through entity identifying numbers were not indicated on the 2003 or 2004 SEFA schedule.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated she will continue to work toward preparing a complete and accurate schedule of expenditures of federal awards. The Health Center Board President indicated the omissions were an oversight when transferring the amounts to the schedule and they would try to prepare a complete schedule in the future.

04-02.	Bidding of Leased Vehicles
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Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number:	2003-NCD2-014, 2002-NCD2-018, 2001-NCD2-043
Award Years:	2004 and 2003
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Cape Girardeau County
Federal CFDA Number:	16.580
Program Title:	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
Pass-Through Entity	
Identifying Number:	TF-2004-08
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Bid documentation for the leasing of vehicles was not available. The Officer in Charge of the Mid-Missouri Multi-Jurisdictional Drug Task Force indicated bids had been solicited and that he had written down bid information and included it in a file, but he was unable to locate documentation of the bids. During the two years ending December 31, 2004, approximately \$48,700 and \$34,800 was spent from the Byrne Formula Grant Program and the Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program, respectively, for leasing vehicles.

OMB Circular A-102, Common Rule, requires local governments to follow applicable procurement laws. Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of

vendors from whom bids were requested, a copy of the request proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

WE RECOMMEND the County Commission ensure bids are solicited for all purchases in accordance with state law and that adequate documentation of bids is maintained. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission will implement the recommendation. The bid for leasing vehicles was advertised for state fiscal year 2006.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MONITEAU COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Moniteau County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2002.

02-1. Lack of Sufficient Segregation of Duties

Size and budget constraints limited the number of personnel within the accounting department, resulting in a lack of sufficient segregation of duties.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Not implemented. Although there is no segregation of duties in the County Treasurer's office and little segregation in the County Clerk's office, the County Commission approves all disbursements and the County Clerk and County Treasurer balance their records monthly. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MONITEAU COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MONITEAU COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Moniteau County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 15, 2005. We also have audited the compliance of Moniteau County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 15, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Moniteau County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
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The county's General Revenue Fund remains weak. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the four years ended December 31, 2004:

		Year Ended December 31,			
		2004	2003	2002	2001
Cash Balance, January 1	\$	4,223	30,046	1,357	42,222
Receipts		1,552,162	1,496,930	1,266,109	1,130,466
Disbursements		(1,486,645)	(1,522,753)	(1,237,420)	(1,171,331)
Cash Balance, December 31	\$	69,740	4,223	30,046	1,357

The 2005 General Revenue Fund budget reflects anticipated receipts of \$1,595,820 and appropriated disbursements of \$1,683,135, resulting in an estimated ending cash balance of (\$17,575). Other net available resources of \$75,000, which include 2005 property tax collections and will be available in January 2006, were included on the General Revenue Fund budget summary page to present a balanced budget.

For 2004, salary and related payroll disbursements of the General Revenue Fund comprised approximately \$964,000 (65 percent) of total fund disbursements. Other required or essential disbursements included conduct of elections, board of prisoners, courthouse maintenance, utilities, insurance, and the county's share of juvenile office disbursements.

The significant increase in 2003 disbursements included approximately \$160,000 and \$90,000 for the Drug Task Force and Missouri Sheriff's Meth-Amphetamine Relief Team (MOSMART) programs, respectively, both of which were funded by federal grants; \$35,000 for boarding of prisoners; \$7,000 for property and liability insurance premiums; and \$45,000 for repayment of a 2002 loan. Most other 2003 disbursement classifications reflected minimal increases or in many cases were below 2002 spending levels. Significant increases in 2004 disbursements were noted for elections, MOSMART, and the Sheriff's office; however, most other 2004 disbursement classifications were below 2003 spending levels. As a result, it appears the County Commission and other county officials are working together to monitor and improve the county's financial condition.

However, the following are additional factors which should be considered:

- During 2002 the voters in Moniteau County authorized a ½ cent sales tax levy for the purpose of maintaining and improving county roads and bridges, the courthouse, the county jail, for bridge replacements, and for maintaining law enforcement and other essential services of county government. The county has not performed a cost analysis of operating costs associated with a planned jail renovation/expansion project (See MAR finding number 2) or developed a long-term plan of sales tax revenues that will be allocated to capital improvement projects versus the amount available for “law enforcement and other essential services of county government”. To determine the effect this levy may have on offsetting future General Revenue costs, the County Commission should perform a long term cost analysis for the use of the revenues generated by the sale tax levy.
- An administrative service fee transfer has not been made from the Special Road and Bridge Fund to the General Revenue Fund since 2001. In addition, the amount transferred during 2001 was less than allowed by state law. Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for the administrative services to the fund, and shall not exceed five percent (three percent prior to August 28, 2004) of the Special Road and Bridge Fund budget. Five percent of 2004 actual Special Road and Bridge Fund expenditures is approximately \$42,000. Consideration should be given to making administrative transfers from the Special Road and Bridge Fund to recoup administrative costs.
- Various restricted special revenue funds administered by elected officials have accumulated balances significantly in excess of 2004 actual expenditures or 2005 anticipated expenditures. Consideration should be given to working with these officials to use these monies to fund the respective office’s expenses, within the restrictions set forth by state law, which are currently funded by the General Revenue Fund.

WE RECOMMEND the County Commission continue to monitor and take the necessary steps to improve the financial condition of the General Revenue Fund. The County Commission should perform long term planning and take advantage of opportunities to offset General Revenue Fund costs as allowed by state law.

AUDITEE’S RESPONSE

The County Commission indicated they will continue to work with other officials to monitor the financial condition. When jail plans are finalized long-term planning will be considered.

A formal cost analysis to account for future jail operating costs has not been prepared. In addition, the budget does not clearly document the plans for funding the jail project.

The county has a verbal agreement with an architectural firm to provide consultation and advice and to serve as the county's representative in connection with the county jail. The planned facility will house approximately 32 to 40 prisoners. The architect's preliminary estimate of the project cost totaled approximately \$2 million for renovation and expansion of the existing jail building, a parking area, and a fenced area for outdoor recreation. During our review of jail project documentation we noted the following:

- A. Although the Capital Improvement Fund budgets included appropriated amounts of \$800,000, \$325,000, and \$ 200,000 for the jail project in 2005, 2004, and 2003, respectively, the budgets did not clearly reflect that the county planned to reserve and not spend the monies in the years budgeted. The County Commission indicated they plan to save as much as they can before beginning the jail project.

Section 50.550, RSMo 2000, provides that the annual budget shall present a complete financial plan for the ensuing budget year. Section 50.590, RSMo 2000, provides, in part, that the budget message shall outline the fiscal policy for the budget year and important features of the budget plan. The budget message would provide an avenue for disclosing the funding plan for the jail. In addition, a summary page is included in the budget for each fund which would also provide an alternative for presenting a reserved jail project amount. To present a true and accurate picture to the taxpayers and to effectively use the budget as a management tool, anticipated expenditures should reflect only those amounts the county plans to spend during that budget year. Reserving funds for a future project would have more appropriately been disclosed in the budget message or on the Capital Improvement Fund summary page.

- B. A cost analysis for future operating costs of the jail has not been performed. The County Commission indicated they anticipate only one or two additional staff as a result of the jail project; however, they have not prepared a formal analysis of operating expenditures associated with the increased capacity of the jail or the related funding sources. Because of the current financial condition of the county, it is especially critical that the county analyze and closely monitor the jail's operating expenditures and related revenue sources. Failure to perform a cost analysis of the jail's future operating costs and related funding sources reduces the county commission's ability to adequately monitor and plan.

WE RECOMMEND the County Commission:

- A. Appropriate disbursements as closely as possible to the anticipated actual amounts as possible. Monies reserved for a future project should be reflected in the budget message or on the respective fund summary page.
- B. Perform a cost analysis of operating costs and related funding sources associated with the jail project.

AUDITEE'S RESPONSE

The County Commission indicated they will:

- A. *Implement the recommendation.*
- B. *Perform a cost analysis of law enforcement operating costs as the jail plans are finalized.*

3. General Fixed Assets

Procedures to account for county-owned property should be improved to ensure the applicable records are complete and accurate.

The County Clerk maintains an electronic listing for each official; however, she indicated that updates to the listings are only made when officials notify her of a purchase. Although the road and bridge general fixed asset listing was maintained on a current basis, the following items were not included on the general fixed asset listings:

- Two vehicles costing \$10,500 and \$13,000 purchased for the Sheriff's office during 2003 and 2004, respectively.
- Two computer monitors and two printers costing \$860 and \$2,939, respectively, during 2003 and 2004 purchased for the County Collector.

In addition, annual inspections are not performed by the County Clerk or the officials.

Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides that the county officer or their designee is responsible for performing periodic inventories and inspections of property used by the respective department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation

of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section of law shall be signed by the county clerk.

WE RECOMMEND the County Clerk ensure physical inventories are performed annually. In addition, all fixed asset purchases and additions should be recorded on fixed asset records as they occur.

AUDITEE'S RESPONSE

The County Clerk indicated that inventory updates are the responsibility of each official. If information is provided, she will update the records. The County Commission stated a memo will be sent to each official requesting updates and notifying them that physical inventories are the responsibility of each official.

4. Property Tax System and Computer Controls

The county's controls over the county's computer systems are in need of improvement. Access to property tax data files is not adequately restricted and a security system is not in place to stop incorrect log-on attempts. A formal contingency plan has not been developed. The County Clerk should perform a more comprehensive review of back tax books.

A. The County Assessor and County Collector utilize the property tax computer system to maintain assessed valuation data, calculate and print the tax books and tax bills, and record property taxes collected. During our review of the internal controls over the system, we noted the following weaknesses:

- 1) Security codes which allow different types of editing (i.e. read, write, delete, add, etc.) are not in place that limit access to various data files utilized by the County Assessor and County Collector. Lack of security codes and procedures provides the potential for personnel to make undetected and unauthorized changes to information.
- 2) Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to property tax data files to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

Since access to various information is not adequately restricted, unauthorized changes could possibly be made to data files without the changes being detected. To establish individual responsibility, and to preserve the integrity

of data files, access to information should be limited to only those individuals who need access for completion of job responsibilities.

The unrestricted access to the system weakens internal controls over property assessment and tax collections. The ability to access and change computerized information should be limited to those individuals who need such access for the performance of their duties.

- 3) A security system is not in place on the property tax system to stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.

- B. The county does not have a formal contingency plan for its computer systems in case of an emergency and has not formally negotiated arrangements for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short-and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident.

- C. The County Collector generates the back tax books and compares the entries to the delinquent tax bills. The County Clerk performs a reconciliation of charges, additions and abatements, and collections to the delinquent tax book total, but does not sum the tax book charges or verify individual entries in the back tax books.

Section 140.050, RSMo 2000, requires the County Clerk to prepare the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances. Although the reconciliation performed by the County Clerk provides some control, a review of individual entries on a test basis and summing the tax book would reduce the risk of errors and irregularities going undetected.

Conditions A & B were noted in a prior report.

WE RECOMMEND:

- A. The County Commission ensure access to the property tax system is restricted to authorized individuals through a system of passwords and security codes. Passwords should be unique by individual and changed periodically. A security system should be established to stop and report incorrect log-on attempts after a certain number of tries.
- B. The County Commission ensure a formal contingency plan is developed.
- C. The County Clerk perform and document additional verification of the back tax books.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will discuss the situation with the County Collector and County Assessor and will try to correct the problems.*
- B. *The County Commission indicated they will discuss a contingency plan with other county officials.*
- C. *The County Clerk indicated she will implement the recommendation by performing spot checks of paid and unpaid tax bills.*

5. Senate Bill 40 Board

The Senate Bill 40 (SB40) Board does not adequately monitor disbursements made to a not-for-profit (NFP) corporation. The SB40 Fund has an excessive cash balance, budgets did not adequately project the anticipated financial condition of the SB40 Fund, and the prior two years' actual receipts and disbursements were not included on the budget.

- A. All SB40 Fund disbursements of approximately \$108,000 and \$79,000 during the years ended December 31, 2004 and 2003, respectively, were made to one NFP corporation. According to the management and program service agreement, the NFP corporation was designated as the SB40's "certified agent for the purposes of entering into contracts with local, state, and federal agencies and to provide services to eligible persons with developmental disabilities". The agreement further provides that the NFP corporation shall be exclusively responsible for the operation of residential, employment, and related services and for maintaining all records as may be required by any state or federal agency.

The NFP corporation prepares checks and a monthly financial statement for the SB40 Fund; however, supporting documentation had to be obtained from the NFP corporation. In addition, there is no requirement in the agreement for the NFP

corporation to report the number of Moniteau County clients served. There is little or no evidence the SB40 Board is monitoring supporting documentation or the administrative and client services agreement requirements.

In addition, the 2004 agreement between the SB40 Board and the NFP corporation included a requirement for the NFP corporation to obtain an independent audit; however, the SB40 Board Treasurer and the NFP accountant indicated a copy of the audit report was not provided to the SB40 Board for its review. The audit requirement was excluded from the 2005 contract.

Without adequate monitoring, the SB40 Board cannot ensure the reasonableness and propriety of expenditures or compliance with contract terms and statutory provisions.

- B. The SB40 Fund had a cash balance at December 31, 2004, of \$463,101, approximately four times the total operating disbursements for the year. Since the board's establishment in 2000, actual revenues have exceeded disbursements each year. The 2005 SB40 Fund budget reflects a slight reduction in the estimated ending fund balance to \$414,440; however, this is still more than two times the planned disbursements and as noted in C, the SB40 Board's budgets have not always been reasonable.

The 2005 budget reflects the ending fund balance as a contingency for capital improvements, equipment, grant match or program expansion; however, there are no specific plans. The NFP corporation is in the process of conducting a needs assessment which should aid the SB40 Board in determining the services to be provided. The SB40 Board should review the results of the needs assessment and take measures to reduce the balance of the SB40 Fund or document future plans for the use of the balance. If the board does not have specific plans for the funds, they should consider reducing or eliminating the tax levy on a temporary basis to help reduce the balance of the SB40 Fund.

- C. The SB40 Board's budgets did not accurately project the anticipated financial condition of the SB40 Fund for the two years ended December 31, 2004. Beginning available resources were significantly understated and budgeted expenditures were significantly overstated resulting in an anticipated ending cash balance that was significantly less than actual. The following reflects a comparison of budgeted to actual amounts:

	<u>2004</u>		<u>2003</u>	
	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Actual</u>
Beginning Available				
Resources	\$279,956	393,759	210,609	227,363
Expenditures	190,038	108,676	189,259	79,452
Ending Available Resources	254,718	463,101	251,633	393,759

In addition, the beginning available resources reflected on the 2005 budget were understated by approximately \$29,000 and the budgets did not include the two previous years' actual revenues and expenditures.

For the budget documents to be of maximum assistance to the SB40 Board as a planning tool and to adequately inform county residents of the current financial position and operations, the budgets should accurately reflect beginning available resources, reasonable estimates of receipts and disbursements, and the anticipated ending cash balances. In addition, Section 50.590, RSMo 2000, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

WE RECOMMEND the Senate Bill 40 Board:

- A. Ensure that supporting documentation is periodically reviewed and monitored for compliance with statutory and contract provisions.
- B. Evaluate operations and take measures to reduce the accumulated balance of the SB40 Fund, or formally document its plans for the future use of the balance.
- C. Present accurate beginning available resources and estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the Board's financial position is presented. In addition, the prior two years' actual receipts and disbursements should be presented.

AUDITEE'S RESPONSE

The Senate Bill 40 Board President indicated:

- A. *He has on file the NFP contract which will be reviewed by the Board at the next meeting, though it will be expired. He will require the renewal for fiscal year 2006 be shared with members of the Board at that time. The Board agrees to periodically review supporting documentation.*
- B. *He has discussed with the County Commission in April/May 2005 as well as the Board the possibility of reducing the future tax levy to some point less than the maximum 12 cents during the next two to three years until expansion of existing programs and new programs in the county materialize.*
- C. *The ending resources of 2003 carry-over to 2004 beginning resources was an oversight on the part of the Board's review of the proposed 2004 budget.*

6. Prosecuting Attorney's Accounting Controls and Procedures

An adequate system has not been established to account for all bad check complaints filed and their ultimate disposition, receipts are not always deposited in a timely manner, and accounting duties are not adequately segregated. Similar concerns have been noted in past audit reports; however, little or no improvement has been made.

- A. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. The bad check complaints are not recorded in a log as they are filed.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted, and the criminal case in which charges were filed or other disposition.

- B. Deposits are not always made on a timely basis. Bad check receipts are normally deposited once or twice a month. For the period July through December 2004, no deposits were made in October, only two deposits during four months, and three deposits were made during one month. Deposits during this period ranged from \$838 to \$2,118. A June 7, 2004, deposit totaling \$1,357 included receipts dated March 30 through May 27, 2004, but no June receipts. Failure to deposit all monies received on a daily basis increases the risk of loss or misuse of funds.
- C. The duties of receiving, recording, depositing and disbursing monies are not adequately segregated. One individual is responsible for receiving monies and another is responsible for all other accounting duties. However, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

WE RECOMMEND the Prosecuting Attorney:

- A. Implement procedures to adequately account for bad checks received as well as the ultimate disposition, through the use of a log to account for the numerical sequence and disposition of each bad check.
- B. Deposit monies in a timely manner.
- C. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.

AUDITEE'S RESPONSE

The Prosecuting Attorney stated:

- A. *"This was extensively discussed at our exit conference. This county, unlike many others, does not mail ten day demand notices. Instead, we include the statutory demand in the criminal charge. Complaints are attached to the criminal charges and filed with the Associate Circuit Court, which assigns a case number. Therefore the complaints may be tracked through Court records, even if the criminal charge is dismissed within the ten day period."*
- B. *"We agree that deposits will include all monies received through the date of the deposit."*
- C. *"This is a three person office. One individual receives restitution payments, maintains a receipt book, and reports receipts to the Associate Circuit Court for disposition of criminal charges. We do not accept cash. Only money orders or certified drafts for the exact amount due are accepted. The second person deposits the receipts and reconciles the checkbook. I sign all restitution letters and periodically review my employees' activities. Their work is periodically reviewed by me. I have not "initialed" work reviewed in the past but will do so in the future."*

7.

Emergency Dispatch Board

The Emergency Dispatch Board has not established adequate general fixed asset records to account for board property. The Emergency Dispatch Fund budgets do not include beginning available resources and do not project the anticipated financial condition of the Emergency Dispatch Fund.

- A. The Emergency Dispatch Board has not established adequate general fixed asset records to account for board property. A comprehensive property listing is not prepared. A listing was provided of items purchased during the two years ending December 31, 2004; however, the listing did not include the cost of the items purchased or related property identification tags or serial numbers.

Section 49.093, RSMo 2000, provides that the officer or their designee is responsible for performing periodic inventories and inspections.

- B. The Emergency Dispatch Board budgets do not include all required information. Beginning available resources are not included and the anticipated financial condition of the Emergency Dispatch Fund is not projected. In addition, budgets include only one year's actual receipts and disbursements.

To be of maximum assistance as a planning tool and to adequately inform the public, budgets should include all beginning available resources and the prior two years' actual receipts and disbursements. In addition, Section 50.550, RSMo 2000, provides that the annual budget shall include actual or estimated operating deficits or surpluses from prior years. Section 50.590, RSMo 2000, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

WE RECOMMEND the Emergency Dispatch Board:

- A. Maintain a comprehensive general fixed asset listing which includes all property owned by the board. The listing should include, at a minimum, the date and cost of purchases, serial numbers and property identification numbers, and disposition dates. In addition, inventories and inspections should be performed annually.
- B. Include beginning available resources and anticipated financial position on the budget. In addition, the prior two years' actual receipts and disbursements should be presented.

AUDITEE'S RESPONSE

The Emergency Dispatch Board Administrator indicated:

- A. *The recommendation has been implemented.*
- B. *This information has been added to the year to date report and will be reflected on the 2006 budget.*

Follow-Up on Prior Audit Findings

MONITEAU COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Moniteau County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

The county's General Revenue Fund was in poor financial condition. The cash balance of the General Revenue Fund declined from \$105,535 at December 31, 1997, to \$42,222 at December 31, 2000. For 2001, the General Revenue Fund budget reflected an estimated ending cash balance of negative \$126,682.

Recommendation:

The County Commission consider various alternatives for increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and to maintain an adequate operating cash reserve.

Status:

Partially implemented. It appears the County Commission monitors expenditures and the financial condition of the General Revenue Fund; however, the financial condition remains weak. Moniteau County voters authorized a ½ cent sales tax levy for various purposes; however, a long term cost analysis of the allocation of the related revenues has not been performed. In addition, administrative service fee transfers have not been made from the Special Road and Bridge Fund to the General Revenue Fund and special revenue funds administered by elected officials could be used to fund the respective office's expenses. See MAR finding number 1.

2. Property Tax System and Computer Controls

- A. The County Assessor and the County Collector had unlimited access to the computer system and these internal control problems were not mitigated by a review by the County Clerk.
- B. The county did not have an adequate password system or procedures to restrict access to the property tax computer system.
- C. A security system was not in place to detect or prevent incorrect log-on attempts.

- D. The county did not have a formal contingency plan for the computer system in case of an emergency.

Recommendation:

The County Commission:

- A. Restrict access to assessment and property tax data during periods when changes to the data are not statutorily allowed and to only those individuals with statutory authority to change applicable data. If the county allows access and change capabilities which are normally incompatible to statutory duties, the County Commission should ensure change reports are generated and an independent individual, such as the County Clerk, reviews all changes for propriety.
- B. Implement a password system which requires each user be assigned a unique password and passwords be changed periodically.
- C. Establish a security system to detect and report incorrect log-on attempts after a certain number of tries.
- D. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

Status:

Not Implemented. See MAR finding number 4.

3. Schedule of Expenditures of Federal Awards

The SEFA prepared for the years ended December 31, 2000 and 1999, contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget. The County Commission should take steps to ensure other offices properly track and report federal awards, or consider appointing a county-wide grants coordinator.

Status:

Not Implemented. See finding number 04-01.

4. General Fixed Assets

- A. The County Clerk maintained a computerized inventory listing of fixed assets held by county officials: however, some of the fixed asset listings had not been updated since 1997. The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records and physical inventories were not being performed for assets assigned to some officials.
- B. The county did not have formal procedures for disposing of county property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all applicable assets should be tagged or identified as county-owned property. Finally, the County Commission should ensure that physical inventories are conducted and the master records are updated.

Status:

Not implemented. See MAR finding number 3.

5. Prosecuting Attorney's Accounting Controls and Procedures

- A. Receipts were not always deposited in a timely manner.
- B. Accounting records were not prepared in a timely manner and the records that were kept were not adequate to fully account for all receipts and disbursements.
- C. Bank reconciliations were not prepared in a timely manner.
- D. Accounting duties were not adequately segregated.
- E. None of the employees responsible for receiving and depositing monies were bonded.
- F. An adequate system to account for all bad checks complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints had not been established.

Recommendation:

The Prosecuting Attorney:

- A. Deposit all monies received intact daily or when accumulated receipts exceed \$100.
- B. Maintain a complete and accurate cash control ledger which includes all receipts, disbursements, and cash balances.
- C. Prepare bank reconciliations on a monthly basis.
- D. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- E. Obtain bond coverage for all employees responsible for handling receipts.
- F. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.

Status:

A,D

&F. Not implemented. See MAR finding number 6.

- B. Not implemented. Although receipt slips are issued for monies received, a cash control ledger is not maintained and a running balance is not maintained in the check register. An adequate bad check log which includes receipt and disbursements information, along with a properly maintained check register could provide the same information as a cash control ledger. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented. A monthly reconciliation is prepared in which the bank balance is compared to outstanding checks and errors to ensure a zero book balance at month end.
- E. Not implemented. The Prosecuting Attorney responded in the prior report that he had recommended bond coverage for all county employees with access to public funds; however, no funds had been appropriated for this purpose. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Circuit Clerk's Accrued Costs

The Circuit Clerk had not disbursed partial payments collected on old cases where collection of the full amount was considered remote. In addition, the court was not actively pursuing

collection of accrued case costs even though payment agreements were signed and approved by the court.

Recommendation:

The Circuit Clerk pursue collection of costs accruing on old cases. If collection of such costs cannot be made, partial payments received should be distributed on a pro-rata basis, after obtaining a court order from the Circuit Judge.

Status:

Partially implemented. The Circuit Clerk relies on the probation and parole officers to pursue collection of costs. The Circuit Clerk has taken action to disburse funds held for cases referred to in the prior audit. Many of these cases which had not received recent payments were investigated and paid out. However, the December 31, 2004, open items list includes open items totaling approximately \$17,000 for which there has been no financial activity on the respective cases since prior to 2004. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Emergency Dispatch Board

- A. The board did not maintain adequate general fixed asset records to account for board property.
- B. The board-approved budgets and budget amendments were submitted to the County Clerk; however, the budgets and budget amendments were not forwarded to the State Auditor's Office.

Recommendation:

- A. The Emergency Dispatch Board prepare general fixed asset records which include pertinent information for all board assets. In addition, the board should properly tag or otherwise identify all property and conduct annual physical inventories to ensure the accuracy of the records.
- B. The County Clerk submit budgets and budget amendments to the State Auditor's Office as required by state law.

Status:

- A. Not implemented. See MAR finding number 7.
- B. Implemented in 2004.

8. Health Center Board

- A. The Health Fund had a cash balance at December 31, 2000, of \$337,456 which exceeded total operating expenditures for the year. During the two years ended December 31, 2000, the cash balance increased \$89,413. Health center officials indicated there were no immediate plans for the use of the accumulated cash balance, but indicated there had been discussion of future building expansion.
- B. The Health Center personnel did not adequately monitor amounts expended on Comprehensive Family Planning (CFP) services during the audit period. The average cost per client of providing such services was not periodically calculated as required.

Recommendation:

The Health Center Board:

- A. Evaluate the operations of the health center and take measures to reduce the large accumulated balance of the Health Center Fund, or formally document its plan for the future use of the large cash balance.
- B. Monitor the amounts expended on CFP services and periodically calculate the average cost per client as required by the contract with Missouri Department of Health.

Status:

- A. Not implemented. Plans are not formally documented; however, the board indicated excessive balances in the Health Center Fund are maintained to sustain activity should there be a continued reduction in state and federal funds. While there may well be a need for a certain level of reserve, the board should take a proactive approach and analyze long term funding and spending projections. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MONITEAU COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Moniteau was named after the French spelling of the Indian word meaning "spirit" or "God". Moniteau County is a county-organized, third-class county and is part of the Twenty-Sixth Judicial Circuit. The county seat is California.

Moniteau County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 510 miles of county roads and 79 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,068 in 1980 and 14,827 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	87.3	84.1	78.9	75.3	41.1 25.0
Personal property		41.0	39.0	39.1	37.0	11.7 6.3
Railroad and utilities		20.0	19.0	20.0	21.0	10.9 6.1
Total	\$	148.3	142.1	138.0	133.3	63.7 37.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Moniteau County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	0.1819	0.1837	0.1808	0.1670
Special Road and Bridge Fund		0.2507	0.2507	0.2507	0.2500
Health Center Fund		0.1500	0.1500	0.1500	0.1500
Senate Bill 40 Board Fund		0.1200	0.1200	0.1200	0.1200

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
State of Missouri	\$ 44,649	42,983	41,788	40,560
General Revenue Fund	278,872	271,463	260,198	236,172
Special Road and Bridge Fund	386,038	371,910	362,080	351,130
Assessment Fund	111,529	87,461	82,904	77,470
Health Center Fund	215,620	208,176	202,303	196,206
Senate Bill 40 Board Fund	172,431	166,414	163,018	157,775
School districts	5,448,652	5,198,614	5,010,495	4,619,716
Library districts	86,683	49,415	49,220	46,819
Ambulance districts	268,898	259,446	252,334	245,139
Fire protection districts	200,461	194,647	177,930	179,609
Levee districts	1,987	1,987	2,649	3,914
Nursing home district	2,511	2,398	2,087	2,037
Tax Maintenance Fund	10,081	10,002	3,608	0
Other	7,973	9,356	4,545	4,837
Cities	257,905	81,494	80,828	82,364
County Clerk	121	108	118	102
County Employees' Retirement	36,695	35,539	33,334	31,513
Commissions and fees:				
General Revenue Fund	112,684	108,072	103,698	96,535
City Commissions	8,552	1,162	1,108	1,110
Total	\$ 7,652,342	7,100,647	6,834,244	6,373,009

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
Real estate	95	96	94	95 %
Personal property	94	93	93	93
Railroad and utilities	100	99	100	100

Moniteau County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%
Emergency dispatch	0.005	None	None	
Capital improvements, general and law enforcement	0.005	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Kenneth Kunze, Presiding Commissioner		28,400	28,400		
Bob Hogge, Presiding Commissioner				28,400	27,080
Kim F. Roll, Associate Commissioner		26,400	26,400	26,400	25,080
Tony Barry, Associate Commissioner		26,400	26,400	26,400	25,080
Anita Groepper, County Clerk (1)		43,207	40,436	40,416	38,416
John T. Kay, Prosecuting Attorney (2)		57,775	58,050	59,140	56,200
Kenny Jones, Sheriff		44,000	44,000	44,000	42,000
Harold Haldiman, County Treasurer		29,600	29,600	29,600	28,120
Loyd Fulks, County Coroner		12,000	12,000	12,000	11,000
Cher King Caudel, Public Administrator		25,000	25,000		
Michele Asahl, Public Administrator (3)				21,875	
Marilyn Parker, Public Administrator					25,000
Carlene E. Petree, County Collector (1), year ended February 28 (29),	43,207	40,436	40,416	38,476	
Darrel L. King, County Assessor (4), year ended August 31,		40,751	40,878	40,900	39,923
Ron Kliethermes, County Surveyor (5)					

(1) Includes city commissions of \$3,207, \$436, \$416, and \$416 for the year ended February 28(29), 2005, 2004, 2003, and 2004, respectively. The County Collector's compensation for the year ended February 29, 2002 includes \$60 of commissions earned for collecting levee district taxes.

(2) Includes annual compensation received from the 911 Board; \$775, \$1,050, \$2,140, and \$1,200, respectively.

(3) Appointed February 15, 2002.

(4) Includes annual compensation received from the state; \$751, \$878, \$900, and \$900, respectively.

(5) Compensation on a fee basis.

State-Paid Officials:

J. David Haldiman, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
Peggy Richardson, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

August 2005

SOCIAL SERVICES

Management of Undistributed Child Support Collections



Parents wait for child support payments while state holds money and does not use all available resources to find parents

This audit reviewed why state officials held child support money owed to custodial and non-custodial parents and did not distribute it as soon as possible. As of February 2005, the state was still holding \$2.5 million in payments collected over a 7-year-period ending in 2004. This report is the third audit on how well state officials collect and distribute child support. The following highlights the findings of the most recent audit work.

State releases thousands to parents after audit tests	State officials released \$34,000 in child support due to parents after auditors showed no reason for the state to continue to hold it. Auditors reviewed 106 cases in which the state held child support payments for several reasons including: missing or expired addresses, intercepted tax refunds or payments received before they were due. (See page 5)
\$1.7 million held for missing addresses	Auditors found state officials did not take appropriate actions to release payments on \$116,000 held in 40 child support cases. On \$14,000, state officials did not use all available resources to find correct addresses for custodial parents before closing the cases. On another \$12,000 in open cases, state officials did not search for new custodial parent addresses. And on \$7,000, state officials only searched for new addresses for a month before closing the cases. On a number of other cases, errors in case management were made or state officials had searched for new addresses for a while, but then closed the cases with monies still on hold. (See page 10)
Other states use address change service to find parents	Illinois child support collection officials have used the U.S. Postal Service's automated "address change service" to forward mail, update changed addresses and remove undeliverable addresses from their database. (See page 11)
Undistributed child support not always top priority	State officials have not made releasing held child support a top priority. State officials have not implemented federal recommendations on ways to reduce undistributed child support, but instead rely on unreliable automated computer processes or policies to close particular cases. (See page 14)
Electronic support payment cards still not used here	In November 2004, state officials said they would start using electronic payment cards - on a voluntary basis - to reduce held child support because of invalid addresses and save the state mailing costs. As of April 2005, state officials still had no timeline for implementing an electronic card process. Auditors found other states saved substantial money and significantly reduced held child support balances when switching payments to an electronic card. (See page 20)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
K. Gary Sherman, Director
Department of Social Services
Jefferson City, MO 65102

As of February 2005, the Family Support Division (division) held approximately \$4.1 million in child support that had not been paid to custodial parents, non-custodial parents and the state. Of this amount, \$2.5 million has been collected from 1997 through 2004. Because of the importance in ensuring custodial parents receive child support owed to them, we focused review objectives on determining whether the division has effectively managed undistributed child support collections.

Additional action is needed to reduce undistributed child support collections held by the division. We found the division has approximately \$1.7 million on hold because of missing or expired payee addresses, as of February 2005. In addition, we found weaknesses related to identifying and accounting for undistributed child support collections. We have made recommendations to improve the division's management of undistributed collections.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer. Key contributors to this report included Douglas Porting and Brenda Gierke.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

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Abbreviations

CFR	Code of Federal Regulations
IV-D	Title IV-D of the federal Social Security Act
MACSS	Missouri Automated Child Support System
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office

Introduction

From 2001 through 2004, the Family Support Division (division) collected an average of \$42.8 million per month. For various reasons, discussed later in this report, the division has not always distributed all collections as soon as possible. And, some collections, such as intercepted federal income tax refunds are primarily received during the first six months of the year, may be held for up to 180 days, causing seasonal fluctuations in undistributed collections. From 2001 through 2004, seasonal fluctuations in the amount of undistributed collections ranged from a high of approximately \$16.2 million in June 2001, when tax refunds had been intercepted and held, to a low of approximately \$3.8 million in January 2003, when intercepted tax refunds had been resolved and paid out. From 2001 through 2004, the division held an average of approximately \$8.8 million cumulative in undistributed collections each month.

The division administers the state's child support program, which includes collecting child support payments from non-custodial parents and sending payments to families. When a custodial parent requests child support services, or the family receives state welfare benefits, the division provides enforcement, collection and disbursement services under Title IV-D of the federal Social Security Act, and calls it a "IV-D" case. When there is no request for child support services, and the family receives no welfare benefits, the division provides collection and disbursement services only, pursuant to state statute. These cases are called "non IV-D" cases. The division processes both IV-D and non IV-D support payments.

State and federal laws require most child support payments be processed through one centralized office, and since 1999, the Family Support Payment Center (payment center) has contracted to operate the state disbursement unit in Jefferson City.¹ Payment center collections are deposited to the Family Support Trust Fund account (trust account). Some types of child support payments, such as intercepted federal income tax refunds are deposited directly to the State Treasurer's account (fund 610). The Division of Budget and Finance (Budget and Finance) is responsible for reconciling these bank accounts. After processing, the payment center and the State Treasurer disburse child support payments by check or electronic funds transfer.

All daily collections and payments are recorded on the Missouri Automated Child Support System (MACSS), the division's computerized case management and tracking system, where payments are credited to appropriate accounts. Collections are paid to custodial parents, refunded to

¹ 45 CFR Section 302.32(a) and Section 454.530, RSMo 2000.

the non-custodial parent, or recouped by the state unless certain circumstances prevent disbursement. When circumstances prevent disbursement, the monies are placed in a hold status. There are valid reasons for some payments to be held and not paid to families immediately. For example, intercepted federal tax refunds may be held for up to 180 days, payments will be held when no active² address is on file for the payee, or payments will be held temporarily pursuant to judicial order.³ MACSS produces daily and monthly reports of held payments for management purposes.

In addition to maintaining case records and account balances, MACSS is capable of performing search activities to obtain parent information, such as addresses and employers, through an electronic exchange of information with other state and federal databases. This function is referred to as the computerized address search function in this report.

Prior to legislation establishing the state payment center, non-custodial parents sent child support payments to the state's circuit court clerks, where clerks deposited collections to local court bank accounts, recorded the payments on MACSS, and issued checks to families. Although circuit court clerks have not processed child support payments since 2001, some clerks still have undistributed child support cash.

Previous SAO Work

In 2002, we disclosed a number of management weaknesses in the division's enforcement and collection efforts.⁴ The report disclosed Missouri collected no more than 20 percent of child support owed to 538,000 custodial parents and their children from fiscal years 1996 to 2001, leaving over \$1 billion uncollected. In that report, we recommended the division perform data matches, as necessary, with all available databases⁵ to help locate parents. As of 2004, the division had not implemented this recommendation.

In another 2002 report, we found child support collections in the State Treasurer's account had not been reconciled to accounting records and recommended the division and Budget and Finance establish procedures to

² An address is considered active if it is not missing or expired.

³ See Appendix I for classifications of undistributed collections.

⁴ Division of Child Support Enforcement Management and Oversight of Child Support Enforcement Actions, SAO, November 19, 2002, (Report no. 2002-112). In 2003, the Family Support Division was created and all authority, powers, duties, functions, records, and personnel of the Division of Child Support Enforcement was transferred to this division.

⁵ Department of Economic Development – Division of Professional Registration license records, Department of Conservation license records, and Department of Revenue state tax records.

Scope and Methodology

reconcile child support records to cash in the State Treasurer's account.⁶ Budget and Finance officials did not implement our recommendation, and have not reconciled the cash balance in the State Treasurer's account to accounting records.

In 2001, we evaluated the division's planning leading up to redirecting child support payments from circuit court clerks to the state payment center.⁷ The report disclosed about one-third of redirect notices mailed to parents had incorrect addresses. Our report recommended the Director of the Department of Social Services ensure all addresses for active child support cases be corrected and all parents be notified of redirect procedures. However, the Department of Social Services has not ensured all addresses for active child support cases have been updated.

We analyzed division reports of undistributed collections from January 2001 to August 2004 and identified for further study, categories of undistributed collections with large amounts of cash and/or significant fluctuations. We requested the division generate a listing of held payments, as of August 6, 2004, from which to select our case study population.⁸

To determine whether the division effectively managed undistributed collections and made payments as soon as possible, we selected 106 cases with the largest dollar amount of collections held for one or more of the following reasons. Funds had been held because support payments (1) had not been paid to families due to missing/expired addresses,⁹ (2) had not been processed for various other reasons, and (3) had been received before due. Support payments on selected cases had been held for a minimum of three months. We did not randomly select test cases in order to avoid testing small dollar cases. Undistributed collections on test cases totaled approximately \$271,000, as follows:

⁶ State of Missouri Single Audit Year Ended June 30, 2001, SAO, May 16, 2002, (Report no. 2002-39).

⁷ Division of Child Support Enforcement Transition to the Family Support Payment Center, SAO, September 22, 2001, (Report no. 2001-91).

⁸ As of August 6, 2004, the division was holding approximately \$8.3 million on about 20,000 cases. Our study population on that date totaled approximately \$1.5 million held on nearly 7,000 cases.

⁹ An address is missing when there is no current address on case records. An address is expired when a check has been returned by the U.S. Postal Service because the address on case records is no longer valid.

-
- 60 cases with approximately \$169,000 on hold, each case having IV-D payments totaling at least \$2,068 on hold longer than six months because of a missing or expired address,
 - 35 cases with approximately \$85,000 on hold, each case having IV-D payments totaling at least \$1,000 on hold longer than three months for other reasons,¹⁰ and
 - 11 cases with approximately \$17,000 on hold, each case having IV-D payments totaling at least \$750 on hold longer than three months because the payments had been received before the due date.

Division personnel told us they released approximately \$34,000 to families as a result of our testing.

We evaluated payment processing procedures and the adequacy of applicable division policy. We contacted field staff and central office personnel for explanations of actions taken or not taken.

We contacted IV-D agencies in Colorado, Illinois, Iowa, Kansas, Nebraska and Virginia to obtain information on methods used to manage and reduce undistributed collections. We also reviewed a 2001 federal report of best practices, and a 2003 federal oversight agency report related to undistributed collections.¹¹

We manually searched Medicaid recipient records, Department of Economic Development - Division of Professional Registration license records, Department of Conservation license records, Department of Revenue driver license records, listings of state employees, and vendors doing business with the state to find addresses.

To determine whether the state performed adequate reconciliations of cash in the bank, we met with Budget and Finance officials responsible for reconciling accounting records with cash in the bank and reviewed records they maintain.

¹⁰ As of August 2004, the division held approximately \$85,000 on 35 test cases for reasons other than missing and expired addresses or collections received before due. Of the 35 cases, 19 had approximately \$50,000 on hold because intercepted tax refunds had been credited initially, but were later reversed because the payment had been misapplied or a refund had been appropriate, but had not yet been resolved. The remaining 16 test cases had approximately \$35,000 on hold. Division personnel took appropriate action to release held payments on 8 of the 16 cases.

¹¹ Analysis of State Undistributed Child Support Collections, Office of Child Support Enforcement, October 2001 and Child Support Report, Volume XXV, No. 11, November 2003.

We contacted 11 circuit court clerks and compared bank account records to the division's records of undistributed collections for those accounts.¹²

We requested comments on a draft of our report from the Director of the Department of Social Services, and those comments are reprinted in Appendix II. We conducted our work between September 2004 and February 2005.

¹² Located at Clay, Crawford, Franklin, Howell, Jackson, Jefferson, Lawrence, Newton, St. Charles, and St. Louis counties, and St. Louis City.

Distributing Child Support to Families Must be a Priority

The state has held substantial amounts of child support collections for extended periods of time. Child support has not been paid to families who need it, the state has not received funds it is owed,¹³ and refunds have not been made to non-custodial parents. This situation occurred because division personnel have not always taken adequate action to (1) locate payees when addresses have been missing or expired, (2) turn over funds owed to the state, and (3) refund over-collections to non-custodial parents. Although the division has made periodic attempts to reduce collections being held, overall, the division has not made reducing undistributed collections an ongoing priority.

In addition to these problems, Budget and Finance has not adequately reconciled records of undistributed child support collections with cash in the bank, despite a prior SAO recommendation to do so. As such, there is little assurance the state is meeting its responsibility to safeguard and account for all child support cash on hand. In addition, the division's records of undistributed collections held in state and circuit court clerk bank accounts has been misstated because of computer malfunctions and errors by court clerks.

Division Holding Substantial Amounts of Child Support

The division has held a substantial amount of child support collections without distributing it to families owed child support, the state for reimbursement of cash assistance paid to families, and to non-custodial parents owed refunds.

As of February 5, 2005, division records showed the division held approximately \$4.1 million. Of that amount, the division collected \$2.5 million from 1997 through 2004.¹⁴ Table 1.1 shows those collections, as of February 2005.

¹³ If a custodial parent receives cash assistance from the state when the non-custodial parent does not pay child support, the unpaid support, up to the amount of cash assistance, is due the state.

¹⁴ The division collected the remaining \$1.6 million from January 1, 2005 to February 5, 2005, of which \$750,000 represented intercepted tax refunds.

**Table 1.1: Child Support
Collected 1997-2004 Still
Held in February 2005**

Year collected	Amount held
1997-1999	\$76,460
2000	40,237
2001	86,225
2002	227,721
2003	481,075
2004	1,548,218
Total	\$2,459,936

Source: Division records of undistributed collections.

Federal regulations require states to disburse payments within two business days of receipt.¹⁵ However, the payment process stops and payments are placed in a hold status, preventing disbursement within this time frame when:

- the recipient's address is missing or expired,
- intercepted state and federal income tax refunds are held for 40 and 180 days, respectively, while the non-custodial parent may request a hearing or file an "injured spouse"¹⁶ claim for spousal apportionment,
- payments are received before they are due and cannot be released until future obligations come due, or
- payments are held for other reasons.

Table 1.2 illustrates various reasons for the undistributed collections shown in Table 1.1.

**Table 1.2: Reasons Child
Support Held**

Reason on hold	Amount held
Missing or expired address	\$1,679,456
Intercepted taxes	486,882
Received before due	189,169
Other reasons	104,429
Total	\$2,459,936

Source: Division records of undistributed collections.

As shown in Table 1.2, the division held about \$1.7 million (68 percent) of total undistributed collections because of missing or expired addresses.

¹⁵ 45 CFR Section 302.32(b)(2).

¹⁶ When a non-custodial parent and his/her current spouse file a joint tax return, the spouse may file a request for release of his/her portion of the tax refund.

Division has not taken appropriate action to locate custodial parent addresses

Our review of 60 cases with child support on hold as of August 2004 disclosed the division had not taken appropriate action to release payments totaling approximately \$116,000 on 40 cases,¹⁷ or an average of \$2,900 per case. For example, over \$14,000 in support had not been paid to custodial parents because the division had not used existing resources to search for the custodial parent's new address before closing the cases.¹⁸ Other cases had not been closed, but \$12,000 owed to custodial parents had not been paid for over a year because the division did not search for new addresses. Another \$7,000 had not been paid to custodial parents because the division closed the cases after searching for new addresses for only one month.

Various other errors in case management caused approximately \$83,000 to remain in a hold status.¹⁹ For example, a custodial parent requested the division, by letter, to close her case. The caseworker closed the case, but failed to update address records and did not send held child support totaling approximately \$3,000 to this family. After we discussed this case with division personnel, the division updated the address and issued a check to the custodial parent.

The MACSS system has been programmed to automatically initiate the computerized address search function to find a non-custodial parent's new address when the previous address is missing or expired. This step requires no staff involvement until a new address is found, at which point the address must be manually verified and updated on the MACSS system, if applicable. However, similar programming has not been done for custodial parents. Under prior division policy (revised during our review), manual action required to find a missing custodial parent address included (1) placing the custodial parent in the computerized address search function; (2) verifying new addresses, when necessary; and (3) updating computerized address records. Also, prior to revision, policy did not address required action for expired custodial parent addresses.

Division revises policy to close cases rather than search for parent addresses

Effective December 2004, the division's revised policy no longer allowed caseworkers to search for new custodial parent addresses using the computerized address search function. Instead, policy instructed caseworkers to close cases with missing or expired addresses, once other criteria had been met. The division's policy supervisor told us caseworker

¹⁷ The division took appropriate action to release payments on 20 cases.

¹⁸ Closing a case moves it to a non IV-D status where computerized address search services are no longer provided.

¹⁹ Approximately 70 percent of the \$83,000 was owed to custodial parents, 16 percent was owed to the state and 14 percent was owed to non-custodial parents.

	<p>instructions to find a new custodial parent address when the division held child support had been removed from policy because the Central Locate Unit would perform this function.²⁰ However, this unit has dedicated only one person to finding custodial parent addresses, and the division does not plan to increase the number of employees performing this task.</p>
Personnel not always aware of procedures to locate addressees	<p>Discussions with personnel in two field offices disclosed they did not know they should manually place a custodial parent in the computerized address search function, or how to initialize this function, as required by prior policy. However, on five cases where other caseworkers had initiated MACSS' computerized address search function, the system found new custodial parent addresses, and the division distributed over \$16,000 to five families between August and December, 2004.</p>
Address change service could help locate recipients	<p>The Illinois Division of Child Support Enforcement implemented the U.S. Postal Service's automated "address change service" to forward mail, electronically update address changes, and remove undeliverable addresses from the automated child support database. An Illinois official told us the automated address change service had saved Illinois approximately \$93,000 in postage costs per year and about 2,500 man hours in 2003. The division was not familiar with this service, according to the Compliance Deputy Director. In responding to a draft of this report, the division questioned our reference to the service as "free" and we removed that terminology. While there are no contract fees or setup costs to implement the service, there is a nominal cost when new addresses are identified and provided electronically through this service. However, based on the experience of Illinois, a computerized address match with nominal costs would be more efficient than utilizing staff time and postage costs to identify and verify these addresses.</p>
Collections owed to the state remained on hold	<p>Further review of the 40 test cases disclosed \$11,000²¹ on 4 cases had not been turned over to the state to recoup cash assistance previously paid to families. The division held approximately \$9,400 of this amount in the name of three deceased custodial parents because of missing or expired addresses, when, in fact, the money was due to the state. For example, on one case the custodial parent died in 2002, but the division had kept the case open to recoup cash assistance previously paid to the family. However, division personnel had not reviewed this case completely before closing it to further</p>

²⁰ The Central Locate Unit is a team of division employees dedicated to finding and obtaining certain missing information on parents such as, social security numbers, addresses, birthdates and employers.

²¹ As of August 2004.

IV-D services. Without further action on this case, nearly \$4,000 in child support owed to state accounts will instead be transferred to the State Treasurer's Unclaimed Property Division after three years to be held for the custodial parent, according to central office personnel.

Some refunds to non-custodial parents also delayed

Our review of 19 of the 35 selected cases with child support held for other reasons, disclosed the division had not taken appropriate action to pay out intercepted federal tax refunds totaling over \$31,000 on 12 cases, or about \$2,600 per case.²² This situation occurred because caseworkers did not follow up to resolve the issues, recalculate unpaid child support (arrear), and release payments to custodial parents or refund over-collections to non-custodial parents once it had been determined refunds should be made. Specifically, the division did not refund over \$23,000 to 9 non-custodial parents and did not release over \$8,000 to 3 custodial parents, within 180 days as required by division policy.

For example, nearly \$6,000 in federal tax refunds had been intercepted over a 5-year period (1999 through 2003), from one non-custodial parent. The division performed a case review in 2002, and found the amount of arrears to be incorrect, but took no further action to correct the calculation. Twice in 2003 the non-custodial parent complained about incorrect arrears. The division finally recalculated the amount of unpaid support in April 2004, and refunded all intercepted taxes in August 2004. When a parent claims arrears are incorrect, the caseworker should investigate, according to the division's training personnel.

In another example, the division intercepted a \$1,917 tax refund in March 2000, paid \$1,778 to the custodial parent, and reimbursed \$139 to the state for welfare benefits previously paid to the family. However, division records of unpaid support were incorrect and the non-custodial parent was actually due a refund, as personnel discovered in April 2004. At that time, personnel reversed the original payment transaction on accounting records and refunded \$200 to the non-custodial parent. In September 2004, not realizing the custodial parent had already received payment from this intercepted tax refund in 2000, central office personnel mistakenly paid the remaining \$1,717 to the custodial parent a second time. After we contacted the field office supervisor in January 2005, the division obtained a repayment agreement to recoup the \$1,778 overpayment to the custodial parent. If the division cannot recoup the overpayment from the custodial

²² Division personnel took appropriate action to refund/release approximately \$18,000 on 7 cases.

parent, taxpayer funds ultimately cover the shortfall, according to the Budget and Finance Deputy Director of Operations.

MACSS is programmed to automatically hold federal tax refunds for up to 180 days, after which the collections are automatically released to the custodial parent.²³ However, a tax refund, or any type of child support payment, can be "backed-out" and held when personnel misapply the payment, or when the non-custodial parent is due a refund.

The division's central office receives reports showing payments backed-out, which need manual intervention to complete processing. But, central office employees work only 1 to 2 hours per day on held payments listed on the reports, and had not prioritized which payments to work first, according to the Financial Resolutions Section Assistant Deputy Director. Instead, central office personnel worked down the list of payments assigned to them, with no requirements or timeframes to complete the work. Revisions to division policy, effective December 2004, now require central office staff to resolve backed-out payments within 15 calendar days of the back-out date. In April 2005, the Financial Resolutions Section Assistant Deputy Director told us division personnel were developing reports to assist the caseworkers in meeting the new timeframes, as well as management reports to track backed-out payments that are still unresolved after 15 days.

Incorrect balances resulted in division intercepting tax refunds

The division inappropriately took enforcement action and intercepted non-custodial parent tax refunds, totaling nearly \$28,000, because of incorrect balances on 10 of 19 cases we reviewed. These cases represented cases where child support had been held for other reasons.

Division personnel took appropriate action to refund \$12,000 to non-custodial parents payments within 180 days on 4 of the 10 cases, in accordance with division policy. However, for 6 other cases, division personnel did not follow up or did not take appropriate action to refund approximately \$16,000 to non-custodial parents within 180 days. For example, on one case, personnel temporarily lost the form used for requesting a refund when the field office moved to a new location, delaying the refund for over a year.

²³ If the filing status is joint, federal tax intercepts may be held for 180 days to give the non-custodial parent's spouse an opportunity to request a spousal apportionment. If the filing status is single, federal tax intercepts may be held for 30 days to give the non-custodial parent an opportunity to request an Internal Revenue Service administrative review.

Child support received before
due also held

The Compliance Deputy Director told us the division took several steps to purify financial account balances prior to converting case records to MACSS in late 1998, and the deputy is confident when those balances are found to be incorrect, it will be because of actions taken, or not taken, by division employees since conversion. However, in the example on page 12 where tax refunds had been intercepted for five years, the division intercepted the first tax refund in May 1999, only months after conversion to the new system when account balances should have been correct.

Payments can sometimes be received before due. Depending on the circumstances, these overpayments may be allowed to be held for future obligations or may need to be refunded to the non-custodial parent. Our review of 11 cases, involving about \$17,000 collected before due, disclosed the division had not taken appropriate action to refund when applicable approximately \$9,200 to 4 non-custodial parents. Child support received before it is due can be the result of an employer withholding and remitting too much money. It can also occur when the division has not decreased the withholding amount, once the balance of unpaid support has been satisfied. For example, on one of our test cases, the amount received in March 2004 through an income withholding order included current support plus an amount to apply to the unpaid balance. The unpaid balance had already been satisfied, but the amount received, which exceeded the current obligation, had not been refunded as of August 2004.

At least one of the four cases had been listed on a report used to monitor and resolve overpayments, according to central office personnel. However, personnel did not resolve and refund this overpayment for over six months. The other three cases had been held up to nine months after collection when they should have been refunded in a more timely manner.

Undistributed
Collections Not
Always a High Priority

With the exception of two special projects, the division has not placed a high priority on the assessment and management of undistributed collections. The division also has not implemented federal oversight agency recommendations designed to reduce and manage undistributed collections. Instead, the division has established policy to close cases when possible, and plans to rely on automation to reduce the growth of undistributed collections.

Historically, the division has devoted minimal resources to addressing the problem of undistributed collections. According to the Compliance Deputy Director, after the division converted case records and management activity to the MACSS system in late 1998, the division focused on getting support orders established and providing enforcement services. Undistributed collections were not a priority until the Governor's Missouri Results

Initiative project in 2001. As part of the project, a division work group devised various reports which are now used in limited undistributed collections work done by central office personnel. Before the project, the division did not generate management reports of held payments for monitoring or tracking, according to the Financial Resolutions Section Assistant Deputy Director.

No sustained efforts to
release held funds

Although the division has conducted two special projects, which resulted in some reduced child support held, no sustained effort to resolve and release undistributed collections has occurred. The division's Central Locate Unit conducted a special project to find addresses for custodial parents where the state held child support. From August 2001 to April 2003, about five employees worked to manually locate custodial parent addresses. The division did not track the amount of support paid to families during this project, but in fiscal year 2003 the Central Locate Unit located such addresses for an average of 438 families each month. When addresses are located and verified as valid, held child support is paid out. In contrast, held child support paid to families dropped significantly after this special project ended. With usually only one employee assigned to look for new addresses for custodial parents, the Central Locate Unit found addresses for an average of 85 families each month in fiscal year 2004, an 81 percent decrease from fiscal year 2003.

In the 2001 Missouri Results Initiative project, a work group of division employees led by a representative from the Governor's office worked exclusively on resolving held payments for any reason.²⁴ Reasons included missing and/or expired addresses and focused on payments collected in 1999. However, the division did not maintain records documenting the amount of collections paid to families.

The division has not permanently assigned employees to work exclusively on releasing held child support payments. Since December 2003, one employee in the Central Locate Unit manually searches for new addresses for custodial parents who have held payments. This employee does not work to resolve and release payments being held for other reasons. The manager of the Central Locate Unit told us the division has no plans to change procedures or assign more employees to this task. About 14 employees in the central office work up to two hours each day to release payments in several other hold classifications, such as when payments are backed out after being credited initially, or are held as the result of court action. The Compliance Deputy Director told us there are no plans to increase the

²⁴ The Missouri Results Initiative project started in August 2001 and ended in April 2002.

	number of central office employees or the amount of time spent working to release held payments.
Federal recommendations not implemented	<p>In 2001 the federal oversight agency, the Office of Child Support Enforcement, issued a report making recommendations which had been designed to assess and more effectively manage undistributed collections.</p> <p>The Office of Child Support Enforcement and the National Council of Child Support Directors²⁵ "jointly determined that undistributed collections is an issue of the highest importance within the child support community, as support collected will only benefit a family if it actually reaches that family."²⁶ The Office of Child Support Enforcement released a report in October 2001 on the problem of increasing undistributed collections nationwide and included recommendations to states on ways to reduce and manage undistributed collections. Some of those recommendations included:</p> <ul style="list-style-type: none"> • Top management should focus attention on the assessment, management and monitoring of undistributed collections-related issues, and work in partnership with federal regional staff to set undistributed collections goals and monitor progress made to reduce and manage undistributed collections. • Computerized systems should be programmed to begin computerized address search activity for a custodial parent whenever the address is invalid and the system shows a payment on hold. • Staff should be devoted to reducing and preventing undistributed collections accumulation.
No target goal established	<p>Missouri has not established a target goal for undistributed collections. The Compliance Deputy Director told us this is because the division is "watching" the issue of developing acceptable levels of undistributed collections on the national level. However, Missouri's liaison with the federal oversight agency told us he believes it is unlikely the federal agency will ever set a target goal for undistributed collections because states do not report categories of undistributed collections uniformly, making meaningful comparisons difficult.</p>

²⁵ Missouri's IV-D Child Support Director is a member of National Council of Child Support Directors, a national organization of State IV-D Child Support Directors established to promote the development of legislation and/or policies which will have a positive effect upon the Title IV-D Child Support Program.

²⁶ Child Support Report, Volume XXV, No. 11, November 2003.

The federal oversight agency cited best practices in undistributed collections in the 2001 report. A child support official in Virginia stated they believe setting goals, and monitoring and measuring progress, is necessary to effectively manage and reduce undistributed collections. Virginia set an undistributed collections goal based on the previous month's collections, less federal tax intercepts needing spousal apportionments. When Virginia consistently met or stayed below the goal, officials lowered the targeted rate. A Virginia official told us "what gets measured gets done." This official told us they took on this challenge without help or guidance from the federal office because the level of undistributed collections had been unacceptable.

As discussed on page 10, the division has not programmed MACSS to automatically begin address search activity for a custodial parent whenever the address is invalid and the system shows a payment on hold. On the contrary, new policy instructs caseworkers to initiate case closure when an address is invalid.

Finally, division personnel told us they have no plans to devote additional staff to reducing and preventing the accumulation of undistributed collections.

Closing cases benefits the state

Division officials told us closing cases to further IV-D services benefits the state because the division does not have to report child support held on closed cases to the federal oversight agency. In other words, closing cases benefits the state for reporting purposes, even though held payments had not been paid to families. In addition, keeping cases open when enforcement is not taking place could adversely impact the amount of federal incentive payments the state receives, according to the Compliance Deputy Director. However, the division has not performed a cost-benefit analysis to determine how much, if any, federal incentive payments might be adversely impacted by keeping these cases open to search for new addresses to help pay the money over to families.

Our test of 60 cases with payments on hold because of missing or expired addresses, disclosed collections totaling approximately \$59,000 on 24 of those cases had not been paid to custodial parents, the state or non-custodial parents before the division closed these cases to further services. On these cases, the division owed approximately \$45,500 to custodial parents, \$5,500 to the state, and \$8,000 which should have been refunded to non-custodial parents.

Division policy states cases should be closed to services when any one of 12 case closure criteria has been met, even if those cases have support

payments on hold because of a missing/expired address. This policy is based on federal criteria, where closure is optional, not required. In addition, the federal criteria does not address closure when child support collections are being held.

According to division officials, even though a IV-D case is closed to services, held payments will automatically be paid to families without further staff involvement when a new address is recorded on MACSS. Therefore, according to division officials, closing cases has not obstructed or delayed the disbursement process. However, the division has not permitted parents on closed cases to be placed in the computerized address search function to find a new address, thus limiting the potential for new addresses to be located, and has not provided address verification or other services because the associated costs are not eligible for federal reimbursement. Consequently, once a case is closed to services, caseworkers make no further active efforts to pay undistributed child support collections to families.

As of February 2005, the division reported approximately \$1.2 million being held for cases that do not receive IV-D services, which includes cases previously receiving IV-D services that the division closed because the recipient's address could not be located, and cases never receiving IV-D services. Furthermore, division personnel could not identify how much of the \$1.2 million belonged to cases closed to further services because they could not locate the recipient, or how much is for cases that never received IV-D services.

Auditors located parents owed child support, but division refused to take action

We manually searched six other state databases²⁷ to find addresses for 31 parents with held support payments where there was no active address recorded on MACSS. We found addresses for 21 parents and requested the division verify the validity of addresses. Of the 21 addresses, the division had previously verified 12 as invalid. However, 9 of the 21 represented addresses the division did not previously have. The Compliance Deputy Director told us the division intended to follow up and verify new addresses for 4 of the 9 parents (owed approximately \$17,500) still receiving IV-D services. However, the division declined to follow up and verify the validity of new addresses for 5 of the 9 parents (owed \$22,500) because the cases had been closed to further services, and the costs of performing this work

²⁷ Medicaid recipient records, Department of Economic Development - Division of Professional Registration license records, Department of Conservation license records, Department of Revenue driver license records, state employees, and vendors doing business with the state.

	would not be eligible for federal reimbursement, according to the Compliance Deputy Director.
Other states keep cases open	Iowa, Kansas, and Nebraska IV-D program officials told us they keep cases open to further IV-D services when support payments are on hold because of missing or expired addresses. For example, Kansas keeps these cases open so costs associated with address search activities will be eligible for federal reimbursement. Nebraska's Child Support Enforcement Finance Director told us Nebraska keeps the cases open because collections may continue to satisfy the support order. After payments have been on hold for 3 years in Nebraska, the monies are turned over to the state as program income. If the recipient comes forward to claim these monies after turnover, it is paid to them from the program income fund.
Computer malfunctions may impede plans to reduce growth of undistributed collections	<p>The division plans to rely on automation to reduce the growth in future collections held, even though computer malfunctions have adversely impacted held payments in the past. The Program and Policy Deputy Director told us division plans for reducing the growth of undistributed collections in the future include:</p> <ul style="list-style-type: none">• automating, when possible, refunds of over-collections,• shortening the time the division holds intercepted federal tax refunds,• shortening the time the division holds funds before they are turned over to the State Treasurer's Unclaimed Property Section, and• implementing electronic payment cards.
No timeframe for automating refunds	<p>The Financial Resolutions Section Assistant Deputy Director told us the highest priority is automating MACSS to ensure refunds are made automatically, but could not provide a timeframe for completion of this effort. Currently, the process for refunding over-collections requires manual action.</p> <p>The Internal Revenue Service initiated shortening the time the division holds intercepted federal tax refunds, and beginning in February 2005, MACSS places these collections in a hold status for 30 days, instead of 180 days, if collections are received with a spousal apportionment already completed. However, if intercepted federal tax refunds have been backed out because the payment had been misapplied, or the balance of unpaid child support had been incorrect and a refund had been due, the tax refund may be held longer than 30 days, according to the Financial Resolutions Section Assistant Deputy Director.</p>
Will transfer to unclaimed property after 90 days	The division plans to shorten the time before transferring funds to the State Treasurer's Unclaimed Property Section from 3 years to about 90 days by

Electronic payment cards
not yet implemented

concentrating efforts to locate a new address, then closing cases based on federal criteria and transferring immediately, if unsuccessful, according to the Financial Resolutions Section Assistant Deputy Director. This official told us the division plans to employ search techniques and methods used in the Central Locate Unit special project to find new addresses. However, the division does not know whether this is a realistic plan or if 90 days will be sufficient time to find new recipient addresses.

The payment center made a presentation to the division in June 2004 encouraging the state to begin using an electronic payment card to deliver child support to families. According to the payment center's director, using a card to deliver child support electronically will decrease costs for both the payment center and the state. In November 2004, the division's Program and Policy Deputy Director told us the division decided to start using an electronic payment card, on a voluntary basis, and expects the card will greatly reduce future payments held because of invalid addresses. However, as of April 2005, nearly a year after the payment center's presentation and six months after this official told us the decision had been made, the division still could not provide a timeline for implementation.

We contacted three states that use electronic cards to deliver child support payments rather than mailing checks and obtained comments on their experiences with electronic cards. Iowa implemented the card in May 2003 and saved at least \$35,000 per month in check issuance costs.

Approximately 98 percent of Iowa's child support families receive child support electronically. Nebraska started offering parents the card in 2004, and although not fully implemented, undistributed collections due to a missing address decreased \$500,000 during the first nine months. Colorado started using a card in January 2002, and by September 2004, 65 percent of Colorado families received child support electronically, up from 30 percent since January 2002. In contrast, Missouri paid approximately 29 percent of child support in year 2004 electronically (direct deposit to recipient's bank account), and mailed 2.4 million checks to parents for the remaining support.

Electronic cards can help reduce future undistributed collections because disbursing support payments through electronic cards does not require maintaining current custodial parent addresses, according to the Program and Policy Deputy Director. However, it will likely have less impact on current undistributed collections because the division will be unable to notify all parents about this new option since the division does not have a valid custodial parent address for many cases, according to the Program and Policy Deputy Director. As previously discussed on page 5, the division had a problem before with notifying parents of changes in procedures because of invalid addresses. In 2001, when we found nearly one-third of redirect

Automated functions have not always worked as intended

notices²⁸ had been returned by the U.S. Postal Service because of invalid addresses, we recommended the division ensure all addresses for active child support cases be corrected so all parents could be notified of changed procedures.

Automated functions the division relies on to release payments to families have not always worked as intended. For example, division personnel programmed MACSS to automatically issue checks to parents with child support on hold after obtaining new addresses from other state databases using the computerized address search function. However, the programming component that generates checks has not always worked when new addresses were obtained from two particular state databases. For example, on two cases reviewed, we found child support totaling nearly \$5,500 had not been paid to custodial parents when valid addresses had been obtained from those databases.

The Compliance Deputy Director told us when the division becomes aware of "system glitches", they are corrected or placed on a work list, but the problem must be reported. However, according to computer personnel, the division had been aware of the non-functioning programming component affecting new addresses obtained from one of the state databases since mid-2004. Personnel did not correct the malfunction until February 2005, after we questioned why the division waited so long to address this problem. The division's computer personnel did not know how long these automated functions had not been working as intended, how much child support had not been paid to families as a result of the problem, or how many families might have been affected.

As a result of our request to investigate non-working automated functions, computer personnel discovered an additional system glitch they believed had been corrected in 1999. This malfunction caused checks to not be re-issued to any new address obtained using the computerized address search function, when a previously issued check had been voided because of a bad address. The division should have been aware of this problem because MACSS generates regular reports of these types of held payments for the central office, according to computer personnel. The Financial Resolutions Section Assistant Deputy Director told us the central office had not been suspicious when payments continued to appear on reports because timing differences between receiving the new address and voiding a check can cause this problem to occur. The November 2004 central office report

²⁸ Letters were mailed to parents notifying them to send child support payments to the payment center instead of circuit court clerks.

disclosed the division had held 854 payments totaling over \$112,000, where checks had been previously voided because of a bad address, even though a verified address had been recorded on MACSS. Computer personnel told us these malfunctions preventing automatic check issuance had been corrected in February 2005.

No Bank Reconciliations

Budget and Finance has not reconciled accounting records of undistributed child support with cash in the State Treasurer's account (Fund 610), despite a prior SAO audit recommendation to ensure bank reconciliations be done and discrepancies investigated. In addition, only two reconciliations of undistributed child support to cash in the trust account have been attempted in the five years the account has been open. As of August 6, 2004, accounting records showed total undistributed child support totaling approximately \$8.3 million had been collected and deposited to these accounts, but not paid to families. However, cash in Fund 610 totaled over \$25 million and cash in the trust account totaled nearly \$17 million, on that date.

Budget and Finance co-mingles monies for various Department of Social Service programs in Fund 610 and cannot identify how much of the balance belongs to the child support program and how much belongs to other social service programs. Although the division generates a summary report of undistributed collections for Fund 610, Budget and Finance officials have not used this report to reconcile the cash balance to accounting records.

The trust account opened in 1999 when the payment center started collecting and disbursing child support. However, the division has not generated summary reports of undistributed collections for the trust account. Budget and Finance attempted to reconcile this account in 2003 and 2004, but did not investigate or resolve discrepancies. In both years, cash in the trust account exceeded division records of undistributed collections. Budget and Finance's Deputy Director of Operations told us the division intends to reconcile this account annually, rather than monthly or quarterly, since it is so complicated and complex.

Undistributed Collections Misstated

Division records of undistributed collections held in state bank accounts and circuit court clerk bank accounts have been misstated. This misstatement occurred, in part, because of a known malfunction of the computer program processing intercepted federal tax refunds, and recording errors by court clerks.

Computer malfunctions

A malfunction in the computer program processing intercepted federal tax refunds caused \$10,000 in support payments to be reported as held on four cases reviewed, when it had actually been paid to families or the state. The

Financial Resolutions Section Assistant Deputy Director told us the division is aware of this problem and there have always been "quirks" in the program, but the deputy would not characterize it as a long-standing problem. However, on two of the four cases with this problem, nearly \$4,500 had been paid to families, or turned over to the state in 1998, prior to implementing MACSS. The division does not know how many cases have been affected, or how much undistributed collections has been overstated, as a result of the malfunction. The Compliance Deputy Director told us, in February 2005, computer programming personnel started conducting a complete overhaul of the program to correct these problems.

Court clerk errors

Court clerk errors caused some records of undistributed collections to be overstated. Division records showed approximately \$152,000 should have been in various circuit court clerk bank accounts on August 4, 2004. However, this amount has been misstated because clerks we contacted had substantially more, or less, cash in the bank than division accounting records indicated on that date. For example, eight clerks told us they had closed child support bank accounts, but division records showed undistributed collections totaling \$34,500 for these clerks. Two other clerks provided bank statements showing a total of \$478,370 on hand, however, division records showed undistributed collections totaling \$90,258 on that date. Bank records for only 1 of 11 clerks agreed with division records of undistributed collections. One court clerk employee told us when transferring child support cash to the State Treasurer's Unclaimed Property Section, he had not recorded the transfer on the computerized system, which caused accounting records to overstate actual cash on hand.

Division personnel had not been aware of discrepancies between division records and clerk bank account records until our review. The Compliance Deputy Director told us the division would investigate division records for the ten courts where we found discrepancies and make corrections. This official suspects this problem affects many clerks who have closed bank accounts.

Non-cash credits overstate held child support

Case testing disclosed two court clerks incorrectly recorded non-cash credits for IV-D cases on MACSS, causing the amounts to be reported as undistributed cash.²⁹ State law³⁰ requires the division to record non-cash credits to IV-D cases on MACSS and circuit clerks to record these credits on non-IV-D cases.

²⁹ Non-cash credits are a way to give the non-custodial parent credit for direct or in-kind payments made to the custodial parent.

³⁰ Section 454.432.1, RSMo 2000.

Conclusions

While the division collected an average of \$42.8 million per month from 2001 through 2004, the division also held a monthly average of \$8.8 million in cumulative undistributed collections during this time period. As of February 2005, approximately \$1.7 million had still not been paid to families because the division did not have current recipient addresses. Although two special projects in 2001 yielded some positive results, the lack of adequate management controls and monitoring prevented the division from effectively assessing and managing undistributed collections. This situation is not likely to improve unless the division makes undistributed collections a priority and takes an active role in efforts to reduce undistributed collections by implementing federal oversight agency recommendations.

The division continues to under-utilize existing resources because MACSS has not been programmed to automatically search for new custodial parent addresses. We agree with the federal oversight agency recommendation to program computerized systems to automatically search for new custodial parent addresses. Programming MACSS to automatically search would likely result in more child support going to families. In addition, the division has not expanded MACSS data matches to other available databases as previously recommended, limiting the potential effectiveness of the computerized address search function.

Non-compliance with established policies has resulted in the division holding collections owed to the state and intercepted tax refunds owed to parents for long periods of time, and unnecessarily burdens families. Failure to make certain the balance of unpaid child support owed by non-custodial parents is correct has resulted in inappropriate enforcement activity when the non-custodial parent had no unpaid balance. Ensuring division personnel are adequately trained to turn over collections owed to the state promptly frees up those monies to be used for other purposes, and promptly refunding over-collections eases the burden on non-custodial parents.

We agree with federal oversight agency recommendations designed to more effectively assess and manage undistributed collections, which we believe would provide management with a structured, organized strategy to address the problem of undistributed collections. Setting target goals, and monitoring and measuring progress are recommended ways to address the problem.

The division believes closing cases to further services because of missing addresses benefits the state by improving statistics reported to the federal oversight agency. However, not searching for addresses with existing resources, so payout can be made, deprives families of child support money.

Automation to shorten the time some types of payments remain in a hold status can be good, but it will not shorten the time intercepted tax refunds remain in a hold status when payments are backed-out and not processed further. In addition, during the course of our audit, division officials told us they plan to close cases after searching for addresses for 90 days and transfer funds to the State Treasurer's Unclaimed Property Section. In responding to a draft of this report, the division now plans to take such actions after 120 days. However, based on problems the division has had in locating new addresses (as discussed on page 10 and 11), we do not believe the division would be exercising due diligence by searching for new addresses for only 120 days before transferring held monies to the State Treasurer, considering the limited resources the division dedicates to this task. Further, we believe MACSS' search capabilities to find new addresses are likely to be more successful than the limited methods used by the State Treasurer. (See pages 4 and 10 for additional comments.) We believe the division has the responsibility to use existing resources to search for new addresses and attempt to disburse child support collections.

Implementing electronic payment cards will likely reduce the amount of child support on hold in the future because of invalid addresses. Further delays in implementing card use likely increases the accumulation of undistributed collections. However, without valid mailing addresses, the division can not offer the electronic payment card to the parents who already have nearly \$1.7 million on hold because of invalid addresses.

Failing to correct computer system malfunctions, when identified, adversely affects families because the division relies on automated functions to issue checks when new addresses are obtained and recorded. If the division closes cases where malfunctions have prevented automatic check issuance to active addresses, families are unnecessarily deprived of child support collections the division is holding. Malfunctions also contribute to misstated undistributed collections when child support sent to families continues to be reported as held. Ultimately, uncorrected computer malfunctions cause a misrepresentation of the extent of the problem and hampers division efforts to effectively assess and manage undistributed collections.

Until accounting records are corrected to reflect the actual amount of held payments, the division cannot effectively assess or manage undistributed collections. In addition, the lack of controls over child support cash on hand greatly increases the opportunity for fraud or misuse of public funds. The division has not generated accurate summary reports of undistributed collections, and Budget and Finance has not performed adequate

reconciliations of cash in the bank. As such, there is no assurance the state is meeting its fiduciary duty to safeguard and account for child support funds.

Allowing court clerks continued access and ability to alter financial records, beyond their prescribed duties and contrary to state statute, has contributed to the misstatement of total undistributed collections.

Other states have reduced total undistributed collections and saved costs by implementing cost-effective measures. The address change service offered to mailers at no cost by the U.S. Postal Service, could reduce or eliminate the current manual process of verifying new addresses and updating case records. Using an electronic payment card to deliver child support instead of issuing checks would have saved the state some portion of the costs of issuing 2.4 million checks to parents in 2004. Those cost savings could be used to offset the cost of devoting additional resources to manage and reduce other types of undistributed collections.

Recommendations

We recommend the Director of the Department of Social Services require division officials to establish a higher priority and sustained efforts to disburse undistributed collections by:

1. Maximizing existing resources by reprogramming MACSS to automatically search for custodial parent addresses and keeping all cases with payments on hold open longer so MACSS' computerized address search functions can be utilized. In addition, previous recommendations to expand MACSS ability to match with other available databases should be implemented to maximize the potential effectiveness of the computerized search function. The division should investigate services available from the U. S. Postal Service to automate the process of updating address changes.
2. Setting goals and establishing and using additional management reports to focus staff efforts on cases needing timely follow-up and to monitor progress in reducing undistributed collections.
3. Ensuring division personnel are adequately trained and knowledgeable of division policy for resolving undistributed collections and making refunds in a timely manner. This should include a clear understanding of the importance of making certain arrears balances are correct and inappropriate enforcement activity does not occur.

-
4. Ensuring records of undistributed collections are correct and accurately reflect the amount of child support payments in a hold status by:
- limiting the circuit clerks' ability to alter financial records to those duties required by statute,
 - promptly correcting computer system malfunctions when they are identified to ensure automated functions the division relies on work as intended, and
 - working with the Division of Budget and Finance to develop summary reports of undistributed collections to be reconciled with cash balances at least periodically to ensure records are in balance and sufficient cash is available to pay all liabilities.
5. Establishing a plan to implement a voluntary program to deliver child support payments using an electronic payment card, which could reduce future payments being held due to missing or invalid addresses.

Agency Comments

See Appendix II for agency comments and our evaluation.

Classifications of Undistributed Collections

Division policy section V, Chapter 5 defines classifications of undistributed collections and methods of release. The following excerpts of this policy identify the most common types of held payments.

1. Backed Out Receipt – A payment that was applied to accounts but later reversed by the division or circuit clerk because it was misapplied, such as being posted to the wrong order or case, or when a refund is appropriate, is automatically placed on hold. A payment can be reversed before or after disbursement has been made. Division personnel or circuit clerk staff must manually release these payments.
2. Distribution Error Due to Certification – A payment is automatically placed on hold by MACSS when a non-custodial parent has multiple cases or orders and there is no active income withholding order or voluntary income assignment in effect. Payments may be from an employer, unemployment compensation benefits, state and federal income tax refunds, or due to a lien on assets. Division personnel must take manual action before release or refund of these payments.
3. Held Due to Enforced Futures – A payment is automatically placed on hold by MACSS when the payment exceeds the amount owed, and it was the result of intercepted income tax refunds, an administrative offset, or unemployment compensation withholding. Division personnel must manually release these payments.
4. Held Due to Futures – A payment is automatically placed on hold by MACSS when the payment exceeds the amount owed, and it was the result of employer withholding, an out of state payment, or a non-enforcement source, such as another party. MACSS will automatically release, distribute and disburse payments when future payments come due, unless the non-custodial parent requests a refund, which requires a manual release. Some of these holds are simply the result of payment timing and do not require action.
5. Distribution Error Due to Order Data – A payment is automatically placed on hold by MACSS when the order or case is closed, or MACSS cannot complete processing because of a distribution override on the case/order. Division personnel must take action to resolve the problem and manually release or refund these payments.
6. State Tax Joint Hold – A payment is automatically placed on hold until December 31, 2199 by MACSS when it is an intercepted state income tax refund and the tax return filing status is joint. Division staff must complete a spousal apportionment based on information received by the

Appendix I

Classifications of Undistributed Collections

Department of Revenue, manually refund the spouse's portion of the intercept, and manually release or refund the balance.³¹

7. State Tax Normal Hold – A payment is automatically placed on hold by MACSS when it is an intercepted state income tax refund and the tax return filing status is single, or joint on a current-assistance case. After 40 calendar days the payment is automatically released unless a hearing is requested by the non-custodial parent. Release may be automatic or manual after the hearing results.
8. Address Hold – A payment is automatically placed on hold by MACSS when there is not an active recipient address on record. MACSS automatically releases the payment when an active address is recorded.
9. Void and Hold – A payment is automatically placed on hold when a disbursement instrument (check or electronic disbursement transaction) is voided due to a bad address for the recipient, a closed bank account, an un-cashed disbursement check over a year old, or a distribution problem identified prior to the check being mailed. For payments voided due to a bad address for the recipient, MACSS automatically releases the payment when a new address is recorded. For all other reasons, manual action is required to resolve and release the payment.
10. Support Order Hold – A payment is automatically placed on hold when division or circuit clerk staff manually place a hold to prevent disbursements to all recipients for a specified order of support. This may be the result of court action; however, the hold may be placed for other reasons if the division wishes to prevent disbursement when there are unresolved problems on the case. These held payments require manual release by division personnel.
11. Internal Revenue Service Tax Hold Joint-No Hearing – An intercepted federal income tax refund is automatically placed on hold for 180 days. If a spousal apportionment occurs after 30 days, MACSS automatically releases the payment; otherwise, it will automatically release the payment after 180 days. If the non-custodial parent does not intend to file an

³¹ Effective January 1, 2005, MACSS automatically places a state income tax refund intercept on hold if the tax return filing status is single, or if the tax return filing status is joint, for 40 days. If, within the 40 day holding period the non-obligated spouse requests apportionment or the non-custodial parent requests a hearing, division personnel will extend the release date until December 31, 2199.

injured spouse claim, division staff may manually release the payment after 30 days.³²

12. Internal Revenue Service Tax Hold Joint Hearing – An intercepted federal income tax refund is placed on hold when the non-custodial parent requests a hearing. Division personnel must manually release or refund these payments. If division personnel fail to release or refund, these payments remain on hold indefinitely.
13. Internal Revenue Service Normal Hold – An intercepted federal income tax refund is automatically placed on hold by MACSS for 30 days when the tax return filing status is single. MACSS automatically releases the payment if the non-custodial parent does not request a hearing; however, division personnel must manually release if a refund is appropriate.
14. Internal Revenue Service Normal Hold Hearing – An intercepted federal income tax refund is placed on hold when the non-custodial parent requests a hearing. Division personnel must manually release or refund these payments. If division personnel fail to release or refund, payments remain on hold indefinitely.

³² Effective February 4, 2005, MACSS places a joint federal income tax refund to be disbursed to a custodial parent on hold for 30 days if the collection is received with a spousal apportionment indicator, or for 180 days if the collection is received without a spousal apportionment indicator.

Agency Comments and Our Evaluation



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July 5, 2005

Honorable Claire McCaskill
Missouri State Auditor
P.O. Box 869
Jefferson City, MO 65102

Dear Ms. McCaskill:

Below is the Department of Social Services' response to your recommendations for the "Management of Undistributed Child Support Collections" resulting from your audit conducted during the period of September 2004 through February 2005, which analyzed undistributed collections from January 2001 to August 2004.

Recommendation 1:

Maximizing existing resources by reprogramming MACSS to automatically search for custodial parent addresses and keeping all cases with payments on hold open longer so MACSS' computerized address search functions can be utilized. In addition, previous recommendations to expand MACSS ability to match with other available databases should be implemented to maximize the potential effectiveness of the computerized search function. The division should investigate services available from the U.S. Postal Service to automate the process of updating address changes.

Response:

The Family Support Division (FSD) partially agrees with this recommendation and is currently working on automated enhancements related to custodial parent location efforts, including:

- When a disbursement goes on address hold or void hold/bad address hold for a IV-D member who is not already in auto locate, MACSS will automatically place the IV-D member in auto locate, and manual locate activities will continue to occur as well;

****AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER****
services provided on a nondiscriminatory basis

Appendix II

Agency Comments and Our Evaluation

- After a custodial parent on a IV-D, non-TANF case has been in auto locate for 60 days without obtaining location, MACSS will automatically initiate IV-D case closure under closing code CL12, which will allow the case to remain in auto-locate, for an additional 60 days;
- MACSS will generate a daily list for Financial Resolution Section (FRS) staff of all cases closed under the CL12 code for custodial parents who have money on address hold or void hold/bad address hold. FRS staff will use this list to initiate transfer of the held money to unclaimed property;
- For the cleanup of existing address holds and void hold/bad address holds associated with IV-D members, MACSS will automatically place the member in auto locate if (s)he is not already in auto locate.

The division disagrees with the recommendation to keep all cases with payments on hold open longer. Under the division's plan to automate location and case closure activities, the division expects that case closure will actually occur more promptly in those cases where the custodial parent requested IV-D services but cannot be located by the division within a 120-day period.

The division continually researches additional opportunities to automate location processes, including expanded use of matches with available databases. The division's primary focus in establishing new and improved locate resources and processes is to locate parents and assets of parents **who owe support**. Such locate tools, however, can also be used to locate custodial parents who do not keep the division informed of their address.

The division is currently researching available locate services provided through private companies with access to numerous databases that may benefit the division in locating parents and their assets. The division has also initiated discussions with other state agencies to develop new data matching programs. The division has viewed information regarding the automated address update service available through the U.S. Postal Service. Although described as "free" in your report, it is the division's understanding that this automated service is not free. The division will consider this service further as it evaluates other available locate services. Private companies offering locate services using numerous databases, including the U.S. Postal Service, may offer a more effective alternative to locating parents.

Recommendation 2:

Setting goals and establishing and using additional management reports to focus staff efforts on cases needing timely follow-up and to monitor progress in reducing undistributed collections.

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Response:

The FSD agrees with this recommendation. The division continually improves its management reports to help monitor and reduce undistributed collections. Through the use of such reports, the division has proactively monitored and initiated efforts to reduce undistributed collections. From June 2001 through December 2004, the division reduced undistributed collections by 70 percent.

As a percentage of its collections, the division's undistributed collections balance is slightly below the national average. Through the use of federal and state reports, the division continually monitors its progress and develops new strategies to further reduce undistributed collections.

Recommendation 3:

Ensuring division personnel are adequately trained and knowledgeable of division policy for resolving undistributed collections and making refunds in a timely manner. This should include a clear understanding of the importance of making certain arrears balances are correct and inappropriate enforcement activity does not occur.

Response:

The FSD agrees that staff must have a clear understanding of the importance of the financial record, and training continues to be a high priority for the division. As of October 2004, new financial training courses were made available to staff, and additional courses are in the development phase. In addition, the division is exploring a new enforcement structure that will create financial specialists. This will allow FSD to provide focused training to select individuals who will be experts in maintaining and monitoring financial records. By developing financial experts within the enforcement structure, the division expects to reduce undistributed collections while allowing other staff resources to be more focused on child support collections.

Recommendation 4:

Ensuring records of undistributed collections are correct and accurately reflect the amount of child support payments in a hold status by

- limiting the circuit clerks' ability to alter financial records to those duties required by statute,
- promptly correcting computer system malfunctions when they are identified to ensure automated functions the division relies on work as intended, and
- working with the Division of Budget and Finance to develop summary reports of undistributed collections to be reconciled with cash balances at least periodically to ensure records are in balance and sufficient cash is available to pay all liabilities.

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Response:

Bullet 1: The division disagrees. The division worked with the Office of State Courts Administrator in determining the appropriate division of responsibilities for altering financial records in the state's automated child support system. The expectations for altering financial records have been outlined for both division and circuit clerk staff. The division believes these expectations are in accordance with the below-referenced statutes and does not agree that further restrictions are appropriate.

Subsection 454.536.2, RSMo

2. The circuit clerk shall certify the records of past payments and disbursements to the payment center at the time payments are directed to be made to the center. The payment and disbursement records of the circuit clerks, as shown on the automated child support system, shall be deemed certified by the clerks. The division or circuit clerk shall record or cause to be recorded other credits against a support order. Credits allowed pursuant to this section shall include, but not be limited to, abatements pursuant to section 452.340, RSMo, in-kind payments pursuant to section 454.432, amounts collected from an obligor from federal and state income tax refunds, state lottery payments, Social Security payments, unemployment and workers' compensation benefits, income withholdings authorized by law, liens, garnishment actions, and any other amounts required to be credited by state law.

Subsection 454.432.5, RSMo

5. Credits shall be entered on the automated child support system for direct and in-kind payments received by the custodial parent when the custodial parent files an affidavit stating the particulars of the direct and in-kind payments to be credited on the court record with the circuit clerk; however, no such credits shall be entered for periods during which child support payments are assigned to the state pursuant to law. Such credits may include, but shall not be limited to, partial and complete satisfaction of judgment for support arrearages.

Bullet 2: The FSD agrees with this recommendation. Upon identification, automated system problems are evaluated and assigned a priority for completion.

Bullet 3: The division agrees and already provides reconciliation reports to the Division of Budget and Finance (DBF).

Recommendation 5:

Establishing a plan to implement a voluntary program to deliver child support payments using an electronic payment card, which could reduce future payments being held due to missing or invalid addresses.

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Response:

The division agrees the use of an electronic payment card can assist in managing and reducing undistributed collections, as we advised during the course of the audit. We are exploring the best way to implement the usage of electronic payment cards.

I appreciate the opportunity to respond to the findings in this audit.

Sincerely,



K. Gary Sherman
Director

KGS:ds
cc: Alice Hernandez

Appendix II

Agency Comments and Our Evaluation

Our Evaluation

The department stated it reduced undistributed collections by 70 percent from June 2001 through December 2004. We discussed division efforts to reduce undistributed cash on hand through two special projects, as well as limited ongoing manual address location efforts by Central Locate Unit personnel and the use of some specialized reports by some central office staff to focus on certain categories of hold funds. The dates referred to by the department represent the cyclical nature of undistributed collection. That is, the amount of undistributed cash fluctuates due to the interception of tax refunds during the first six months each year, and the release of those funds 180 days later. As such, undistributed cash is generally highest in June and at its lowest in December, which are the months the division is citing. Division records of held collections for 2001 to 2004 show undistributed cash for these years averaged \$12.3 million in June, and \$5.5 million in December. In addition, those records show undistributed cash in June 2004 was approximately 33 percent less than in June 2001, some of which would reflect division efforts to reduce undistributed collections during the special projects. Records show over \$11 million in undistributed cash in June 2005, 20 percent less than in June 2001.

The department did not agree with limiting circuit clerks' ability to alter financial records to those duties required by statute. Under state law, the division has the responsibility to record non-cash credits for IV-D cases. We believe the division has statutory responsibility for the data in the system. As such, we recommended the department limit circuit clerks' ability to alter financial records. As we discuss in the report, court clerks, as well as division staff, have made errors that have caused undistributed collections to be misstated. Further, the division has been unaware of these errors which compromised the account balances, or data integrity of MACSS. Internal controls such as monitoring MACSS users and access rights with recorded accountability is necessary to maintain effective control over access to data and information services to reduce the risk of errors, fraud, misuse, or unauthorized alteration.



Claire McCaskill
Missouri State Auditor

August 2005

TAX CREDIT

Community Development Corporation Tax Credit Program



State estimated to lose \$6 million on Community Development Tax Credit program; auditors recommend state let credit expire

This audit reviewed the cost-benefit to the state of the Community Development Corporation (CDC) tax credit program and found the credit would not create enough economic activity to offset the tax credits used. Legislators meant for the credit, started in 1994, to create community development centers, which would invest in small businesses, housing and redevelopment projects. As of December 2004, state officials had issued \$4.6 million in tax credits for this program, and \$4.4 million had been redeemed. State law requires state auditors to perform a cost-benefit analysis of all state tax credit programs, and this report is a part of such ongoing work.

CDC will not increase jobs or state revenue to offset credits

Auditors found the state will lose an estimated \$6 million after its \$9.5 million investment into CDC projects. The state's revenue will only be positively effected for 2 of the 15 years of the program. (See page 10)

Tax credit will only create an average of 9 jobs over 15 years

Auditors used economic software to analyze total economic impact of this tax credit program. The software found the program created a projected total average of 9 jobs for the 15-year program. (See page 10)

Audit recommends no new funds for the tax credit program

The CDC tax credit program has about \$1.3 million in tax credits left to be issued as of December 2004. Due to the \$6 million revenue loss, auditors recommended the General Assembly allow the tax credit to expire without authorizing additional tax credits. (See page 12)

State not holding CDC participants to requirements

Program guidelines required CDCs to submit annual reports, job creation reports and a listing of all investors in the CDC, as well as the state to perform random audits of the job creation reports. But state officials have not enforced reporting requirements and random audits have not occurred. (See page 14)

State officials say tight state budgets kept oversight minimal

State officials overseeing the CDC tax credit program said they have known since 1998 about the need for greater oversight of the program, but needed more staff to accomplish this task. They have tried since 2001 to find funding to staff program oversight, but have been unsuccessful due to tight state budgets. (See page 15)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Joint Committee on Tax Policy
and
Gregory A. Steinhoff, Director
Department of Economic Development
Jefferson City, MO 65102

State law mandates the State Auditor's Office perform cost-benefit analyses on the tax credit programs administered by the Department of Economic Development (DED). This report includes a detailed study estimating the economic impact of the Community Development Corporation (CDC) tax credit program on state revenue. We also reviewed the adequacy of management controls in place to ensure compliance with statutory requirements for the CDC tax credit program.

We concluded the CDC tax credit program had not generated sufficient economic activity to offset the state tax credits used because the program is estimated to result in a net loss of approximately \$6 million in state revenues. We also found DED has not ensured the CDC tax credit program had met statutory requirements because it had not enforced program requirements.

We generally conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States with the exception for the external impairment of access to redemption data from income tax returns which limited our ability to conduct our work. This report was prepared under the direction of Kirk Boyer. Key contributors to this report included John Blattell and Tara Shah.

Claire McCaskill
State Auditor

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Abbreviations

CDC	Community Development Corporation
DED	Department of Economic Development
MDFB	Missouri Development Finance Board
REMI	Regional Economic Models, Inc.
RSMo	Missouri Revised Statutes

Introduction

The Community Development Corporation (CDC) tax credit program started in 1994 and is authorized¹ to issue up to \$6 million in tax credits to individuals, partnerships, financial institutions, trusts or corporations making qualified investments to community banks. Tax credits for this program have been issued at 50 percent of the investment amount for investments in community banks or CDCs. The legislature established this program to induce the creation of CDCs, which would then invest in new or growing small businesses, owner occupied housing, certain types of real estate development, or redevelopment projects in a targeted area. No one CDC should receive more than 20 percent of the \$6 million in tax credits available for the program which limits each CDC to \$1.2 million in tax credits.

The three types of activities a community bank or CDC may be involved in include (1) a micro-loan program which provides funding for a small business, or continues an existing business, (2) housing development or rehabilitation, or (3) land development.

Per state law,² investments must remain in the CDC for a minimum of 5 years. Withdrawal prior to the 5-year period should result in revocation of the tax credit.

The credits are transferable or may be sold under the provisions of the statute and the credits can be carried forward for 10 years to offset future tax liability. The tax credits may be redeemed against state income tax, corporate franchise tax, financial institution tax, insurance premium tax, or express company tax.

According to state law,³ the State Auditor's Office is required to analyze the cost benefit and the effectiveness of all tax credit programs administered by the Department of Economic Development (DED). Effective August 28, 2004, the legislature amended this law to expand the State Auditor's Office's responsibility to include a review of all tax credit programs. This change also requires the State Auditor's Office to review those programs not administered by DED.

¹ Sections 135.400-430, RSMo 2000 or Cumulative Supp. 2004. A senate bill passed in 2000 removed the \$6 million CDC tax credit limit and authorized \$500,000 in tax credits would be made available annually; however, in 2002 the Missouri Supreme Court determined this bill was unconstitutional. As a result the \$6 million limit still exists.

² Section 135.411, RSMo 2000.

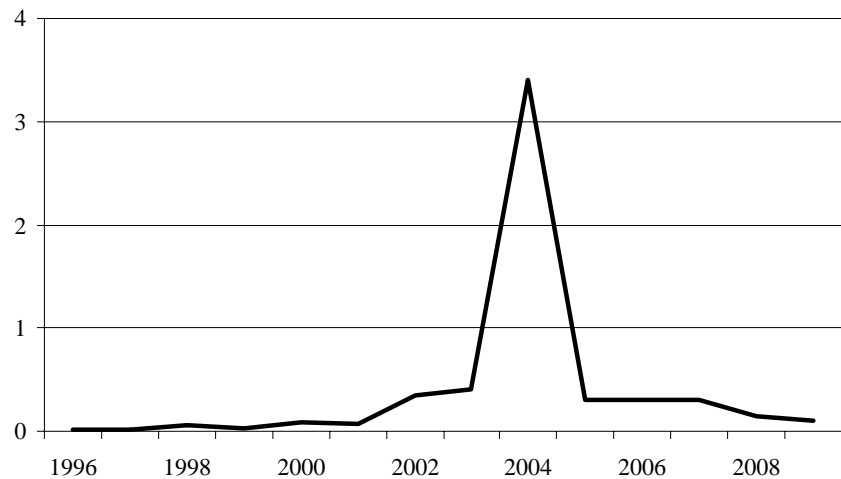
³ Section 620.1300, RSMo, Cumulative Supp. 2004.

DED is currently utilizing an internal system, known as the Customer Management System, to track the issuance and redemption of tax credits. This system began in July 2001; therefore, much of the tax credit activity for this program has been maintained in prior management systems, including a Department of Revenue tracking system. Tax credit activity in prior management systems has been converted to the Customer Management System.

Tax Credits Used

As of December 2004, records showed \$4,642,843 in tax credits had been issued and \$4,448,404 had been redeemed for the CDC program. An additional \$1,357,158 in tax credits has been authorized to CDCs, or community banks, awaiting issuance upon receipt of investments. Due to the nature of this program, we could not project when the remaining tax credits will be issued. Figure 1.1 shows redeemed tax credits by year since the inception of the program, with estimated redemptions through fiscal year 2009.

Figure 1.1: Program Redemptions by Calendar Year (Dollars in Millions)



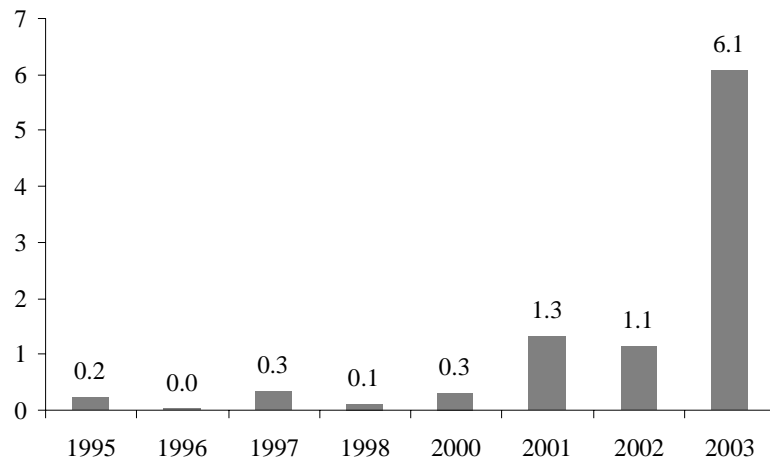
Source: Department of Revenue's tax credit system (1995-2002), Department of Economic Development's Customer Management System (2002-2004), and SAO estimated tax credit redemptions (2005-2009).

Investments Received by CDCs

Twelve CDCs received \$9.5 million in investments. (See Appendix I for county locations of participating CDC projects.) The development projects which operated micro-loan programs provided loans for agriculture, amusement, auto services, business services, construction, health services, legal services, personal services, restaurant, retail, and social services businesses. The development projects which operated in housing development invested in residential property and those in land development invested in non-residential property. Due to the nature of this program, projections could not readily be made of the time periods for future

investment activity. Figure 1.2 indicates the total investments by calendar year and Figure 1.3 indicates the investments by location in Missouri.

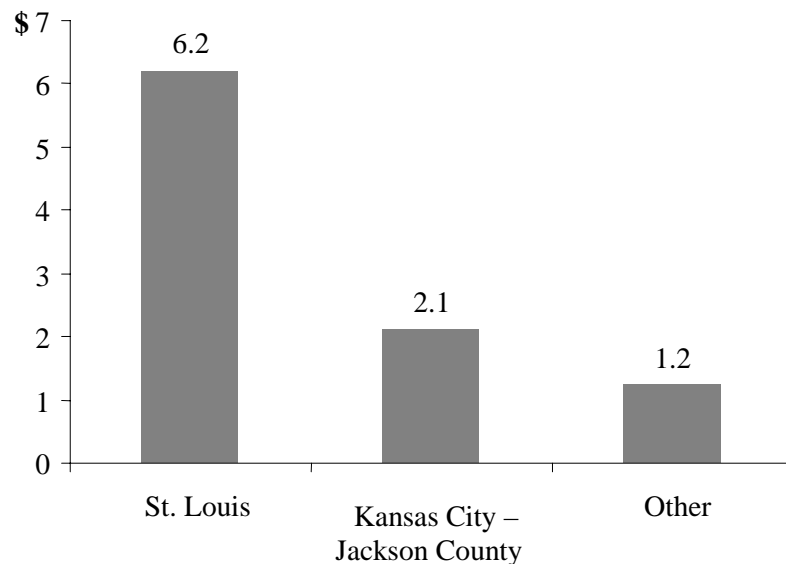
Figure 1.2: Qualified Investments by Calendar Year (Dollars in Millions)¹



¹ Investment figures total \$9.4 million instead of \$9.5 million due to rounding.

Source: DED data.

Figure 1.3: Qualified Investments by Location (Dollars in Millions)



Source: DED data.

Scope and Methodology

To evaluate the impact of the CDC tax credit program on the state, we reviewed state statutes and the DED's guidelines and procedures. We discussed the operations of the program and management controls with the program manager and division director to determine if proper controls were in place to ensure compliance with statutory requirements.

We obtained data files from DED's computerized Customer Management System which reports on the investment and tax credit activity. We compared the computerized data against DED manual records and noted no discrepancies. We concluded the system data was complete and could be relied upon for purposes of our analysis.

We obtained aggregate totals of annual redemptions by calendar year from the Department of Revenue and DED. We were not provided detailed redemption information. The Director of Revenue denied us access due to her interpretation of the Missouri Supreme Court decision in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). This external impairment limited our ability to conduct work and therefore, we could not verify the completeness and accuracy of annual redemption totals.

We used economic software produced by Regional Economic Models, Inc. (REMI)⁴ to analyze the total economic impact of the tax credit programs on the state's economy. This version includes 53 industry sectors and divides the state into 15 regions. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit program. The key outputs from the model are (1) growth in total employment, (2) growth in gross state product, and (3) fiscal impact on state revenues. REMI is used by DED to analyze its tax credit programs.

Modeling assumptions

We changed four variables in the model to create the alternative forecast (1) capital costs of the industries receiving benefits of the CDC tax credit program, (2) investment spending on residential or non-residential areas, (3) personal income tax, and (4) government spending.

First, we reduced the capital costs of various industries in which the CDCs operating as micro-loan programs received investments to reflect the lower cost of debt and equity financing. We assumed 5-year loan periods and allocated the reduction to capital costs over the 5-year period. We limited our adjustment to the total investments the CDC had received. Four CDCs loaned \$6 million for development of two industrial areas in St. Louis and another CDC in Cabool purchased an old building for \$239,500 to refurbish for a manufacturing plant. We reflected this activity as an investment in non-residential areas in the year the purchase had been made. For the projects which developed or rehabilitated housing, we increased investment spending in residential areas. We initially used estimates to project future activity for periods of investments and redemptions; however, these

⁴ REMI was founded in 1980 and constructs economic software that forecasts how isolated changes in the state's economy will effect the state's overall economy on a year-by-year basis.

estimates took the program to 2016 and made the economic analysis results unrealistic. Therefore, we compressed future activity (investments, redemptions, and loans) to one year and posted it as 2005 activity.⁵ Overall, for the loan programs, we reduced the cost of capital for the various industries by approximately \$3 million and increased non-residential investment spending by approximately \$6.2 million. For the housing development projects, we increased residential investment spending by a total of approximately \$2.9 million.

Next, we made adjustments to reduce the cost of capital for the industries in which business investors in the CDC projects sold tax credits. The majority of investors for the CDC program represented banks, private industries, and non-profit organizations. However, investors could also sell tax credits to individual taxpayers. We reduced the cost of capital for investor industries that sold tax credits by an average of 85 percent⁶ of the face value of the tax credit. We also decreased personal income tax for the portion of the tax credit benefiting the individual (assumed to be 15 percent of the tax credit value) to reflect tax credit redemptions.

For tax credits issued directly to individual taxpayers for investment, we decreased personal income tax for the full tax credit amount to reflect tax credit redemptions. We allocated the personal income tax adjustment in the year the investment was made to regions where the CDC receiving taxpayers' investments had been located.

We also reduced state government spending by tax credit amounts redeemed each year from 1996 to 2004. Then, we posted future estimated redemptions as a reduction in government spending in 2005. We assumed \$67,500 in tax credits went unissued.⁷ These adjustments resulted in a \$5,932,500 (\$6,000,000 less \$67,500) reduction in state spending which we allocated to all regions.

Investments may be withdrawn by the investor after the 5-year investment period has been fulfilled. It would be proper to reflect repayment of the investment in our simulation; however, we did not have enough information to develop a well-supported assumption on the amount of repayments to

⁵ The program still went out until 2009 because loans assumed to be made in 2005 had a 5-year period.

⁶ The 85 percent assumed sale value is based on the average sale price of tax credits.

⁷ Projects in two counties, Linn and Buchanan, have been inactive since March 1998 and February 1996, respectively; therefore, we assumed \$67,500 in tax credits would not be issued.

allocate to the various industries and regions. Without this information, we did not model repayment of investments in our economic analysis.

We submitted our modeling assumptions and the REMI model results to an economist at REMI. He stated he found no problems with the assumptions and results.

In addition to the various factors discussed above which are measurable through the use of REMI, there are other factors which may have an economic impact which are not measurable. Since this program can be used to encourage investment in distressed communities, it can have social impacts, as well as, economic impacts. For example, it may increase the quality of life by encouraging rehabilitation of housing in distressed areas which would not occur without the tax credit. This can be a positive benefit of the credit which we were not able to include in our analysis of the tax credit.

We requested comments on a draft of our report from the Director of DED and those comments are reprinted in Appendix V. We performed our work between November 2004 and March 2005.

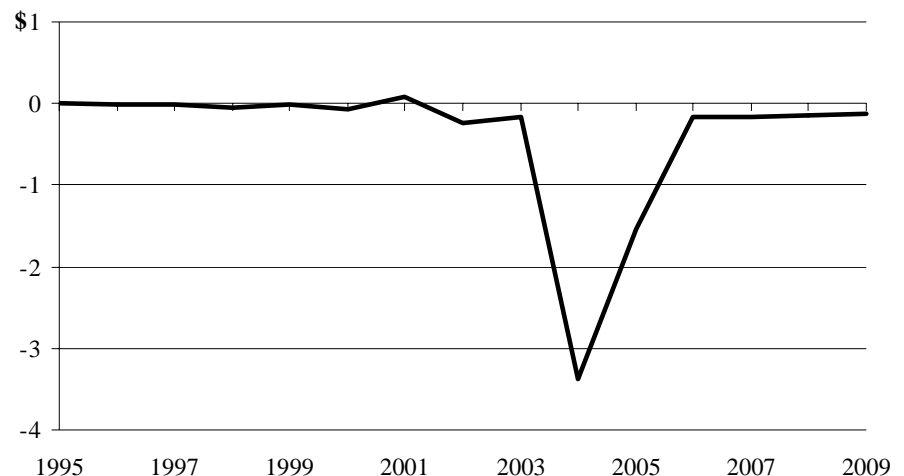
The CDC Program Has Not Created Sufficient Economic Activity

The CDC tax credit program will not generate sufficient economic activity to offset the state tax credits used. This situation has occurred because the program is not estimated to create the number of jobs and increase gross state product enough to offset the tax credits provided. As a result, the state is estimated to lose revenue of \$6 million.

Loss of \$6 Million From the CDC Program

The REMI model predicts the CDC tax credit program will generate a \$6 million loss. The model estimates the investment of \$9.5 million provided to CDC projects will result in about a \$94,000⁸ net revenue loss. Then, when total projected tax credit redemptions of \$5,932,500 are considered, the total loss to the state is projected to be \$6 million.⁹ The CDC program is projected to have a positive effect on state revenues in only 2 of 15 years. Figure 2.1 shows the impact on state revenues factoring in the investments and tax credit redemptions.

Figure 2.1: Predicted Change in State Revenue (Dollars in Millions)



Source: REMI economic model.

Impact on jobs and gross state product not enough to offset tax credits

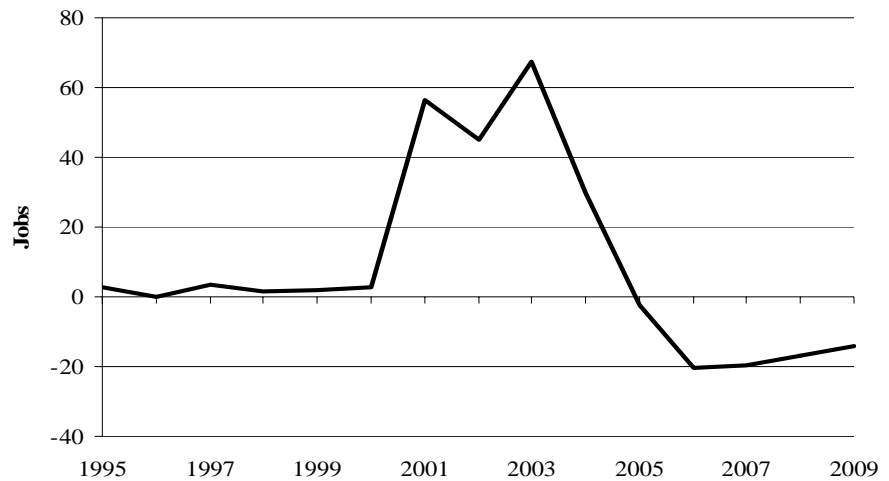
The CDC tax credit program's predicted impact on jobs and the gross state product has not been enough to offset the \$6 million in lost revenue. For example, the program created a projected total average of 9 jobs for the 15-year program period. However, each job is projected to cost the state

⁸ This net loss is calculated by taking the projected \$1,450,780 revenues generated from the program less the projected \$1,544,593 in state expenditures.

⁹ This loss calculation does not include the positive social effects of any developments which occurred in the distressed communities that would not have occurred without the tax credit. For example, it was not possible to measure the economic benefits of the increased quality of life this tax credit may have provided to these areas.

\$43,532 per year.¹⁰ Job growth was projected to have peaked in 2003 at 68 jobs. The model predicted by 2005, jobs resulting from the program will turn negative as the effects of the program dissipate. The model predicted \$38,588 as the average annual salary of created jobs. Most of the predicted new jobs were located in the Kansas City-Jackson County and St. Louis areas. Some regions were predicted to lose jobs due to economic migration. Figure 2.2 shows the predicted change in employment.

Figure 2.2: Predicted Change in Employment



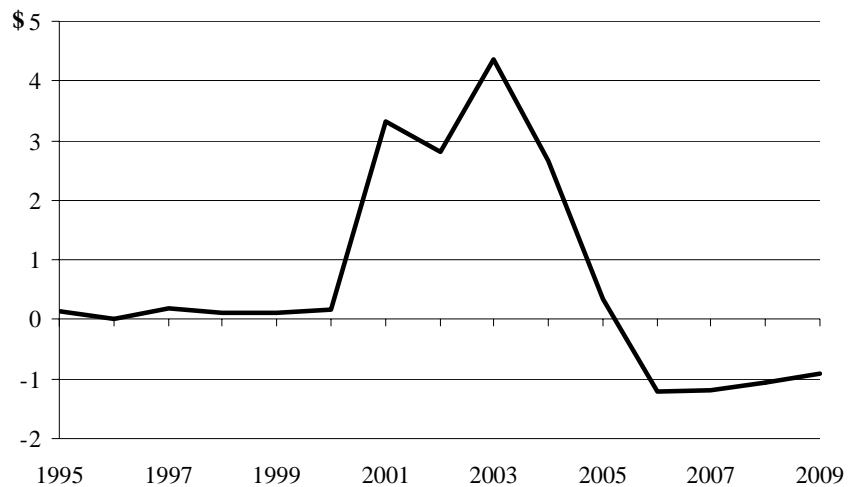
Source: REMI economic model.

Gross state product not enough

The REMI model predicted gross state product increased and peaked at an increase of \$4.4 million in 2003, and declines steadily to \$351,000 in 2005 as effects of the program dissipate. The projected increase in gross state product totals \$9.8 million through 2009. Figure 2.3 shows the predicted change in gross state product.

¹⁰ Job cost per year calculated by using REMI's total projected loss to the state of \$6 million by 9 jobs, then by the 15-year period.

Figure 2.3: Predicted Change in Gross State Product (Dollars in Millions)



Source: REMI economic model.

Although the tax credit program is predicted to create jobs and increase the state's gross product, the REMI model predicts the changes will not produce enough economic activity in affected regions and industries to offset estimated increases in state expenditures associated with the investments, according to an economist at REMI.

Conclusions

Although the CDC tax credit program is estimated to create jobs and increase gross state product, the REMI model estimates it will not generate sufficient economic activity to offset the tax credits used. Based on the assumptions used when entering the CDC program data into the model, the results show the CDC program will cost the state \$6 million in lost revenue and create only an average of 9 jobs over the 15-year life of the program. The investment activity and job creation through 2004 occurred primarily in Kansas City-Jackson County and St. Louis.

The CDC program is in the late phase of its life cycle with \$1,357,158 tax credits left to be issued as of December 2004, 22 percent of the allowable tax credits. Because of the estimated \$6 million state revenue loss, we believe the General Assembly should not provide additional funding for the program.

Recommendation

We recommend the General Assembly allow the CDC program to expire without authorizing additional tax credits.

Agency Comments

See Appendix V for agency comments.

Enforcement of Procedures Needed to Ensure CDC Program Meets Statutory and Program Requirements

DED has not ensured the CDC tax credit program has met statutory and DED requirements. This situation has occurred because program officials have not required CDCs to submit adequate reports on investors and job creation reports, or reviewed CDC annual reports for accuracy. In addition, DED has not required adequate proof of investments.

Program Guidelines Have Not Been Enforced

Program guidelines require CDCs to report on investors annually and submit job creation reports. In addition, DED guidelines require it to randomly audit the job creation reports and reserves the right to audit the documents and records of the CDC to ensure compliance with legal and program requirements. However, the program administrator has not required CDCs to submit required information in annual reports and random audits have not been done.

Program guidelines required CDCs to submit annual reports and a listing of all investors in the CDC. In addition, the CDCs are required to submit job reports at the end of the third year after issuance of tax credits to an investor of the CDC. Program guidelines state failure to provide these reports may result in DED requiring repayment of the tax credits provided to investor of the CDC, plus legal and other collection costs.

5-year investment period not monitored and job creation reports for loans not submitted

DED has not monitored investments provided to CDCs to ensure investors remained in the projects for 5 years, as statutorily required. CDC program guidelines required CDCs to include a listing of all investors as part of the CDCs' annual reports; however, a program manager told us he has not enforced this requirement on CDCs.

State law¹¹ states that withdrawal of an investment prior to 5 years requires the tax credit to be revoked and repayment by the taxpayer of any tax credits already redeemed.

Under this tax credit program, the five CDCs which made loans to new or growing small businesses had not reported adequate information on jobs created and/or retained. Those CDCs included some information on job creation in annual reports; however, the CDCs did not report the information in accordance with DED guidelines.¹² Program guidelines required job creation reports, documenting jobs created and/or retained, be provided to DED after 3 years for CDCs involved in making micro-loans or

¹¹ Section 135.411, RSMo 2000.

¹² CDCs making loans or involved in land development projects are required to submit this information because DED guidelines require at least one job be created for each loan made or land development project.

land development. The job creation reports should include new employees' names and hire dates.¹³ The DED program manager stated he has never requested job creation reports.

No verification of annual report data and proof of investment inadequate

Random audits of annual report data and job creation reports have not been performed. DED guidelines require it to randomly audit the job creation reports and reserves the right to audit the documents and records of the CDC to ensure compliance with legal and program requirements.

DED also has not required adequate supporting documentation for proof of the investment. CDC program guidelines required a copy of the investor's check and a copy of the deposit slip. However, without requiring the supporting documentation to include validation by a bank, these documents would not provide proof the transactions occurred.

We spoke to the Community Development division director regarding why program guidelines had not been enforced. She stated DED was aware of the need for oversight of their programs since 1998, when Legislative Oversight produced the "Program Evaluation: Department of Economic Development Evaluation of Tax Credit Programs" report. This report included a recommendation that the General Assembly consider funding an internal audit staff within DED to promote fiscal accountability. The division director also stated the State Auditor's Office had noted the need for accountability and recommended the DED request the same in future budgets.¹⁴ Budget reductions since 2001 failed to provide the opportunity for DED to shift existing resources to accomplish an accountability unit. The division director stated DED requested in its budget funds to staff an accountability unit in fiscal years 2004 and 2005. The request was not funded in fiscal year 2004. In fiscal year 2005, the positions were funded, but ultimately eliminated as part of the DED proposal to meet budgetary withholdings and generate savings in general revenue.

Conclusions

DED has not ensured the CDC tax credit program has met statutory requirements. Guidelines require CDCs submit annual reports which include a listing of investors and job creation data at the end of 3 years. However, DED has not enforced reporting of these items. Also, guidelines require DED to perform random audits of job creation reports and if necessary audit the documents and records of the CDC to ensure compliance with legal and program requirements. However, DED has not conducted these audits. In

¹³ Four CDCs involved with land development had not been active in the program for 3 years because the CDCs had been approved to participate in the program in September 2003.

¹⁴ Review of State Tax Credits Administered by the Department of Economic Development, Report no. 2001-13, issued February 23, 2001.

addition, supporting documentation DED required to prove investments has not been adequate to ensure the investment actually occurred.

Recommendation

We recommend the Director of the Department of Economic Development enforce the formal requirements of DED's tax credit programs and implement adequate internal controls to ensure only valid tax credits are issued and monitored.

Agency Comments

See Appendix V for agency comments.

CDC Projects by County

Table I.1 indicates the county location for the projects participating in the CDC program and the total credits those projects are authorized to receive, have been issued and remain outstanding.

Table I.1: Credits by County

County	Projects	Authorized	Issued	Remaining
Boone	1	\$343,400	\$88,742	\$254,658
Buchanan	1	120,000	53,100	66,900
Greene	1	750,000	220,000	530,000
Jackson County	2	1,500,000	995,000	505,000
Linn	1	36,600	36,000	600
St. Louis County	5	3,100,000	3,100,000	0
Texas	1	150,000	150,000	0
Total	12	\$6,000,000	\$4,642,842	\$1,357,158

Source: DED's Customer Management System.

Tax Credit Review Status

Table II.1 shows the tax credit programs administered by DED and the status of their review by the State Auditor's Office.

Table II.1: DED Tax Credit Programs and Review Status

Program	Review Status
(Capital) Small Business Investment (cap expired) § 135.400	Reviewed in 2005
Community Development Corporation/Bank § 135.400	Reviewed in 2005
Certified Capital Companies (CapCo) (cap. expired) § 135.500	Reviewed in 2004
New Enterprise Creation § 620.635	Reviewed in 2004
Community College New Jobs Training Bonds § 178.894	Reviewed in 2003
Brownfield Jobs/Investment § 447.700	Reviewed in 2002
Brownfield Remediation § 447.700	Reviewed in 2002
Historic Preservation § 253.545	Reviewed in 2002
Qualified Research Expense § 620.1039	Reviewed in 2002
Seed Capital (cap expired) § 348.300	Reviewed in 2002
Youth Opportunities and Violence Prevention § 620.1100	Reviewed in 2002
Film Production § 135.750	Reviewed in 2001
Rebuilding Communities § 135.535	Reviewed in 2001
Small Business Incubator § 620.495	Reviewed in 2001
Winery and Grape Growers § 135.700	Reviewed in 2001
Affordable Housing Assistance § 32.111	To be reviewed
Brownfield Demolition § 447.700 ¹	To be reviewed
BUILD Missouri Bonds § 100.700	To be reviewed
Business Facility § 135.100	To be reviewed
Development § 32.105	To be reviewed
Enhanced Enterprise Zone § 135.950 ²	To be reviewed
Enterprise Zone § 135.200	To be reviewed
Family Development Account § 208.755	To be reviewed
Guarantee Fee § 135.766	To be reviewed
MDFB Development and Reserve § 100.250	To be reviewed
MDFB Export Finance § 100.250	To be reviewed
MDFB Bond Guarantee Credit § 100.286	To be reviewed
MDFB Infrastructure § 100.250	To be reviewed
Missouri Low Income Housing § 135.350	To be reviewed
Neighborhood Assistance § 32.100	To be reviewed
Neighborhood Preservation § 135.475	To be reviewed
Transportation Development § 135.545	To be reviewed

¹ There was no tax credit activity for this program in fiscal years 2001 through 2004; therefore, this program is not included in Appendix IV, Table IV.1.

² This tax credit program became effective with 2004 legislation and is therefore a new tax credit and is not included in Appendix IV, Table IV.1.

Source: State Auditor's Office.

Tax Credit Programs Administered by Other Departments

Table III.1 lists the tax credit programs for tax year 2004 administered by departments other than DED.

Table III.1: Non-DED Administered Tax Credit Programs

Program	Administering Department
Adoption (Special Needs)	Revenue
Agricultural Product Utilization Contributor	Agriculture
Bank Franchise	Revenue
Bank Tax Credit for S Corporation Shareholders	Revenue
Cellulose Casings	Revenue
Charcoal Producers	Natural Resources
Disabled Access	Revenue
Domestic Violence	Public Safety
Examination Fees	Insurance
Life and Health Guarantee Association	Insurance
Maternity Home	Social Services
Missouri Health Insurance Pool	Insurance
Missouri Property and Casualty Guarantee Association	Insurance
New Generation Cooperative Incentive	Agriculture
Pharmaceutical	Revenue
Processed Wood Energy	Natural Resources
Property Tax	Revenue
Retain Jobs ¹	Revenue
Shared Care	Health
Sponsorship and Mentoring Program	Elementary and Secondary Education

¹ This tax credit program became effective with 2004 legislation and is therefore a new tax credit and is not included in Appendix IV, Table IV.1.

Source: State Auditor's Office.

Tax Credit Redemptions by Program

Table IV.1 indicates the redeemed tax credits for fiscal years 2001 through 2004 for current tax credit programs in the state. The information was received from the agencies responsible for administering the programs and was not audited for completeness or accuracy.

Table IV.1: Tax Credit Redemptions by Program

Program	Fiscal Year			
	2001	2002	2003	2004
Adoption (Special Needs)	\$1,994,763	\$1,995,471	\$1,993,883	\$1,995,882
Affordable Housing Assistance	11,080,040	8,912,821	7,601,144	7,554,503
Agricultural Product Utilization Contributor	524,829	379,740	957,074	1,964,872
Bank Franchise Tax	122,803	1,383,763	873,461	1,596,458
Bank Tax Credit for S Corporation Shareholders	585,372	898,921	1,060,111	1,233,830
Brownfield Jobs/Investment	4,567	149,072	90,893	2,134,891
Brownfield Remediation	4,517,217	9,720,088	5,669,489	16,101,975
BUILD Missouri Bonds	664,257	2,907,348	4,261,882	9,667,000
Business Facility	6,721,162	5,088,781	7,244,747	7,826,417
(Capital) Small Business Investment	3,399,257	370,719	149,068	49,478
Cellulose Casings	257,595	294,348	225,319	429,480
Certified Capital Companies (CapCo)	12,569,861	13,567,768	13,111,196	13,564,932
Charcoal Producers	0	0	120,837	0
Community Development Corporation/Bank	43,089	100,087	484,723	1,632,669
Community College New Jobs Training Bonds	11,542,521	10,708,511	8,650,799	8,061,584
Development	²	185,920	430,097	562,622
Disabled Access	31,293	49,184	47,506	87,401
Domestic Violence	500,018	528,196	513,532	475,283
Enterprise Zone	21,724,904	14,461,571	13,767,273	19,766,366
Examination Fees ¹	2,403,492	3,286,876	2,781,111	2,370,251
Family Development Account	0	25,713	8,760	27,488
Film Production	882,305	51,749	122,810	423,857
Guarantee Fee	107,080	23,418	0	0
Historic Preservation	33,971,984	41,401,415	43,153,986	66,089,980
Life and Health Guarantee Association ¹	7,490,665	4,149,702	2,440,427	177,712
Maternity Home	1,147,185	995,937	976,379	982,747
MDFB Bond Guarantee Credit	0	0	316,855	0

Appendix IV
Tax Credit Redemptions by Program

Program	Fiscal Year			
	2001	2002	2003	2004
MDFB Infrastructure ³	8,798,670	8,714,272	6,310,541	10,020,578
Missouri Health Insurance Pool ¹	1,417,694	2,454,317	1,581,522	3,687,665
Missouri Low Income Housing	11,747,808	19,474,343	29,978,473	36,916,831
Missouri Property and Casualty Guarantee Association ¹	13,612,065	20,135,749	18,362,815	16,823,462
Neighborhood Assistance	13,217,496	11,075,600	8,641,533	10,217,628
Neighborhood Preservation	465,024	1,947,073	3,879,134	4,001,293
New Enterprise Creation	0	1,940,260	4,331,972	3,259,307
New Generation Cooperative Incentive	1,570,531	533,203	1,510,305	3,466,068
Pharmaceutical	75,816,984	63,686,262	3,737,102	524,527
Processed Wood Energy	4,154,777	2,673,412	3,642,570	1,205,443
Property Tax	101,616,246	85,901,461	97,180,378	95,237,314
Qualified Research Expense ⁴	8,476,856	6,185,521	1,642,524	2,038,230
Rebuilding Communities	1,053,401	3,438,354	2,289,501	1,415,889
Seed Capital	1,235,887	1,068,033	508,182	288,174
Shared Care	15,309	19,271	24,355	39,109
Small Business Incubator	172,912	107,793	81,716	167,360
Sponsorship and Mentoring Program	0	0	0	0
Transportation Development ⁵		1,235,603	1,249,848	3,678,532
Winery and Grape Growers	629,145	239,098	275,366	260,397
Youth Opportunities and Violence Prevention	2,752,320	3,000,974	2,898,572	3,272,225
Total	\$369,039,391	\$355,467,719	\$305,179,772	\$361,297,710

¹ Redemptions are on a calendar year rather than fiscal year and based on tax year credit was applied against.

² Redemptions for this year are included under the neighborhood assistance program.

³ This program's redemption totals includes MDFB Development and Reserve and MDFB Export Finance.

⁴ Under Section 620.1039(7), RSMo Cumulative Supp. 2004, no tax credits shall be approved or issued as of January 1, 2005 for this program.

⁵ Redemptions for this year are included under the rebuilding communities program.

Source: DED's budget documents and administrating agencies.

Agency Comments

Matt Blunt
Governor



Gregory A. Steinhoff
Director

July 13, 2005

The Honorable Claire McCaskill
Auditor of the State of Missouri
Harry S Truman State Office Building
Room 880
Jefferson City, MO 65101

Dear Ms. McCaskill:

This letter is in response to your review of state tax credits administered by the Department of Economic Development. Below you will find our responses to the two recommendations contained in the draft report titled *Community Development Tax Credit Program*.

State Auditor Recommendation

We recommend the General Assembly allow the CDC program to expire to without authorizing additional credits.

Department of Economic Development's Response

Under current statutes no additional credits can be authorized and to do so would require a change in law. It should be noted that that a total of \$3 million of the \$6 million in tax credits issued are assigned to projects that were in the implementation stage this calendar year. The methodology (modeling) and audit review represent a snapshot of the CDC Tax Credit program results. As such, the long-term impact of the projects (social benefits, neighborhood revitalization, future job creation, and local economic returns such as property taxes) may not be depicted. In addition, the method shows only a single use of the loan funds. The principle and interest loan payments may be re-used by the CDC Bank. It appears that no credit for future impact is shown for the revolving re-use of those funds in the estimate of economic impact.

State Auditor Recommendation

We recommend the Director of Department of Economic Development enforce the formal requirements of its tax credit programs and implement adequate internal controls to ensure only valid tax credits are issued and monitored.

Appendix V
Agency Comments

2

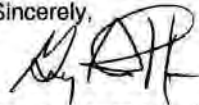
Community Development Tax Credit Program
July 13, 2005
Page 2

Department of Economic Development's Response

Since the inception of the audit, a total of eleven out of the twelve CDC Tax Credit projects have been monitored on-site by Division of Community Development compliance staff from other programs. The twelfth project is scheduled to be monitored on-site by July 28, 2005. The staff used a written monitoring compliance checklist devised from the statute and the guidelines. The on-site monitoring will result in letters issued to projects regarding findings and recommendations requiring action and written response. The letters also will outline future annual reporting requirements. A database to track the future submission of required reports shall be maintained by the program manager.

If you have any questions concerning this information, please feel free to contact me at 751-4770 or Arlan Holmes at 526-7863.

Sincerely,



Gregory A. Steinhoff
Director

c: Mike Mills
Donna Prenger
Sallie Hemenway
Arlan Holmes



Claire McCaskill
Missouri State Auditor

August 2005

TAX CREDIT

Small Business Investment Tax Credit Program



State estimated to lose \$12 million on Small Business Investment tax credit program; auditors recommend state let credit expire with no new credits issued

This audit reviewed the cost-benefit to the state of the Small Business Investment (SBI) tax credit program and found the credit would not create enough economic activity to offset the tax credits used. The program, started in 1993, can issue up to \$13 million in tax credits to entities investing in Missouri small businesses. Legislators meant for the credit to create jobs by inducing private investments into new or growing small businesses. As of December 2004, state officials had issued \$12.9 million in tax credits for this program, and \$11.5 million had been redeemed, with about 76 companies receiving about \$28.8 million in investments through 1999. State law requires state auditors to perform a cost-benefit analysis of all state tax credit programs, and this report is a part of such ongoing work.

SBI will not increase jobs or state revenue to offset credits	Auditors found the state will lose an estimated \$11.8 million on this tax credit, with positive economic effect in only 3 of the 17 years of the program. (See page 10)
Tax credit will create an average of 52 jobs over 17 years	Auditors used economic software to analyze the total economic impact of this tax credit program. The software found the program created a projected total average of 52 jobs for the 17-year program. (See page 10)
Audit recommends no new funds for the tax credit program	Auditors recommended the General Assembly allow the tax credit program to expire without authorizing additional tax credits, due to the projected state revenue loss. (See page 12)
Application data for businesses not verified	State officials had no procedures to verify the accuracy of application data for businesses seeking to participate in the program. State officials relied on information supplied by applying business owners and did not verify it. This situation could allow unqualified businesses to misreport information and be approved. (See page 13)
State cannot ensure investments remained in businesses for 5 years	State officials had not monitored investments received by participating businesses to ensure they remained in the business for 5 years, as is required by the state law creating the tax credit. (See page 13)

All reports are available on our website: auditor.mo.gov



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Joint Committee on Tax Policy
and
Gregory A. Steinhoff, Director
Department of Economic Development
Jefferson City, MO 65102

State law mandates the State Auditor's Office perform cost-benefit analyses on the tax credit programs administered by the Department of Economic Development (DED). This report includes a detailed study estimating the economic impact of the Small Business Investment (SBI) tax credit program on state revenue. We also reviewed the adequacy of management controls in place to ensure compliance with statutory requirements for the SBI tax credit program.

We concluded the SBI tax credit program had not generated sufficient economic activity to offset the state tax credits used because the program is estimated to result in a net loss of approximately \$12 million in state revenues. We also found DED's lack of adequate procedures had not ensured the SBI tax credit program met statutory requirements.

We generally conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States with the exception for the external impairment of access to redemption data from income tax returns which limited our ability to conduct our work. This report was prepared under the direction of Kirk Boyer. Key contributors included John Blattel and Tara Shah.

Claire McCaskill
State Auditor

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Abbreviations

DED	Department of Economic Development
MDFB	Missouri Development Finance Board
REMI	Regional Economic Models, Inc.
RSMo	Missouri Revised Statutes
SBI	Small Business Investment

Introduction

The Small Business Investment (SBI) tax credit program started in 1993¹ and is authorized to issue up to \$13 million in tax credits to individuals, partnerships, financial institutions, trusts or corporations making qualified investments in Missouri small businesses. Tax credits on the program have been issued at 40 percent of the investment amount for investments in Missouri small businesses and 60 percent for qualified small businesses in a distressed community.² The legislation established the SBI program to induce private investment into new or growing Missouri small businesses, which will create jobs and investment.

Businesses had to meet the following statutory requirements in order to be approved by the Department of Economic Development (DED) to participate in the program:

- Be headquartered in Missouri.
- Have annual revenues of \$2 million or less.
- 80 percent of employees must have been in Missouri.
- Have had no more than 100 employees.
- The business must have been involved in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce but excluding retail, real estate, insurance or professional services.

Investment limitations had been imposed on investors and businesses. A taxpayer's investments in any one business could not be less than \$5,000 or more than \$250,000. A business could not receive more than \$1 million in investments. For investments to small businesses in a distressed community, the \$250,000 single investor maximum limit did not apply. Instead the \$1 million business limit applied.

¹ Sections 135.400-430, RSMo 2000 or Cumulative Supp. 2004.

² Per section 135.530, RSMo 2000, a distressed community is defined as "a Missouri municipality within a metropolitan statistical area which has a median household income of under 70 percent of the median household income for the metropolitan statistical area, according to the last decennial census, or a United States census block group or contiguous group of block groups within a metropolitan statistical area which has a population of at least 2,500, and each block group having a median household income of under 70 percent of the median household income for the metropolitan area in Missouri, according to the last decennial census."

Per state law,³ investments had to remain in the business for a minimum of five years. Withdrawal prior to the 5-year period should result in revocation of the tax credit.

State law⁴ dictates investments in a small business through the program must be expended for capital improvements, plant, equipment, research and development, or working capital for the business or such business activity as may have been approved by DED.

The credits are transferable or may be sold under the provisions of the statute and the credits can be carried forward for 10 years to offset future tax liability. For investment in a distressed community, there is also a 3-year carry back⁵ provision allowed to offset prior taxes paid. The tax credits may be redeemed against state income tax, corporate franchise tax, financial institution tax, or express company tax.

According to state law,⁶ the State Auditor's Office is required to analyze the cost benefit and evaluate the effectiveness of all tax credit programs administered by the DED. Effective August 28, 2004, the legislature amended this law to expand the State Auditor's Office's responsibility to include a review of all state tax credit programs. This change requires the State Auditor's Office to also review those programs not administered by DED.

DED is currently utilizing an internal system, known as the Customer Management System, to track the issuance and redemption of tax credits. DED put this system in place in July 2001; therefore, much of the tax credit activity for this program has been maintained in prior management systems, including a Department of Revenue tracking system. Tax credit activity in prior management systems has been converted to the Customer Management System.

Tax Credits Used

Tax credits totaling \$11.5 million have been redeemed through calendar year 2004 on the SBI program, reducing state tax revenues. DED projects an additional \$255,156 will be redeemed from 2005 through 2009, with a balance of \$1.2 million unredeemed. Figure 1.1 shows redeemed tax credits

³ Section 135.411, RSMo 2000.

⁴ Section 135.408, RSMo 2000.

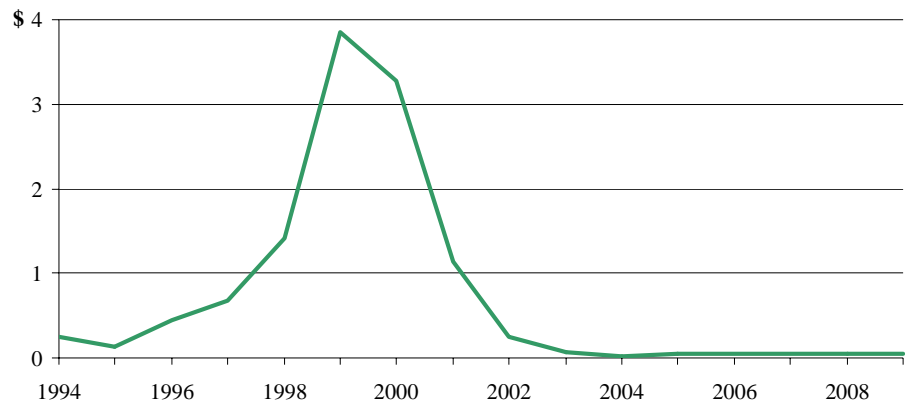
⁵ The carry back provision allows an individual or business to amend a prior year's state tax return and apply the credit to help offset that year's tax liability.

⁶ Section 620.1300, RSMo, Cumulative Supp. 2004.

by year since the inception of the program, with estimated redemptions through fiscal year 2009.

DED is not issuing any new credits, the only activity which is continuing to occur is redemptions and transfers of credits. As of December 2004, records showed \$12,924,407 in tax credits had been issued and \$11,511,762 had been redeemed (89 percent).

Figure 1.1: Program Redemptions by Calendar Year (Dollars in Millions)

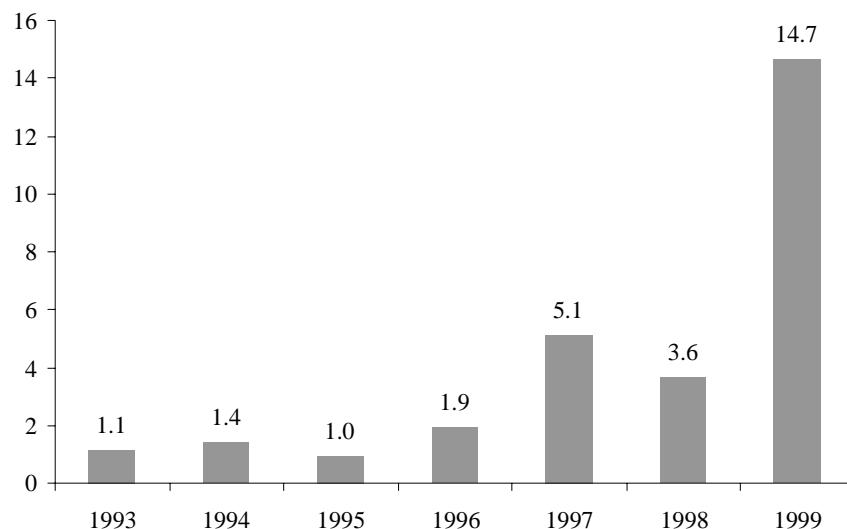


Source: Department of Revenue's tax credit system (1995-2002), Department of Economic Development's Customer Management System (2002-2004), DED estimates (2005-2009).

Investments Received by Businesses

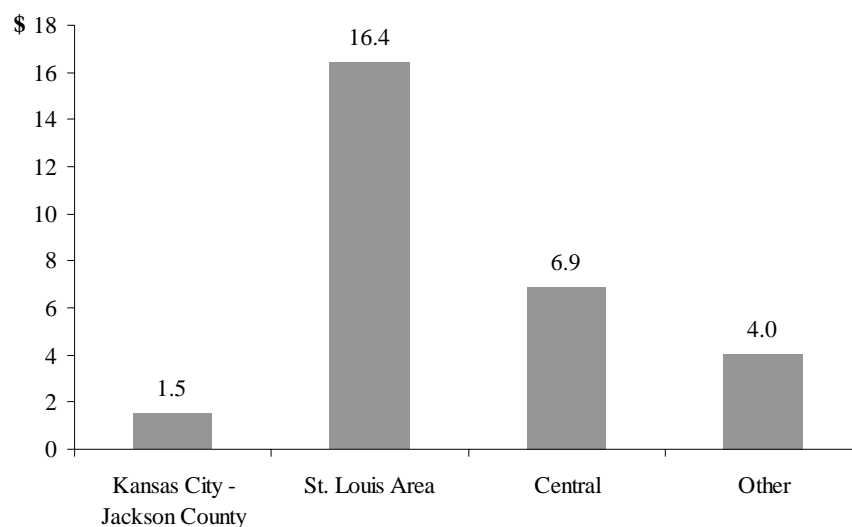
Seventy-six companies participated in the SBI program and received \$28.8 million in investments through 1999. (See Appendix I and II for county locations of participating businesses.) The companies operated in various industries, including agriculture, chemicals, communications, construction, credit and finance, production of educational material, food production, machinery and computers, manufacturing, medical, and printing. Figure 1.2 indicates the total investments by calendar year and Figure 1.3 indicates the investments by location in Missouri.

Figure 1.2: Qualified Investments by Calendar Year (Dollars in Millions)



Source: DED data.

Figure 1.3: Qualified Investments by Location (Dollars in Millions)



Source: DED data.

Scope and Methodology

To evaluate the impact of the SBI tax credit program on the state, we reviewed state statutes and the DED's guidelines and procedures. We discussed the operations of the program and management controls with the program managers to determine if proper controls were in place to ensure compliance with statutory requirements.

We obtained data files from the DED's computerized Customer Management System which reports on the investment and tax credit activity. We compared computerized data against DED manual reports and noted discrepancies in the businesses' investment and credit totals. We then reviewed files of the businesses participating in the program and tax credit certificate files and found several entries missing in the computerized data. We concluded the system data was incomplete and could not be relied upon. Therefore, we used the manual documents listing the activity and conducted a thorough review to obtain financial activity that was materially accurate.

We obtained aggregate totals of annual redemptions by calendar year from the Department of Revenue and DED. We were not provided detailed redemption information. The Director of Revenue denied us access due to her interpretation of the Missouri Supreme Court decision in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). This external impairment limited our ability to conduct work and therefore, we could not verify the completeness and accuracy of annual redemption totals.

We used economic software produced by Regional Economic Models, Inc. (REMI)⁷ to analyze the total economic impact of the tax credit programs on the state's economy. This version includes 53 industry sectors and divides the state into 15 regions. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit program. The key outputs from the model are (1) growth in total employment, (2) growth in gross state product, and (3) fiscal impact on state revenues. REMI is used by DED to analyze its tax credit programs.

Modeling assumptions

We changed three variables in the model to create the alternative forecast (1) capital costs of the industries receiving increased revenues or new investments as a result of the SBI program, (2) personal income tax, and (3) government spending.

First, we reduced the capital costs of industries connected to the companies receiving the investments. This reduction reflected lower capital costs associated with the SBI investments as compared to the higher capital costs that would normally be demanded had the businesses not received the investments. We made the reduction for the actual investments by year, in the region within the state and industry of the actual investments made through 1999. We included a total of \$28.8 million of investments made.

⁷ REMI was founded in 1980 and constructs economic software that forecasts how isolated changes in the state's economy will effect the state's overall economy on a year-by-year basis.

Next, we decreased personal income tax for years 1994 to 2009 to reflect tax credit redemptions. The adjustment for 1994 through 2004 was based on actual tax credits redeemed and the adjustment for 2005 through 2009 was based on estimated redemptions projected by DED. We allocated the personal income tax adjustment to all regions.

Then, we reduced total state government spending by the amount of tax credits redeemed each year from 1994 to 2004, then by DED estimated redemption totals for years 2005 to 2009. This adjustment resulted in a \$11.8 million reduction in state spending which we allocated to all regions.

Investments may be withdrawn by the investor after the 5-year investment period has been fulfilled. It would be proper to reflect repayment of the investment in our simulation; however, we did not have enough information to develop a well-supported assumption on the amount of repayments to allocate to the various industries and regions. Without this information, we did not model repayment of investments in our economic analysis.

We submitted our modeling assumptions and the REMI model results to an economist at REMI. He stated he found no problems with the assumptions and results.

We requested comments on a draft of our report from the Director of DED and those comments are reprinted in Appendix VI. We performed our work between November 2004 and March 2005.

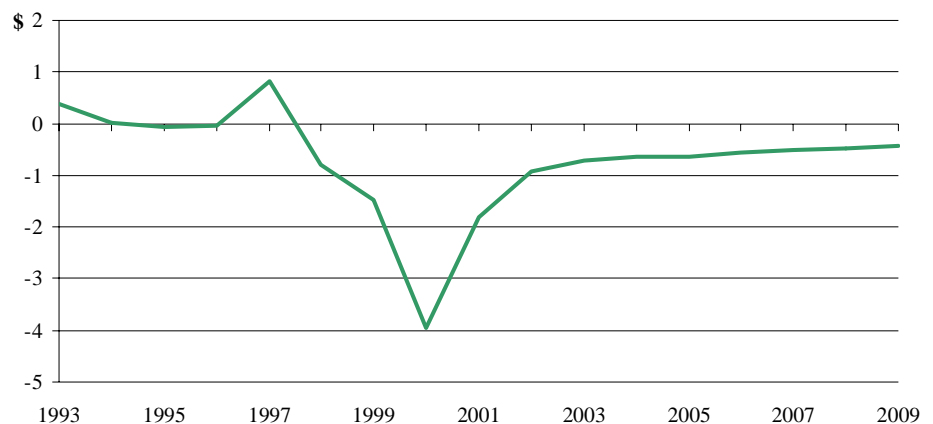
The SBI Program Has Not Created Sufficient Economic Activity

The SBI tax credit program will not generate sufficient economic activity to offset the state tax credits used. This situation has occurred because the program is not estimated to create the number of jobs and increase gross state product enough to offset the tax credits provided. As a result, the state is estimated to lose revenue of \$11.8 million.

Loss of \$11.8 Million From the SBI Program

The REMI model predicts the SBI tax credit program will generate a \$11.8 million loss. The model estimates the investment of \$28 million provided to small businesses will result in a \$47,128⁸ net revenue loss. Then, when the total projected tax credits of \$11,766,700 are considered, the total loss to the state is projected to be \$11.8 million. The SBI program is projected to have a positive effect on state revenues in only 3 of 17 years. Figure 2.1 shows the impact upon state revenues factoring in the investments and tax credit redemptions.

Figure 2.1: Predicted Change in State Revenue (Dollars in Millions)



Source: REMI economic model.

Impact on jobs and gross state product not enough to offset tax credits

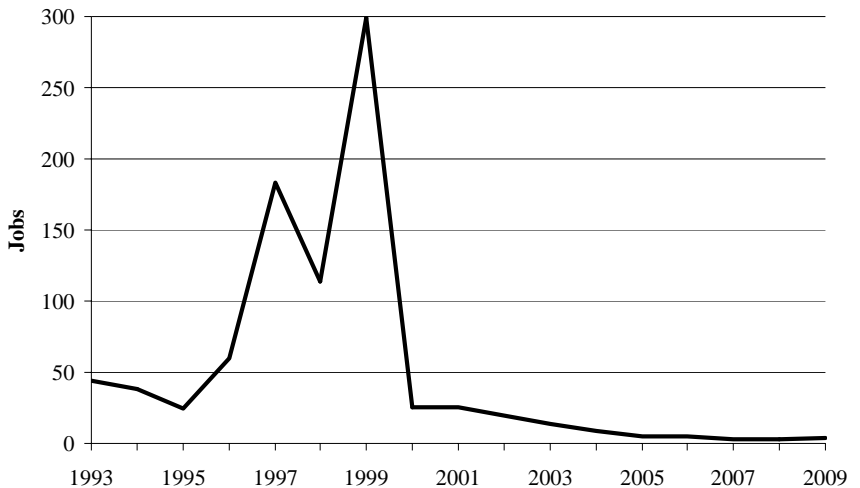
The SBI tax credit program's predicted impact on jobs and the gross state product has not been enough to offset the \$11.8 million in lost revenue. For example, the program created a projected total average of 52 jobs for the 17-year program period. However, each job is projected to cost the state \$13,473 per year.⁹ Job growth was projected to have peaked in 1999 at 299 jobs. By 2009, jobs resulting from the program are projected to decline to almost zero as the effects of the program dissipate. The model predicted \$31,308 as the average annual salary of created jobs. Most of the predicted new jobs were located in the areas of St. Louis, Kansas City-Jackson

⁸ This net loss is calculated by taking the projected \$6,464,631 revenues generated from the program less the projected \$6,511,759 in state expenditures.

⁹ Job cost per year calculated by dividing REMI's total projected loss to the state of \$11,813,828 by 52 jobs, and then by 17 years.

County, and Central Missouri. Some regions were predicted to lose jobs due to economic migration. Figure 2.2 shows the predicted change in employment.

Figure 2.2: Predicted Change in Employment

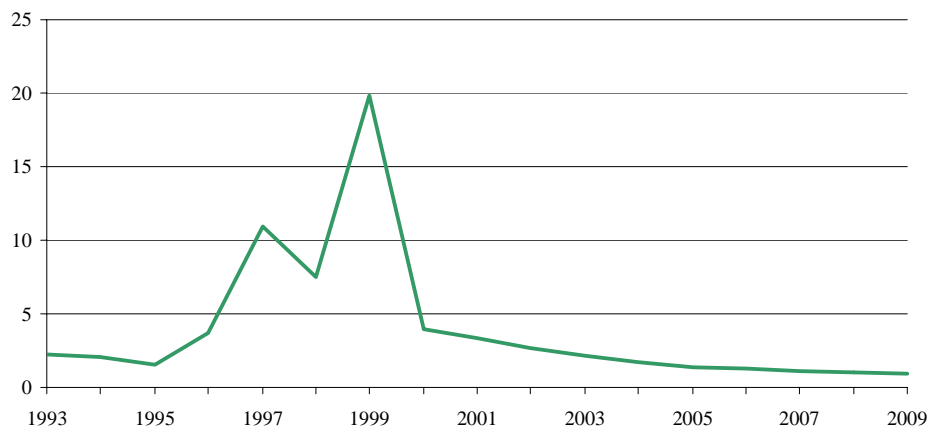


Source: REMI economic model.

Gross state product not enough

The REMI model predicted gross state product increased and peaked at an increase of \$19.8 million in 1999 and the increase is projected to decline steadily to \$915,500 in 2009 as effects of the program dissipate. The projected increase in gross state product totals \$67.4 million through 2009. Figure 2.3 shows the predicted change in gross state product.

Figure 2.3: Predicted Change in Gross State Product (Dollars in Millions)



Source: REMI economic model.

Although the tax credit program is predicted to create jobs and increase the state's gross product, the REMI model predicts the changes will not produce enough economic activity in affected regions and industries to offset estimated increases in state expenditures associated with the investments, according to an economist at REMI.

Conclusions

Although the SBI tax credit program is estimated to create jobs and increase gross state product, the REMI model estimates it will not generate sufficient economic activity to offset tax credits redeemed. Based on the assumptions used when entering the SBI program data into the model, the results show the SBI program will cost the state \$11.8 million in lost revenue and create an average of 52 jobs over the 17-year life of the program. The investment activity and job creation through 2004 occurred mostly in the areas of St. Louis, Kansas City-Jackson County, and Central Missouri.

The SBI program is almost complete with only transfer and redemption activity remaining. Because of the projected state revenue loss associated with this program, we believe the General Assembly should not provide additional funding for the program.

Recommendation

We recommend the General Assembly allow the SBI tax credit program to expire without authorizing additional tax credits.

Agency Comments

See Appendix VI for agency comments.

Adequate Procedures Needed to Ensure Tax Credit Programs Meet Statutory Requirements

DED lacked adequate procedures to ensure the SBI tax credit program has met state requirements. This situation has occurred because DED procedures did not verify application information, review investment expenditures, and ensure investments remained in the business as required. In addition, DED did not obtain adequate supporting documentation to prove investments. Adequate procedures are needed to ensure program objectives are met and reduce the risk of fraud in tax credit programs.

DED Lacked Adequate Procedures to Ensure Statutory Requirements Met

DED had not developed adequate procedures to ensure compliance with SBI program statutory requirements. Procedures did not address (1) verifying the accuracy of information submitted by companies in program applications, or (2) ensuring investments remained in the business for 5 years. Also documentation supporting proof of investments obtained by DED did not ensure investments actually happened.

State law dictates the qualifications a business must meet in order to participate in the SBI program. In addition, the statute requires the investments to remain in the business for 5 years for investors to receive the tax credit.

No assurance information provided accurate

DED had no procedures to verify the accuracy of the information submitted by the companies on applications to participate in the program. For example, for a business to participate in the SBI program, state law established revenue limits, maximum employee restrictions, and percentage requirements for the amount of operations conducted in the state. However, a program manager stated DED relied on information the business owners submitted on applications, and the company's tax return or audited income statement as verification of revenues. The program manager stated owners sign a notarized application attesting to the accuracy of information submitted.

No assurance investments remained in the business for 5 years

DED had not monitored investments received by participating businesses to ensure they remained in the businesses for 5 years, as statutorily required. This situation has occurred because DED relied on businesses to voluntarily report whether investments had been withdrawn from the business, according to a program manager. However, SBI guidelines have not required businesses to report on investments.

State law states withdrawal of an investment prior to 5 years requires the tax credit be revoked and repayment by the taxpayer of any tax credit already redeemed.

Proof of investment inadequate

DED had not required adequate supporting documentation for proof of the investment. For example, DED required a copy of the investor's check and a

copy of the deposit slip on the SBI program. The program manager agreed this documentation had not provided proof checks cleared banks and had been deposited in the SBI business account. In the first quarter of 2004, DED changed procedures to require cancelled checks as proof, according to the program manager.

Conclusions

DED had not implemented adequate internal controls to ensure valid tax credits were issued and monitored. DED did not verify the accuracy of application information submitted by companies wishing to participate in the SBI program. By not verifying application data, opportunities existed for unqualified businesses to misreport information and be approved. DED also had not ensured investments have remained invested for the required 5-year period. Instead, DED relied on businesses to report investments which had been withdrawn prior to the 5-year period. In addition, supporting documentation DED required for proof of investment has been inadequate. Absence adequate internal controls and monitoring, DED cannot ensure valid tax credits are issued, program goals are achieved, or that fraud will not occur in tax credit programs.

Although the SBI program is almost complete, we believe it is important to take corrective action, where possible, to ensure weaknesses in the oversight of this program, as well as other tax credit programs, are corrected.

Recommendation

We recommend the Director of the Department of Economic Development implement adequate internal controls to ensure only valid tax credits are issued and monitored.

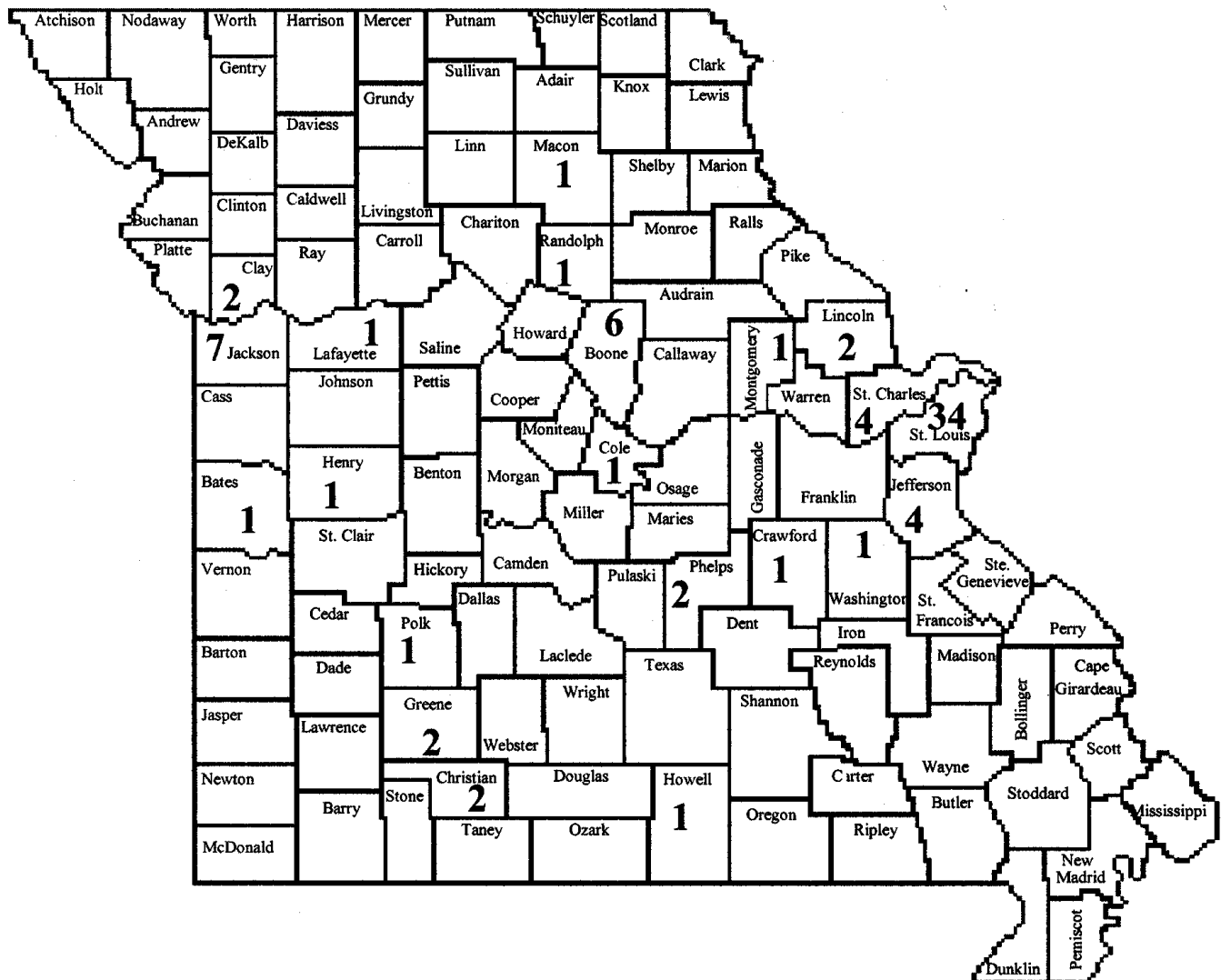
Agency Comments

See Appendix VI for agency comments.

Geographic Distribution of Businesses

This map shows the geographic location and number of businesses which received investments as of December 2004 under the SBI program.

Figure I.1: Location of Participating Businesses



Source: State Auditor's Office.

Business Investments by County

Table II.1 shows the counties in which the 76 companies participating in the SBI program are located and the total investments those companies received.

Table II.1: Investments by County

County	Investments	Number of Businesses
Bates	\$25,000	1
Boone	3,079,756	6
Christian	502,373	2
Clay	196,900	2
Cole	1,000,000	1
Crawford	500,000	1
Greene	367,907	2
Henry	250,000	1
Howell	550,000	1
Jackson	1,467,586	7
Jefferson	1,358,293	4
Lafayette	166,666	1
Lincoln	1,488,457	2
Macon	850,000	1
Montgomery	747,750	1
Phelps	1,228,015	2
Polk	1,000,000	1
Randolph	350,000	1
St. Charles	434,074	4
St. Louis	13,277,783	34
Washington	8,000	1
Total	\$28,848,560	76

Source: DED.

Tax Credit Review Status

Table III.1 shows the tax credit programs administered by DED and the status of their review by the State Auditor's Office.

Table III.1: DED Tax Credit Programs and Review Status

Program	Review Status
(Capital) Small Business Investment (cap expired) § 135.400	Reviewed in 2005
Community Development Corporation/Bank § 135.400	Reviewed in 2005
Certified Capital Companies (CapCo) (cap. expired) § 135.500	Reviewed in 2004
New Enterprise Creation § 620.635	Reviewed in 2004
Community College New Jobs Training Bonds § 178.894	Reviewed in 2003
Brownfield Jobs/Investment § 447.700	Reviewed in 2002
Brownfield Remediation § 447.700	Reviewed in 2002
Historic Preservation § 253.545	Reviewed in 2002
Qualified Research Expense § 620.1039	Reviewed in 2002
Seed Capital (cap expired) § 348.300	Reviewed in 2002
Youth Opportunities and Violence Prevention § 620.1100	Reviewed in 2002
Film Production § 135.750	Reviewed in 2001
Rebuilding Communities § 135.535	Reviewed in 2001
Small Business Incubator § 620.495	Reviewed in 2001
Winery and Grape Growers § 135.700	Reviewed in 2001
Affordable Housing Assistance § 32.111	To be reviewed
Brownfield Demolition § 447.700 ¹	To be reviewed
BUILD Missouri Bonds § 100.700	To be reviewed
Business Facility § 135.100	To be reviewed
Development § 32.105	To be reviewed
Enhanced Enterprise Zone § 135.950 ²	To be reviewed
Enterprise Zone § 135.200	To be reviewed
Family Development Account § 208.755	To be reviewed
Guarantee Fee § 135.766	To be reviewed
MDFB Development and Reserve § 100.250	To be reviewed
MDFB Export Finance § 100.250	To be reviewed
MDFB Bond Guarantee Credit § 100.286	To be reviewed
MDFB Infrastructure § 100.250	To be reviewed
Missouri Low Income Housing § 135.350	To be reviewed
Neighborhood Assistance § 32.100	To be reviewed
Neighborhood Preservation § 135.475	To be reviewed
Transportation Development § 135.545	To be reviewed

¹ There was no tax credit activity for this program in fiscal years 2001 through 2004; therefore, this program is not included in Appendix V, Table V.1.

² This tax credit program became effective with 2004 legislation and is therefore a new tax credit and is not included in Appendix V, Table V.1.

Source: State Auditor's Office.

Tax Credit Programs Administered by Other Departments

Table IV.1 lists the tax credit programs for tax year 2004 administered by departments other than DED.

Table IV.1: Non-DED Administered Tax Credit Programs

Program	Administering Department
Adoption (Special Needs)	Revenue
Agricultural Product Utilization Contributor	Agriculture
Bank Franchise	Revenue
Bank Tax Credit for S Corporation Shareholders	Revenue
Cellulose Casings	Revenue
Charcoal Producers	Natural Resources
Disabled Access	Revenue
Domestic Violence	Public Safety
Examination Fees	Insurance
Life and Health Guarantee Association	Insurance
Maternity Home	Social Services
Missouri Health Insurance Pool	Insurance
Missouri Property and Casualty Guarantee Association	Insurance
New Generation Cooperative Incentive	Agriculture
Pharmaceutical	Revenue
Processed Wood Energy	Natural Resources
Property Tax	Revenue
Retain Jobs ¹	Revenue
Shared Care	Health
Sponsorship and Mentoring Program	Elementary and Secondary Education

¹ This tax credit program became effective with 2004 legislation and is therefore a new tax credit and is not included in Appendix V, Table V.1.

Source: State Auditor's Office.

Tax Credit Redemptions by Program

Table V.1 indicates the redeemed tax credits for fiscal years 2001 through 2004 for current tax credit programs in the state. The information was received from the agencies responsible for administering the programs and was not audited.

Table V.1: Tax Credit Redemptions by Program

Program	Fiscal Year			
	2001	2002	2003	2004
Adoption (Special Needs)	\$1,994,763	\$1,995,471	\$1,993,883	\$1,995,882
Affordable Housing Assistance	11,080,040	8,912,821	7,601,144	7,554,503
Agricultural Product Utilization Contributor	524,829	379,740	957,074	1,964,872
Bank Franchise Tax	122,803	1,383,763	873,461	1,596,458
Bank Tax Credit for S Corporation Shareholders	585,372	898,921	1,060,111	1,233,830
Brownfield Jobs/Investment	4,567	149,072	90,893	2,134,891
Brownfield Remediation	4,517,217	9,720,088	5,669,489	16,101,975
BUILD Missouri Bonds	664,257	2,907,348	4,261,882	9,667,000
Business Facility	6,721,162	5,088,781	7,244,747	7,826,417
(Capital) Small Business Investment	3,399,257	370,719	149,068	49,478
Cellulose Casings	257,595	294,348	225,319	429,480
Certified Capital Companies (CapCo)	12,569,861	13,567,768	13,111,196	13,564,932
Charcoal Producers	0	0	120,837	0
Community Development Corporation/Bank	43,089	100,087	484,723	1,632,669
Community College New Jobs Training Bonds	11,542,521	10,708,511	8,650,799	8,061,584
Development	²	185,920	430,097	562,622
Disabled Access	31,293	49,184	47,506	87,401
Domestic Violence	500,018	528,196	513,532	475,283
Enterprise Zone	21,724,904	14,461,571	13,767,273	19,766,366
Examination Fees ¹	2,403,492	3,286,876	2,781,111	2,370,251
Family Development Account	0	25,713	8,760	27,488
Film Production	882,305	51,749	122,810	423,857
Guarantee Fee	107,080	23,418	0	0
Historic Preservation	33,971,984	41,401,415	43,153,986	66,089,980
Life and Health Guarantee Association ¹	7,490,665	4,149,702	2,440,427	177,712
Maternity Home	1,147,185	995,937	976,379	982,747
MDFB Bond Guarantee Credit	0	0	316,855	0

Appendix V
Tax Credit Redemptions by Program

Program	Fiscal Year			
	2001	2002	2003	2004
MDFB Infrastructure ³	8,798,670	8,714,272	6,310,541	10,020,578
Missouri Health Insurance Pool ¹	1,417,694	2,454,317	1,581,522	3,687,665
Missouri Low Income Housing	11,747,808	19,474,343	29,978,473	36,916,831
Missouri Property and Casualty Guarantee Association ¹	13,612,065	20,135,749	18,362,815	16,823,462
Neighborhood Assistance	13,217,496	11,075,600	8,641,533	10,217,628
Neighborhood Preservation	465,024	1,947,073	3,879,134	4,001,293
New Enterprise Creation	0	1,940,260	4,331,972	3,259,307
New Generation Cooperative Incentive	1,570,531	533,203	1,510,305	3,466,068
Pharmaceutical	75,816,984	63,686,262	3,737,102	524,527
Processed Wood Energy	4,154,777	2,673,412	3,642,570	1,205,443
Property Tax	101,616,246	85,901,461	97,180,378	95,237,314
Qualified Research Expense ⁴	8,476,856	6,185,521	1,642,524	2,038,230
Rebuilding Communities	1,053,401	3,438,354	2,289,501	1,415,889
Seed Capital	1,235,887	1,068,033	508,182	288,174
Shared Care	15,309	19,271	24,355	39,109
Small Business Incubator	172,912	107,793	81,716	167,360
Sponsorship and Mentoring Program	0	0	0	0
Transportation Development ⁵		1,235,603	1,249,848	3,678,532
Winery and Grape Growers	629,145	239,098	275,366	260,397
Youth Opportunities and Violence Prevention	2,752,320	3,000,974	2,898,572	3,272,225
Total	\$369,039,391	\$355,467,719	\$305,179,772	\$361,297,710

¹ Redemptions are on a calendar year rather than fiscal year and based on tax year credit was applied against.

² Redemptions for this year are included under the neighborhood assistance program.

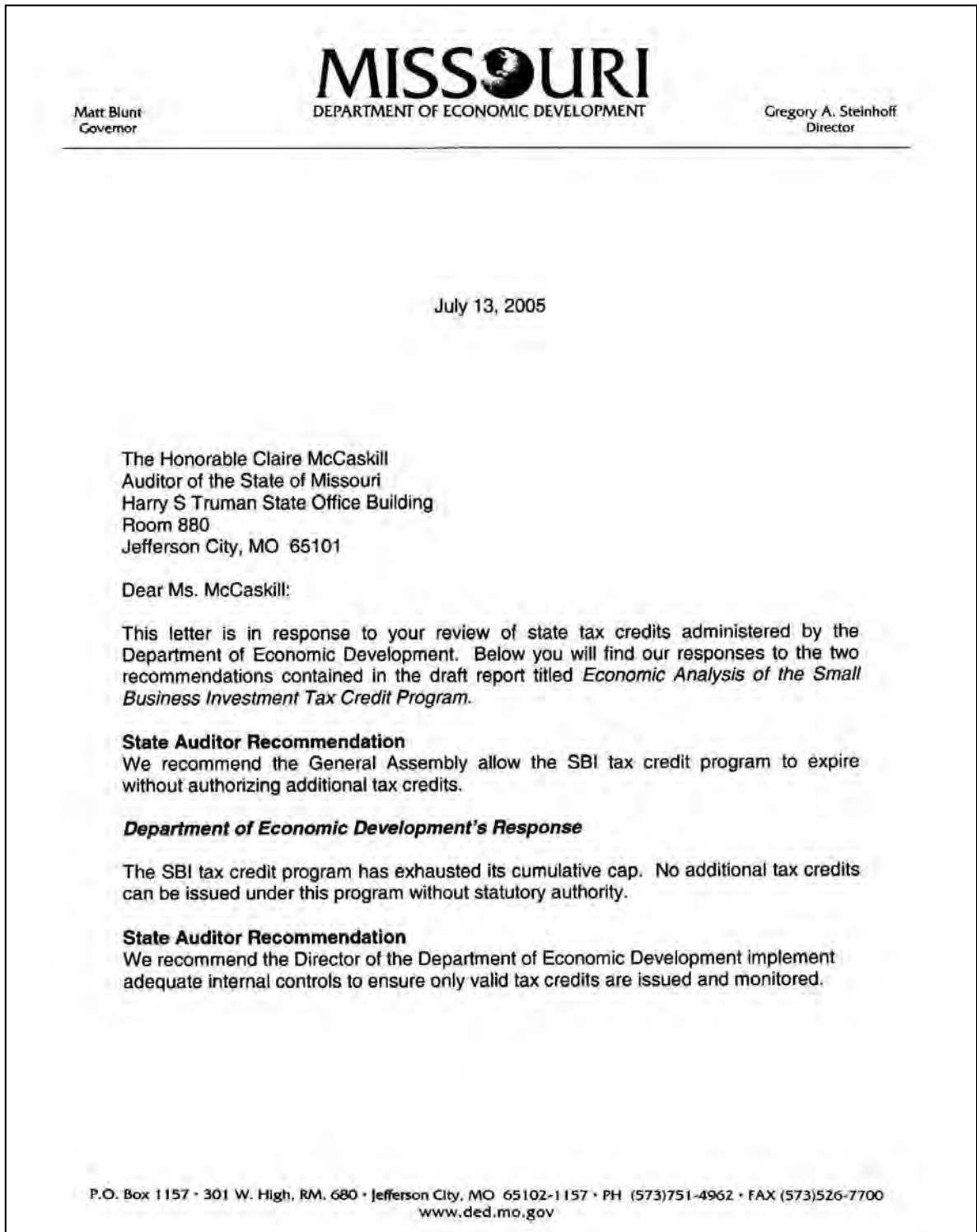
³ This program's redemption totals includes MDFB Development and Reserve and MDFB Export Finance.

⁴ Under Section 620.1039(7), RSMo Cumulative Supp. 2004, no tax credits shall be approved or issued as of January 1, 2005 for this program.

⁵ Redemptions for this year are included under the rebuilding communities program.

Source: DED's budget documents and administrating agencies.

Agency Comments



**Appendix VI
Agency Comments**

2

Small Business Investment Tax Credit Program
July 13, 2005
Page 2

Department of Economic Development's Response

The Division of Business Development and Trade has implemented controls in active tax credit programs to ensure that issuances are proper and adequate monitoring is performed. Application information varies by program and is verified to the extent possible. Monitoring requirements also vary by program (with the exception of SB 1099 requirements which apply to all tax credit programs). Guidelines and applications for all tax credit programs were revised in 2004 to include SB 1099 application and reporting requirements as well as documentation requirements and can be found on our website.

If you have any questions concerning this information, please feel free to contact me at 751-4770 or Arlan Holmes at 526-7863.

Sincerely,



Gregory A. Steinhoff
Director

c: Mike Mills
Donna Prenger
Sallie Hemenway
Arlan Holmes



Claire McCaskill

Missouri State Auditor

August 2005

Cooper County, Missouri

Years Ended
December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Cooper, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Cooper County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county had not adequately documented its methods for allocating certain costs related to emergency communications equipment and operations among the various county funds and these allocations were not always made consistently. The county transfers monies from the Law Enforcement Center Fund (LEC) to the E911 Fund to reimburse for non-emergency dispatching performed. However, the county has no documentation to demonstrate how the annual transfer amount was derived and has undertaken no study to determine whether the amounts transferred are fair based on relative work load of the E911 staff. In 2002, the county planned to transfer \$97,000 from the LEC Fund to the E911 Fund but failed to make the transfer and has no current plans to correct the oversight.

The county divided approximately \$200,000 in communications equipment upgrade costs equally between the LEC Fund, E911 Fund and Special Road and Bridge Fund but did not track or estimate each department's usage of the systems to determine whether its cost allocation was equitable. Likewise, the E911 Fund annually reimbursed the General Revenue Fund for part of the salary of one employee performing services for both funds, but no timesheet was prepared to determine the appropriate division of costs between the two funds.

- The Sheriff's deputies have accumulated significant, and in some cases excessive, compensatory time balances and the County Commission and Sheriff have been unable to significantly reduce the accumulated balances. The time sheets prepared by one deputy contained errors and inconsistencies in the reported hours worked and compensatory time balances. The jail administrator accumulated about 600 hours of compensatory time as of March 2005 according to her personal records. However, the county has not clearly communicated its overtime policy for department heads.

(over)

YELLOW SHEET

- The county and circuit court have not resolved differences between themselves about the need and funding for a deputy juvenile officer and have incurred significant legal costs to contest the issue. Legal fees paid by the county and circuit court to contest this issue currently total about \$34,000 – nearly as much as the annual salary and benefit costs for the employee.
- The county had not considered the cost effectiveness of a vehicle leased for the County Clerk. It appears eliminating the lease and reimbursing the County Clerk for travel in his personal vehicle would have resulted in lower costs to the county.

Also included in the audit were recommendations related to records and monitoring of fuel usage by the Road and Bridge Department, the review of agreements with cities for property tax collection services, and lack of a written policy and records for fixed assets.

All reports are available on our website: www.auditor.mo.gov

COOPER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Cooper County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Cooper County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Cooper County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Cooper

County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 14, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Cooper County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Julie Tomlinson
	Earlene Gladden
	Mapwesera Munlo



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Cooper County, Missouri

We have audited the financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Cooper County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Cooper County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Cooper County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

COOPER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,503,647	2,032,445	2,230,061	1,306,031
Special Road and Bridge	232,953	1,408,302	1,022,043	619,212
Assessment	42	190,701	179,222	11,521
Road and Bridge Trust	386,765	1,392,069	1,390,758	388,076
Enhanced 911	264,150	491,407	474,396	281,161
Law Enforcement Center	630,343	890,944	981,072	540,215
Election Services	3,266	5,999	4,645	4,620
Law Enforcement Training	1,476	10,412	8,593	3,295
Sheriff Civil Fees	25,665	23,640	46,263	3,042
Sheriff Interest	2,449	156	1,240	1,365
Prosecuting Attorney Training	5,066	1,158	2,272	3,952
Prosecuting Attorney Bad Check	16,609	21,102	17,646	20,065
Recorder's User Fees	10,492	8,415	0	18,907
Circuit Clerk Interest	7,302	3,857	2,063	9,096
Adult Abuse	5,326	2,018	5,200	2,144
Expendable Cemetery Trust	1,053	91	800	344
Law Library	9,721	12,009	5,888	15,842
Overton-Wooldridge Levee	225,069	15,839	12,419	228,489
Neighborhood Improvement District	472	4,531	5,003	0
Collector's Tax Maintenance	15,862	20,216	16,124	19,954
Recorder's Technical	8,834	5,111	830	13,115
Administrative Bond Fee ATM	6,498	1,117	1,908	5,707
Associate & Probate Division Interest	27,839	1,105	7,382	21,562
E.M.A. Citizen Council Grant	500	2,000	2,500	0
Hazards Emergency Planning	0	5,700	5,700	0
H.A.V.A. Administration	0	15,058	0	15,058
Sheriff Revolving	0	12	0	12
E.M.A. Grant P.S.F.A. Wireless	0	14,133	14,133	0
CDBG Elevator Grant	0	168,285	168,285	0
Total	\$ 3,391,399	6,747,832	6,606,446	3,532,785

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

COOPER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,569,382	1,888,951	1,954,686	1,503,647
Special Road and Bridge	332,204	1,155,302	1,254,553	232,953
Assessment	5,689	162,336	167,983	42
Road and Bridge Trust	390,162	678,615	682,012	386,765
Enhanced 911	284,487	439,146	459,483	264,150
Law Enforcement Center	696,920	847,935	914,512	630,343
Election Services	6,097	1,814	4,645	3,266
Law Enforcement Training	1,874	11,009	11,407	1,476
Sheriff Civil Fees	18,207	23,405	15,947	25,665
Sheriff Interest	1,412	1,833	796	2,449
Prosecuting Attorney Training	5,486	1,340	1,760	5,066
Prosecuting Attorney Bad Check	15,837	20,222	19,450	16,609
Recorder's User Fees	15,089	10,725	15,322	10,492
Circuit Clerk Interest	10,719	22	3,439	7,302
Adult Abuse	3,595	1,731	0	5,326
Expendable Cemetery Trust	2,155	173	1,275	1,053
Law Library	7,814	11,090	9,183	9,721
Overton-Wooldridge Levee	223,717	7,839	6,487	225,069
Neighborhood Improvement District	7,218	4,560	11,306	472
Collector's Tax Maintenance	1,697	16,149	1,984	15,862
Recorder's Technical	6,316	6,518	4,000	8,834
Local Law Enforcement Block Grant	0	7,407	7,407	0
Administrative Bond Fee ATM	7,306	967	1,775	6,498
Associate & Probate Division Interest	27,864	1,089	1,114	27,839
E.M.A. Citizen Council Grant	0	500	0	500
Hazards Emergency Planning	0	300	300	0
Total	\$ 3,641,247	5,300,978	5,550,826	3,391,399

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

COOPER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,770,720	6,545,382	(225,338)	5,819,633	5,299,067	(520,566)
DISBURSEMENTS	8,391,835	6,414,583	1,977,252	7,845,910	5,545,973	2,299,937
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,621,115)	130,799	1,751,914	(2,026,277)	(246,906)	1,779,371
CASH, JANUARY 1	3,356,258	3,356,258	0	3,603,385	3,602,664	(721)
CASH, DECEMBER 31	1,735,143	3,487,057	1,751,914	1,577,108	3,355,758	1,778,650
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	286,000	298,409	12,409	192,500	197,559	5,059
Sales taxes	670,000	723,199	53,199	670,000	663,133	(6,867)
Intergovernmental	367,802	415,761	47,959	350,200	339,037	(11,163)
Charges for services	303,000	295,093	(7,907)	292,300	309,849	17,549
Interest	40,000	29,588	(10,412)	64,000	43,684	(20,316)
Other	205,226	215,761	10,535	206,080	280,125	74,045
Transfers in	50,223	54,634	4,411	36,028	55,564	19,536
Total Receipts	1,922,251	2,032,445	110,194	1,811,108	1,888,951	77,843
DISBURSEMENTS						
County Commissioner	103,160	98,770	4,390	101,793	97,623	4,170
County Clerk	119,907	113,151	6,756	105,670	91,586	14,084
Elections	106,557	75,258	31,299	69,172	35,069	34,103
Buildings and grounds	315,940	169,570	146,370	300,440	79,020	221,420
Employee fringe benefits	309,000	279,224	29,776	290,200	260,140	30,060
County Treasurer	39,776	38,284	1,492	35,250	34,539	711
County Collector	101,395	98,355	3,040	97,028	95,652	1,376
Ex Officio Recorder of Deeds	53,742	45,176	8,566	55,375	48,422	6,953
Circuit Clerk	9,650	5,587	4,063	12,150	8,955	3,195
Associate Circuit Court	21,620	13,976	7,644	19,650	16,814	2,836
Court administrator	53,474	39,233	14,241	50,596	45,750	4,846
Public Administrator	50,130	48,644	1,486	50,230	48,525	1,705
Sheriff	279,321	271,675	7,646	300,815	291,401	9,414
Jail	42,000	31,911	10,089	42,000	28,293	13,707
Prosecuting Attorney	175,261	169,630	5,631	175,820	173,117	2,703
Juvenile Officer	60,164	26,726	33,438	59,481	30,608	28,873
County Coroner	19,781	18,983	798	20,485	19,999	486
Other general county government	113,950	88,102	25,848	86,700	58,584	28,116
Contract services	58,697	58,697	0	55,856	55,856	0
Child support division	105,829	99,510	6,319	99,305	95,073	4,232
Other public safety	118,480	134,453	(15,973)	125,687	132,973	(7,286)
Public health and welfare services	210,020	193,883	16,137	202,959	191,916	11,043
Transfers out	39,158	28,431	10,727	256,994	14,771	242,223
Emergency Fund	119,000	82,832	36,168	119,000	0	119,000
Total Disbursements	2,626,012	2,230,061	395,951	2,732,656	1,954,686	777,970
RECEIPTS OVER (UNDER) DISBURSEMENTS	(703,761)	(197,616)	506,145	(921,548)	(65,735)	855,813
CASH, JANUARY 1	1,503,647	1,503,647	0	1,569,382	1,569,382	0
CASH, DECEMBER 31	799,886	1,306,031	506,145	647,834	1,503,647	855,813

Exhibit B

COOPER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	500,476	543,820	43,344	480,476	506,467	25,991
Intergovernmental	567,400	593,468	26,068	565,000	573,458	8,458
Interest	8,000	8,181	181	9,000	8,687	(313)
Other	1,000	236,710	235,710	11,000	29,770	18,770
Transfers in	47,400	26,123	(21,277)	57,400	36,920	(20,480)
Total Receipts	1,124,276	1,408,302	284,026	1,122,876	1,155,302	32,426
DISBURSEMENTS						
Salaries	380,000	387,230	(7,230)	395,000	378,340	16,660
Employee fringe benefits	164,000	136,427	27,573	159,500	149,284	10,216
Supplies	129,000	110,683	18,317	129,000	103,925	25,075
Insurance	45,000	24,837	20,163	60,000	32,391	27,609
Road and bridge materials	230,500	167,265	63,235	253,000	172,267	80,733
Equipment repairs	40,000	40,358	(358)	40,000	35,088	4,912
Rentals	52,000	35,698	16,302	47,000	58,830	(11,830)
Equipment purchase:	150,000	40,008	109,992	200,000	166,970	33,030
Construction, repair, and maintenance	2,500	157	2,343	2,500	2,139	361
Other	92,671	79,380	13,291	147,719	155,319	(7,600)
Total Disbursements	1,285,671	1,022,043	263,628	1,433,719	1,254,553	179,166
RECEIPTS OVER (UNDER) DISBURSEMENTS	(161,395)	386,259	547,654	(310,843)	(99,251)	211,592
CASH, JANUARY 1	232,953	232,953	0	332,562	332,204	(358)
CASH, DECEMBER 31	71,558	619,212	547,654	21,719	232,953	211,234
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	150,715	168,288	17,573	155,676	147,806	(7,870)
Charges for services	1,900	1,983	83	1,900	1,881	(19)
Interest	500	430	(70)	780	521	(259)
Other	0	0	0	0	128	128
Transfers in	34,158	20,000	(14,158)	26,818	12,000	(14,818)
Total Receipts	187,273	190,701	3,428	185,174	162,336	(22,838)
DISBURSEMENTS						
Assessor	187,273	179,222	8,051	185,184	167,983	17,201
Total Disbursements	187,273	179,222	8,051	185,184	167,983	17,201
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	11,479	11,479	(10)	(5,647)	(5,637)
CASH, JANUARY 1	42	42	0	6,107	5,689	(418)
CASH, DECEMBER 31	42	11,521	11,479	6,097	42	(6,055)

Exhibit B

COOPER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD AND BRIDGE TRUST FUND</u>						
RECEIPTS						
Sales taxes	660,000	723,251	63,251	670,000	663,133	(6,867)
Intergovernmental	1,500,000	657,340	(842,660)	600,000	8,392	(591,608)
Interest	7,000	7,578	578	6,000	7,090	1,090
Other	0	3,900	3,900	0	0	0
Total Receipts	2,167,000	1,392,069	(774,931)	1,276,000	678,615	(597,385)
DISBURSEMENTS						
Construction, repair, and maintenance	2,300,000	1,357,371	942,629	1,550,000	647,124	902,876
Other	10,500	4,542	5,958	14,500	5,448	9,052
Transfers out	40,000	28,845	11,155	50,000	29,440	20,560
Total Disbursements	2,350,500	1,390,758	959,742	1,614,500	682,012	932,488
RECEIPTS OVER (UNDER) DISBURSEMENTS	(183,500)	1,311	184,811	(338,500)	(3,397)	335,103
CASH, JANUARY 1	386,765	386,765	0	390,162	390,162	0
CASH, DECEMBER 31	203,265	388,076	184,811	51,662	386,765	335,103
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Sales taxes	334,000	361,598	27,598	334,000	331,483	(2,517)
Interest	3,500	4,748	1,248	6,000	4,970	(1,030)
Other	0	5,928	5,928	2,700	193	(2,507)
Transfers in	130,350	119,133	(11,217)	127,850	102,500	(25,350)
Total Receipts	467,850	491,407	23,557	470,550	439,146	(31,404)
DISBURSEMENTS						
Salaries	275,352	266,306	9,046	266,300	252,582	13,718
Employee fringe benefits	79,800	64,364	15,436	61,450	67,767	(6,317)
Equipment	50,000	29,377	20,623	55,000	28,959	26,041
Telephone service charges	50,000	52,650	(2,650)	55,000	48,270	6,730
Other	35,700	29,214	6,486	31,400	30,785	615
Transfers out	32,077	32,485	(408)	31,120	31,120	0
Total Disbursements	522,929	474,396	48,533	500,270	459,483	40,787
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,079)	17,011	72,090	(29,720)	(20,337)	9,383
CASH, JANUARY 1	264,150	264,150	0	284,487	284,487	0
CASH, DECEMBER 31	209,071	281,161	72,090	254,767	264,150	9,383
<u>LAW ENFORCEMENT CENTER FUND</u>						
RECEIPTS						
Sales taxes	665,000	723,123	58,123	670,000	662,384	(7,616)
Interest	7,000	3,611	(3,389)	65,000	73,381	8,381
Other	110,000	164,210	54,210	83,300	112,170	28,870
Total Receipts	782,000	890,944	108,944	818,300	847,935	29,635
DISBURSEMENTS						
Salaries	327,062	318,117	8,945	316,415	304,997	11,418
Employee fringe benefits	98,500	90,182	8,318	96,500	84,766	11,734
Prison expenses	173,800	163,184	10,616	159,600	123,667	35,933
Debt service	230,000	223,910	6,090	220,000	220,846	(846)
Groceries	96,000	80,679	15,321	80,000	75,593	4,407
Transfers out	105,000	105,000	0	102,500	104,643	(2,143)
Total Disbursements	1,030,362	981,072	49,290	975,015	914,512	60,503
RECEIPTS OVER (UNDER) DISBURSEMENTS	(248,362)	(90,128)	158,234	(156,715)	(66,577)	90,138
CASH, JANUARY 1	630,343	630,343	0	696,920	696,920	0
CASH, DECEMBER 31	381,981	540,215	158,234	540,205	630,343	90,138

Exhibit B

COOPER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Interest	100	59	(41)	100	68	(32)
Other	0	1,009	1,009	0	0	0
Transfers in	4,700	4,931	231	1,500	1,746	246
Total Receipts	4,800	5,999	1,199	1,600	1,814	214
DISBURSEMENTS						
Vehicle lease	8,000	4,645	3,355	6,000	4,645	1,355
Total Disbursements	8,000	4,645	3,355	6,000	4,645	1,355
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,200)	1,354	4,554	(4,400)	(2,831)	1,569
CASH, JANUARY 1	3,266	3,266	0	6,097	6,097	0
CASH, DECEMBER 31	66	4,620	4,554	1,697	3,266	1,569
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	8,700	6,809	(1,891)	8,550	8,635	85
Interest	0	31	31	0	33	33
Other	0	72	72	0	81	81
Transfers in	0	3,500	3,500	0	2,260	2,260
Total Receipts	8,700	10,412	1,712	8,550	11,009	2,459
DISBURSEMENTS						
Sheriff	10,000	8,593	1,407	10,420	11,407	(987)
Total Disbursements	10,000	8,593	1,407	10,420	11,407	(987)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	1,819	3,119	(1,870)	(398)	1,472
CASH, JANUARY 1	1,476	1,476	0	1,874	1,874	0
CASH, DECEMBER 31	176	3,295	3,119	4	1,476	1,472
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	23,000	23,337	337	28,000	23,081	(4,919)
Interest	300	303	3	350	324	(26)
Total Receipts	23,300	23,640	340	28,350	23,405	(4,945)
DISBURSEMENTS						
Equipment	46,000	46,263	(263)	46,000	15,947	30,053
Total Disbursements	46,000	46,263	(263)	46,000	15,947	30,053
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,700)	(22,623)	77	(17,650)	7,458	25,108
CASH, JANUARY 1	25,665	25,665	0	18,207	18,207	0
CASH, DECEMBER 31	2,965	3,042	77	557	25,665	25,108
<u>SHERIFF INTEREST FUND</u>						
RECEIPTS						
Interest	100	156	56	400	134	(266)
Other	0	0	0	0	1,699	1,699
Total Receipts	100	156	56	400	1,833	1,433
DISBURSEMENTS						
Sheriff	2,400	1,240	1,160	1,800	796	1,004
Total Disbursements	2,400	1,240	1,160	1,800	796	1,004
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,300)	(1,084)	1,216	(1,400)	1,037	2,437
CASH, JANUARY 1	2,449	2,449	0	1,412	1,412	0
CASH, DECEMBER 31	149	1,365	1,216	12	2,449	2,437

Exhibit B

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,086	(414)	1,500	1,268	(232)
Interest	150	72	(78)	150	72	(78)
Total Receipts	1,650	1,158	(492)	1,650	1,340	(310)
DISBURSEMENTS						
Prosecuting Attorney	2,250	2,272	(22)	2,350	1,760	590
Total Disbursements	2,250	2,272	(22)	2,350	1,760	590
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	(1,114)	(514)	(700)	(420)	280
CASH, JANUARY 1	5,066	5,066	0	5,486	5,486	0
CASH, DECEMBER 31	4,466	3,952	(514)	4,786	5,066	280
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	20,500	20,772	272	17,000	19,974	2,974
Interest	250	330	80	350	248	(102)
Total Receipts	20,750	21,102	352	17,350	20,222	2,872
DISBURSEMENTS						
Prosecuting Attorney	8,330	3,222	5,108	3,200	3,316	(116)
Transfers out	14,424	14,424	0	17,824	16,134	1,690
Total Disbursements	22,754	17,646	5,108	21,024	19,450	1,574
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,004)	3,456	5,460	(3,674)	772	4,446
CASH, JANUARY 1	16,609	16,609	0	15,837	15,837	0
CASH, DECEMBER 31	14,605	20,065	5,460	12,163	16,609	4,446
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	10,000	8,174	(1,826)	9,000	10,493	1,493
Interest	200	241	41	600	232	(368)
Total Receipts	10,200	8,415	(1,785)	9,600	10,725	1,125
DISBURSEMENTS						
Ex Officio Recorder of Deeds	10,000	0	10,000	13,000	15,322	(2,322)
Total Disbursements	10,000	0	10,000	13,000	15,322	(2,322)
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	8,415	8,215	(3,400)	(4,597)	(1,197)
CASH, JANUARY 1	10,492	10,492	0	15,034	15,089	55
CASH, DECEMBER 31	10,692	18,907	8,215	11,634	10,492	(1,142)
<u>ADULT ABUSE FUND</u>						
RECEIPTS						
Charges for services	1,600	1,916	316	1,300	1,673	373
Interest	50	102	52	50	58	8
Total Receipts	1,650	2,018	368	1,350	1,731	381
DISBURSEMENTS						
Domestic Violence Shelter	6,900	5,200	1,700	4,945	0	4,945
Total Disbursements	6,900	5,200	1,700	4,945	0	4,945
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,250)	(3,182)	2,068	(3,595)	1,731	5,326
CASH, JANUARY 1	5,326	5,326	0	3,595	3,595	0
CASH, DECEMBER 31	76	2,144	2,068	0	5,326	5,326

Exhibit B

COOPER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EXPENDABLE CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	170	91	(79)	185	173	(12)
Total Receipts	170	91	(79)	185	173	(12)
DISBURSEMENTS						
Maintenance	1,000	800	200	800	1,275	(475)
Total Disbursements	1,000	800	200	800	1,275	(475)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(830)	(709)	121	(615)	(1,102)	(487)
CASH, JANUARY 1	1,053	1,053	0	2,155	2,155	0
CASH, DECEMBER 31	223	344	121	1,540	1,053	(487)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	10,900	11,812	912	10,200	10,960	760
Interest	100	197	97	100	130	30
Total Receipts	11,000	12,009	1,009	10,300	11,090	790
DISBURSEMENTS						
Supplies	18,240	5,888	12,352	10,815	5,775	5,040
Transfers out	0	0	0	0	3,408	(3,408)
Total Disbursements	18,240	5,888	12,352	10,815	9,183	1,632
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,240)	6,121	13,361	(515)	1,907	2,422
CASH, JANUARY 1	9,721	9,721	0	7,814	7,814	0
CASH, DECEMBER 31	2,481	15,842	13,361	7,299	9,721	2,422
<u>OVERTON WOOLDRIDGE LEVEE FUND</u>						
RECEIPTS						
Property taxes	6,800	5,792	(1,008)	11,700	7,088	(4,612)
Interest	750	10,047	9,297	10,000	751	(9,249)
Total Receipts	7,550	15,839	8,289	21,700	7,839	(13,861)
DISBURSEMENTS						
Levee repairs and maintenance	224,000	9,594	214,406	237,700	3,336	234,364
Other	4,300	2,825	1,475	7,300	3,151	4,149
Total Disbursements	228,300	12,419	215,881	245,000	6,487	238,513
RECEIPTS OVER (UNDER) DISBURSEMENTS	(220,750)	3,420	224,170	(223,300)	1,352	224,652
CASH, JANUARY 1	225,069	225,069	0	223,717	223,717	0
CASH, DECEMBER 31	4,319	228,489	224,170	417	225,069	224,652
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT FUND</u>						
RECEIPTS						
Interest	0	36	36	50	23	(27)
Other	4,400	4,495	95	4,000	4,537	537
Total Receipts	4,400	4,531	131	4,050	4,560	510
DISBURSEMENTS						
Transfers out	4,400	5,003	(603)	11,268	11,306	(38)
Total Disbursements	4,400	5,003	(603)	11,268	11,306	(38)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(472)	(472)	(7,218)	(6,746)	472
CASH, JANUARY 1	472	472	0	7,218	7,218	0
CASH, DECEMBER 31	472	0	(472)	0	472	472

Exhibit B

COOPER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	17,500	19,758	2,258	12,000	15,996	3,996
Interest	0	298	298	0	153	153
Other	0	160	160	0	0	0
Total Receipts	17,500	20,216	2,716	12,000	16,149	4,149
DISBURSEMENTS						
County Collector	10,000	16,124	(6,124)	7,000	1,984	5,016
Total Disbursements	10,000	16,124	(6,124)	7,000	1,984	5,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,500	4,092	(3,408)	5,000	14,165	9,165
CASH, JANUARY 1	15,862	15,862	0	1,697	1,697	0
CASH, DECEMBER 31	23,362	19,954	(3,408)	6,697	15,862	9,165
<u>RECORDER'S TECHNICAL FUND</u>						
RECEIPTS						
Charges for services	6,500	4,929	(1,571)	5,400	6,439	1,039
Interest	0	182	182	0	79	79
Total Receipts	6,500	5,111	(1,389)	5,400	6,518	1,118
DISBURSEMENTS						
Equipment	15,000	830	14,170	11,500	4,000	7,500
Total Disbursements	15,000	830	14,170	11,500	4,000	7,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,500)	4,281	12,781	(6,100)	2,518	8,618
CASH, JANUARY 1	8,834	8,834	0	6,316	6,316	0
CASH, DECEMBER 31	334	13,115	12,781	216	8,834	8,618
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental				9,000	6,499	(2,501)
Transfers in				1,000	908	(92)
Total Receipts				10,000	7,407	(2,593)
DISBURSEMENTS						
Equipment				10,000	7,407	2,593
Total Disbursements				10,000	7,407	2,593
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>ADMINISTRATIVE BOND FEE ATM FUND</u>						
RECEIPTS						
Charges for services	1,000	1,081	81	2,040	925	(1,115)
Interest	0	36	36	100	42	(58)
Other	0	0	0	0	0	0
Transfers in	0	0	0	1,000	0	(1,000)
Total Receipts	1,000	1,117	117	3,140	967	(2,173)
DISBURSEMENTS						
Equipment leases	2,544	1,908	636	2,544	1,749	795
Other	100	0	100	100	26	74
Total Disbursements	2,644	1,908	736	2,644	1,775	869
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,644)	(791)	853	496	(808)	(1,304)
CASH, JANUARY 1	6,498	6,498	0	7,306	7,306	0
CASH, DECEMBER 31	4,854	5,707	853	7,802	6,498	(1,304)

Exhibit B

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>E.M.A. CITIZEN COUNCIL GRANT FUND</u>						
RECEIPTS						
Intergovernmental	500	2,000	1,500			
Total Receipts	500	2,000	1,500			
DISBURSEMENTS						
Grant expense	900	2,500	(1,600)			
Total Disbursements	900	2,500	(1,600)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	(500)	(100)			
CASH, JANUARY 1	500	500	0			
CASH, DECEMBER 31	100	0	(100)			
<u>HAZARDS EMERGENCY PLANNING FUND</u>						
RECEIPTS						
Intergovernmental	300	5,700	5,400			
Total Receipts	300	5,700	5,400			
DISBURSEMENTS						
Grant expense	300	5,700	(5,400)			
Total Disbursements	300	5,700	(5,400)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

COOPER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Levee District Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2004 and 2003
Associate & Probate Division Interest Fund	2004 and 2003
E.M.A. Citizen Council Grant Fund	2003
Hazards Emergency Planning Fund	2003
H.A.V.A. Administration Fund	2004
Sheriff Revolving Fund	2004
E.M.A. Grant P.S.F.A. Wireless Fund	2004
CDBG Elevator Grant Fund	2004

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2003
Sheriff Civil Fees Fund	2004
Prosecuting Attorney Training Fund	2004
Recorder's User Fees Fund	2003
Expendable Cemetery Trust Fund	2003
Neighborhood Improvement District Fund	2004 and 2003
Collector's Tax Maintenance Fund	2004
E.M.A. Citizen Council Grant Fund	2004
Hazards Emergency Planning Fund	2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2004 and 2003, did not include the Circuit Clerk Interest and Associate & Probate Division Interest Funds.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003 were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Administrative Bond Fee ATM Fund's cash balance at January 1, 2003, as previously stated has been increased by \$3,920 to reflect cash in the ATM machine.

The School Building Revolving Fund's cash balance of \$13 at January 1, 2003, was previously reported but has been removed.

Supplementary Schedule

COOPER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3126W	\$ 0	28,581
		ERS045-4126	30,322	2,343
		ERS045-5126	3,194	0
	Program total		<u>33,516</u>	<u>30,924</u>
10.559	Summer Food Service Program for Children	ERS146-4126i	130	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	1998-PF-351	68,049	0
		2001-PF-356	100,236	0
	Program total		<u>168,285</u>	<u>0</u>
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO-1640518	0	18,789
		ERO-1640568	19,119	0
	Program total		<u>19,119</u>	<u>18,789</u>
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	N/A	12,051	5,400
Passed through:				
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2003-07	0	48,018
		SD-2004-48	32,590	0
	Program total		<u>32,590</u>	<u>48,018</u>
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2002-LBG-13	0	6,499
Missouri Sheriff's Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,045	850

COOPER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructor	BRO-027(12)	650,985	8,392
		BRO-027(13)	36,326	0
	Program total		687,311	8,392
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,463	6,166
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	137	831
39.011	Election Reform Payment	N/A	4,480	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	PGA064-3136A	1,609	1,500
		N/A	13,008	13,312
	Program total		14,617	14,812
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH030510022	0	6,634
		DH040022057	6,953	0
	Program total		6,953	6,634
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	73,220	76,154
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-4126S	1,680	1,840
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3126M	0	14,244
		N/A	0	120
	Program total		0	14,364
93.977	Preventive Health Services Sexually Transmitted Diseases Control Gran	ERS146-4126	1,347	0

COOPER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.042	Emergency Management Performance Grant	N/A	17,739	17,055
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	5,700	300
97.053	Citizen Corps	CC-03-22-04	2,500	0
Total Expenditures of Federal Award:			\$ 1,084,883	257,028

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

COOPER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Cooper County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) during the years ended December 31, 2004 and 2003, and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) during the year ended December 31, 2003, include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$19,119 and \$18,789 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2004 and 2003, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Cooper County, Missouri

Compliance

We have audited the compliance of Cooper County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Cooper County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003.

Internal Control Over Compliance

The management of Cooper County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Cooper County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Schedule

COOPER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

COOPER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

COOPER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

COOPER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We also have audited the compliance of Cooper County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005.

Because the Cooper County Memorial Hospital and the Cooper County Board of Sheltered Services are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Cooper County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Allocations of Costs Among County Funds

The county has not adequately documented its methods for allocating certain costs related to emergency communications equipment and operations among the various county funds and these allocations have not always been made consistently.

In 1992 Cooper County voters approved a quarter cent sales tax to implement an enhanced 911 emergency dispatching system. The county established an E911 Fund to account for the sales tax proceeds and contracted with the city of Boonville to operate the system. In 1997 Cooper County voters approved a half cent sales tax for providing law enforcement services throughout the county, including the acquisition, construction, furnishing, equipping, operation and maintenance of a law enforcement and communications center. The county established a Law Enforcement Center (LEC) Fund to account for the sales tax proceeds and in 1999 constructed a law enforcement and communications center containing a jail and emergency dispatching center. The principal and interest payments on the revenue bonds used to finance the center are made from the LEC Fund. When the law enforcement and communications center opened in 1999, the county terminated its contract with the city of Boonville and began operating its emergency dispatching from the new facility. Expenditures from the E911 Fund for the two years ended December 31, 2004, totaled about \$930,000 for employee salaries and benefits, equipment, telephone service charges and other costs. Expenditures from the LEC Fund for the two years ended December 31, 2004, totaled about \$1,900,000 for salaries and benefits for jail staff, groceries, debt service, and other jail expenses.

- A. The county has not documented its basis for transferring amounts from the LEC Fund to the E911 Fund for salary and benefit costs and has not consistently made these transfers. The county pays the salaries and benefits of most employees in the E911 center – an assistant administrator, three supervisors, and seven dispatchers – from the E911 Fund and transfers amounts from the LEC Fund to the E911 Fund to reimburse for the non-emergency dispatching performed. The amounts transferred by the county annually since 2000, the first full year of operation of the law enforcement and communications center, were as follows:

Year	Amount
2000	\$76,460
2001	93,220
2002	0
2003	102,500
2004	105,000

The Presiding Commissioner indicated the amounts transferred roughly represent the salary and benefit costs for three of the E911 staff. The county believes it is appropriate for the LEC Fund to reimburse the E911 Fund for these costs because the E911 employees dispatch for law enforcement services. However, the county has no documentation to demonstrate how the annual transfer amount was derived and has undertaken no study to determine whether the amounts transferred are fair based on relative work load of the E911 staff. Additionally, in 2002, the county planned to transfer \$97,000 from the LEC Fund to the E911 Fund but forgot to make the transfer and has no current plans to correct the oversight.

The county should base its transfer amounts on a measure of actual activity and document its basis. The transfers should then be made consistently each year. These actions are necessary to ensure that the amounts charged each fund for these shared expenses are reasonable.

- B. The county has no documentation to support the relative usage of new equipment purchased for communications and the amounts charged the various funds for the costs of the equipment. The county paid approximately \$200,000 for upgrades to its communications systems in 2002 and 2003. The costs were equally divided among the Special Road and Bridge Fund, E911 Fund, and LEC Fund because each department – Road and Bridge, E911, and Sheriff – used the new equipment and upgrades. The county believes each department received roughly equal benefits from the new systems and consequently believed the costs should be divided equally among the funds. However, the county has not attempted to track or estimate each department's usage of the systems to determine whether its cost allocation was fair. While the county believes it would be difficult to track usage, an attempt to measure or estimate usage to determine the reasonableness of cost sharing among these restricted funds for the purchase of the equipment and future repair and replacement considerations would seem appropriate.
- C. The county has no documentation to support the reasonableness of costs shared by E911 and the General Revenue Fund (GRF) for the salary of one employee performing services for both of the funds. The county employs one person to direct both the county's E911 operations and its emergency management operations. His salary and benefits are paid from (GRF), with the E911 Fund reimbursing the GRF for much of his costs as E911 director. For the two years ended December 31, 2004, salary expenses for this employee paid from the GRF totaled approximately \$77,000

with reimbursements from E911 of approximately \$49,000. No timesheets are prepared and the county has no record of actual time spent by this employee in performing the relative duties of the two county funds. The county should require the employee prepare timesheets detailing his hours spent by function to determine the appropriate division of costs between the two funds.

The LEC Fund, E911 Fund, and Special Road and Bridge Fund all have statutory restrictions on their allowable uses. To ensure compliance with these statutory restrictions, the county needs to adequately document the basis for each fund's portion of shared expenses.

WE RECOMMEND the County Commission:

- A. Base its transfers from the LEC Fund to the E911 Fund for salary reimbursements upon an estimate of actual activity and maintain documentation of the calculation. Additionally, the County Commission should reconsider why transfers from the LEC Fund to the E911 Fund were not necessary in 2002. Future transfers should be made in accordance with documented plans.
- B. Develop measures of usage by the various departments of the communications equipment and allocate future repair and upgrade costs to the funds in accordance with the relative usage.
- C. Require the Emergency Management/E911 Director prepare timesheets documenting his hours worked by function and allocate his salary costs between the funds based on actual time worked.

AUDITEE'S RESPONSE

- A. *The County Commission, with input from the local E911 Board, determined in 1999 that for the "new E911" center to function at maximum effectiveness, it must be adequately staffed. To meet the responsibilities of emergency public safety dispatch, non-emergency law enforcement dispatch, and related services the 24/7 operations required two dispatchers per shift. It was further determined that a reasonable, logical, and practical breakdown of personnel costs would be for the LEC fund to fund at least three E911 dispatch positions. Since 2000, emergency call volume, law enforcement staff, LEC daily inmate population and related service demands have all grown proportionally. The Commission agrees with the audit recommendations and will continue to monitor these work activity indicators and prepare budget estimates accordingly.*

The oversight of failing to order the transfer between funds in 2002 was an obvious error. However, both funds continue to experience adequate carryover balances and review measures are in place to prevent a like event in the future.

- B. *The County Commission will meet with the Communications Director and equipment service vendor to discuss feasibility of monitoring individual department usage of the*

communication system. Measures considered would have to be cost-effective and not add to staff workload.

- C. *The County Commission will work with the employee to develop a method to document work time between funds that is feasible and not counter-productive.*

2. Controls over Fuel Costs

Records of fuel usage by the Road and Bridge Department employees are not adequately reviewed. Road and Bridge fuel usage logs are not routinely reviewed by the department supervisor or County Commission and gallons purchased are not reconciled to the gallons dispensed as recorded in the logs. During the two years ended December 31, 2004, the county expended about \$158,000 for fuel for approximately 22 pickups and dump trucks and a number of graders, tractors, loaders, etc used by the Road and Bridge Department. The Road and Bridge Department employees dispense fuel into the equipment and vehicles from fuel tanks leased by the county and located at various sites in the county. Procedures provide for the employees to record the date, employee name, vehicle description and gallons pumped on logs maintained at the sites. However, for several of the logs reviewed, we noted the employee name and/or date of fueling was sometimes omitted from the logs and there was no evidence of supervisory review and no reconciliation of gallons purchased to gallons dispensed. In addition, the logs contain no information regarding odometer or operating hour readings with which to review the reasonableness of the fuel usage.

To ensure the reasonableness and propriety of fuel usage and expenditures, the fuel usage logs should contain all necessary information, be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

WE RECOMMEND the County Commission ensure the Road and Bridge Department fuel usage logs are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.

AUDITEE'S RESPONSE

The County Commission agrees and will review procedures for maintaining Road and Bridge Department fuel usage logs. Employees will be instructed on proper log usage and the current logs will be revised to include odometer and hour gauge readings. The Commissioners and Road and Bridge Supervisor will schedule a monthly review of fuel usage.

3. Compensatory Time Balances for Sheriff's Department Employees

The County Commission and Sheriff are not adequately monitoring and controlling the compensatory time balances of employees in the Sheriff's Department.

- A. The Sheriff's deputies have accumulated significant, and in some cases excessive, compensatory time balances and the County Commission and Sheriff have been unable to significantly reduce the accumulated balances. According to employee timesheets, the compensatory time balances for all seven deputies totaled approximately 3,550 hours as of February 20, 2005. Two of the deputies have 75 percent of the accrued compensatory time balances, with one deputy having approximately 1,900 hours and the other having approximately 750 hours. The Fair Labor Standards Act provides that employees regularly engaged in public safety activities are allowed to accumulate a maximum of 480 hours of compensatory time. Hours in excess of this maximum are to be paid or be taken off by the employee in the next pay period.

The Sheriff and County Commission have been unable to agree on a plan to reduce the balances, which have continued to grow. Our prior report showed that compensatory time balances already totaled 2,880 hours in July 2001. In 2003, the County Commission offered financial support to the multi-county drug task force in exchange for reassignment of the county's deputy working with the task force to full-time county duties and a pledge from the Sheriff and deputies to reduce the accumulated compensatory time balances. The Sheriff rejected the offer because he felt he could not commit to reducing the accumulated compensatory time balances and still provide the required levels of service. Rather, the Sheriff requested that additional staff be provided, but the county did not approve the request. According to the approved 2005 budget, the county intends to pay the employees during 2005 for about one-half, or about \$24,000, of the total accumulated compensatory time balances.

Because the accumulated compensatory time balances represent a significant liability to the county, the County Commission and Sheriff should better control the compensatory time being earned by the deputies, ensure the individual balances do not exceed the maximum allowed accumulations, and continue to work on reducing prior accruals.

- B. The time sheets prepared by one deputy contained errors and inconsistencies in the reported hours worked and compensatory time balances. On some of his timesheets the hours shown as worked on some days were not calculated accurately based on the beginning and ending shift times reported on the timesheet. Also, the total overtime hours reported on the timesheets were partly or wholly excluded from the accumulated compensatory time balance reported on the timesheet. The Sheriff indicated he is unable to verify the hours worked and compensatory time balances for

this employee because the employee reports to a multi-county drug task force. The task force director indicated that the deputy is paid for his overtime through a federal grant handled by Moniteau County.

Accurate timesheets are necessary to ensure overtime worked and compensatory time balances are correct. The Sheriff and County Commission should work with the task force to determine the proper accumulated compensatory time balance for which the county is responsible. The timesheets should reflect total hours worked and the hours for which the county is responsible.

- C. The county's personnel policies do not address whether department heads are entitled to overtime. The jail administrator, considered a department head by the county, has accumulated about 600 hours of compensatory time as of March 2005 according to her personal records. Neither the County Clerk nor the County Commission was aware of the compensatory time being accumulated and tracked by the employee. According to the Presiding Commissioner, the county considers the employee, as a department head, exempt from the overtime provisions of the Fair Labor Standards Act and therefore not entitled to overtime compensation. However, the county's position has not been communicated to the employee.

The County Commission should clarify its personnel policies about overtime for department heads to ensure its intentions are clear to all employees. The county should consider consulting with the U.S. Department of Labor when amending its policy.

WE RECOMMEND the County Commission and Sheriff:

- A. Reduce the county liability for compensatory time by allowing time off or paying for accumulated compensatory time, ensure individual accumulated compensatory time balances do not exceed the maximum allowed, and work to better control additional compensatory time being earned.
- B. Review the employee's time sheets and make any needed corrections to the accumulated compensatory time balances. The deputy should be required to prepare timesheets which document all hours worked and indicate the portion hours for which the county is responsible.
- C. Consult with the U.S. Department of Labor about overtime for department heads and clarify or revise the county's overtime policies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Commission agrees and is very concerned about the potential liability to the county of accumulated time balances. The Commission and Sheriff have recently addressed the compensatory time issues of the two deputies having in excess of 480 hours. Currently, the county liability has been reduced by 50% with a mutual understanding that the Sheriff's Department will actively work to reduce the remaining balance. Progress will be monitored.*
- B. *The County Commission disagrees and believes that complete and accurate reporting of hours worked and compensatory time balances is the responsibility of the department staff. The Commission will review monthly timesheets for compliance with existing policy.*
- C. *The County Commission agrees and will follow the audit recommendations.*

The Sheriff provided the following responses:

- A. *Unfortunately there has been little change in the Sheriff's Office since last audit with the exception of an increase in calls for service, an increase in civil process, and an increase in state mandated rules. Recently the County Commission helped in relieving some of the overtime by paying two of my officers half of their accumulated time over 480 hours. We have tried to do what we could to address this issue and will continue to explore avenues to address the problem of eliminating accumulated overtime as well as accrual of overtime.*

This issue will not, however, be addressed at the cost of cutting services we provide to citizens of this county. I feel the time is approaching that this office needs to be recognized by the Commission as an important part of the services provided to Cooper County citizens by local government. The issue of providing adequate manpower and/or overtime pay must be addressed. In this area, this department has had the support of the Circuit Judge, the Associate Circuit Judge, the Prosecutor, and even the Grand Jury which investigated this issue in 2004. The Grand Jury made recommendations to the Commission, but as of this point in time they have been ignored.

- B. *This deputy is paid overtime by the Drug Task Force through Moniteau County. He is paid for any hours over the 480 ceiling. The timesheet errors and discrepancies have been addressed and corrected.*
- C. *I would submit that the County Commission does not have an understanding of Chapter 221 of the Revised Statutes of Missouri, specifically section 221.020. The Jail Administrator is not a department head but a ranking member of a division within the Sheriff's Department. This individual is appointed by me. I do not feel that the Commission has the power to make the Detention Division its own agency while under the authority of the Sheriff. This may require an opinion from the State Attorney General's Office or, at the very least, advice from the Prosecuting Attorney of the county.*

The ranking officer in question submits time sheets, signed by me, to the County Clerk's office every pay period along with the rest of the Detention staff. When I was advised not to submit a request for overtime pay, as with the other department heads mentioned, I felt this could be considered an act of discrimination and the county might be held liable if litigation was pursued. It is the wish of the officer involved to handle the matter in-house by using compensatory time when possible. It has recently come to my attention that the Commission feels this officer does not deserve overtime, however I have not gotten to discuss this matter with them.

4.

Property Tax Agreements with Cities

The county has not annually reviewed and approved the agreements with cities for property tax collection services. Written agreements provide for the county to perform various property tax recordkeeping and collection services for six cities in the county. Written agreements outlining services to be performed by the County Clerk and County Collector were executed with three cities in 1991, two cities in 1998, and one city in 2000. In return for these services, the agreements provide for the County Clerk and County Collector to each be personally compensated at the rate of one and one-half percent withheld from all property taxes collected. In addition, the county is compensated for providing computer services and supplies at a rate of one percent of all property taxes collected, plus an additional two percent of delinquent taxes which is collected from the taxpayer. Compensation to the county, County Clerk, and County Collector totaled about \$15,400, \$18,900, and \$18,400, respectively, during the two years ended December 31, 2004. The Deputy County Collector received a portion of the withholdings for the County Collector.

Section 50.332, RSMo 2000, allows county officials, with the approval of the County Commission, to perform services for cities that they normally provide to the county for additional compensation. Each of the agreements include language that the agreements will be automatically renewed on an annual basis if no changes are desired by any parties to the contract. However, there was no documentation of any annual review or approval of the contracts. In addition, the County Commissioners and County Collector that entered into the agreements from 1991 are no longer in office. The county should annually evaluate and approve these agreements, and document those actions.

This condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission along with the County Clerk, County Collector, and Prosecuting Attorney, review and annually approve the contracts with the cities.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission currently reviews the contracts as part of the annual county budget approval process. The Commission will follow the audit recommendation and schedule a December meeting with the mentioned elected officials to review contract documents.

The County Clerk provided the following response:

The County Commission and the County Clerk do review and have discussed the tax collection agreements every year during the budget process. The cities that participate in these contracts are saving thousands of dollars in employee salary, employee benefits, office space, computers, printers, postage and numerous other items they would have to have in order to collect their city taxes. The documentation of these discussions needs to be improved.

5. Juvenile Office Funding

The county and circuit court have not resolved differences between themselves about the need and funding for a deputy juvenile officer and have incurred significant legal costs to contest the issue.

Most of the salary and benefits for the county's deputy juvenile officer have been paid by a state grant, which is awarded annually for the state fiscal year beginning on July 1. However, the county's budget is prepared in January for the calendar year and the renewal of the grant for the upcoming fiscal year is not known at that time. Given the uncertainty of the grant's renewal each year, the prior Circuit Court Judge submitted budgets to the county seeking county funds the last six months of the budget year for continued employment of the deputy juvenile officer if the grant was not renewed. Beginning in 2000 and almost every year since then, the county has contested this portion of the budget from the circuit court and submitted the issue to the Judicial Finance Commission (JFC) for review. In some years, the grant was renewed prior to the JFC hearing, making the contested budget a moot issue. The JFC ruled in favor of the county in 2001 and 2003 but the circuit court appealed the matter to the Missouri Supreme Court. In 2004, the Missouri Supreme Court considered the case and reversed and remanded it to the JFC. The JFC then again ruled in the county's favor and the circuit court again appealed to the Missouri Supreme Court, which has not yet ruled on the latest appeal.

The county discussed the budgets with the prior Circuit Court Judge and also held a public discussion on the need for the deputy juvenile officer. These actions did not resolve the disagreement. The county thought it should take the issue before the JFC because the renewal of the grant was not a certainty and it was opposed to funding the position for the last six months of each year without the grant. Legal fees paid by the county and circuit court

to contest this issue currently total about \$34,000 – nearly as much as the annual salary and benefit costs for the employee.

The county and circuit court should resolve budget issues through negotiations and discussions to avoid litigation costs. The state grant has been renewed each year and consequently the JFC rulings and the legal costs incurred to obtain these rulings will have no impact until the state funding is not renewed.

WE RECOMMEND the County Commission and Circuit Court better communicate budget disagreements and resolve these issues through budget negotiations without resorting to litigation.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission agrees with the recommendation and is open to discussing the issue with the Circuit Judge at any time. However, the Commission stands firm in its position, as supported by the Judicial Finance Committee rulings, that counties are not statutorily responsible for personnel costs in the Juvenile Office.

The prior Circuit Judge provided the following response:

Each year the County Commission has disapproved the request and submitted the issue to the Judicial Finance Commission. The latest year's dispute is now before the Supreme Court where it has been lodged since last February.

The Circuit Court has repeatedly attempted to resolve the matter, but the County Commission is and continues to be intractable. At one time the Presiding Commissioner suggested the only point of discussion to be considered would be if the demand of the Circuit Court would be reduced to a salary figure the county is willing to pay an entry level employee of the County Sheriff's Department. Of course, that is not an option as juvenile officers' salaries are determined by statute depending on the level of the officer. Also, the requirements for a juvenile officer require certain college degree requirements or equal prior experience, whereas there are no requirements for one to be employed as a county law officer. For the Court to have done so even if it legally could, would immediately result in the loss of the officer who has filled the position with great ability and with very substantial support in the community from school and law enforcement authorities.

The Circuit Court has always taken the position that extension of the grant would be sought each year and, if successful, the salary request would not be used. So far the grant has been extended for the reason that the case load and need in Cooper County for a second juvenile officer position is so critical and is of value to the Division of Youth Services to effect diversion. There is no certainty, however, of continuing renewal. For that reason the Circuit Court has always felt it critically important to the best interests of the County of Cooper that the budget request be made each year, a position which is universally supported by public school authorities, law enforcement authorities,

the Division of Youth Services, the Children's Division and law enforcement agencies in Cooper County and by local media. While the present litigation proceeds in my name as Presiding Judge of the 18th Circuit, I no longer serve in that capacity, having retired near the end of last February.

The current Circuit Judge provided the following response:

Both the County Commission and the Circuit Court consist of public servants that believe that they are doing what is best for the people of Cooper County. There is disagreement however, between the two as how to do that.

The people of the State of Missouri through their legislature set up a procedure to resolve conflicts such as the one extant. It is the intent of the Circuit Court, and I presume the County Commission, to use the procedures that the law provides for. Unfortunately, the Supreme Court, as the ultimate arbiter of such controversies, has not provided a definitive answer to resolve the conflict. It will in all likelihood therefore, continue.

Both sides believe there is a need for a deputy juvenile officer. They disagree as to who should pay for that position. The State has paid through its grant process but there is no guarantee that they will continue to do so. The Circuit Court is not seeking to have the County pay for any part of the position unless the grants are not provided for. But, for six months out of each year, as a result of the fiscal years of the two parties being different, no one knows whether that will happen. Fiscal prudence would suggest that the County budget for the eventuality that the grant will not be funded.

The bottom line is that if the County does not budget for that eventuality, and the grants are not provided, Cooper County will not have juvenile services for delinquency. I think every person agrees that that would be tragic for Cooper County.

I have not had the opportunity to negotiate with the County Commission but will do so. In order to aid the County I have authorized a request for additional FTE (full time equivalents) from the State to pay for the deputy juvenile officer in full but I am not confident that they will be received.

It is my sworn duty to request and pursue sufficient resources to allow the Court to conduct its business. The Constitution of the State of Missouri requires this.

6.

Fixed Assets

The County Commission has not established a written policy related to the handling and accounting for fixed assets and some county officials have not properly accounted for fixed assets under their control.

The County Commission is responsible for examining and inspecting all county lands and buildings. In addition, each county official or department head is responsible for performing periodic inspections and inventories of county property used by their department and submitting an inventory report to the County Clerk. The Presiding Commissioner indicated

he previously issued a letter to all officials and department heads reminding them of their inventory responsibilities. However, our review determined that required inventories and inspections were not performed by the County Treasurer, Collector, Sheriff, Circuit Clerk, Associate Circuit Judge, Public Administrator, E911 and Emergency Management Department, and Health Department and no reports have been filed with the County Clerk by these officials or department heads. Many of these same offices also did not submit the required inventory reports during our prior audit. Due to the failure to perform annual inventories, the county does not have a complete record of all fixed assets owned. For example, because the Sheriff has prepared no listing of assets of his department, the county has no record of taser equipment costing approximately \$5,000 acquired in 2004 other than the invoices for the equipment purchases.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

This condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets and work with other county officials and department heads to ensure annual inventories are conducted and inventory records updated. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission will write a letter of request and solicit inventory reports from elected officials and department heads as directed in Chapter 49 of the Revised Statutes of Missouri. The Commission will request from the County Clerk a list of officeholders not submitting reports prior to annual budget reviews.

The county has not considered the cost effectiveness of a vehicle leased for the County Clerk. In 2002, the County began leasing a vehicle for \$4,645 annually with monies from the Election Services Fund (ESF). The County Clerk uses the vehicle when needed for election purposes, other duties of his office, and for personal commuting. The official usage of the vehicle has not been fully identified but it appears the county could reduce its costs by discontinuing the lease and reimbursing the County Clerk for using his personal vehicle.

During the three years ended December 31, 2004, ESF disbursements totaled about \$11,600 for the vehicle lease. The County Clerk indicated the General Revenue Fund has periodically reimbursed the ESF for vehicle mileage incurred for official usage, including election purposes. We reviewed the reimbursements and noted, for example, during the 13 months ending in August 2004, the lease costs (\$5,032) exceeded the mileage reimbursements (4,717 miles at 37.5 cents per mile for a total of \$1,769) by \$3,263. Reimbursements totaled \$2,507 through December 31, 2004. It appears eliminating the lease and reimbursing the County Clerk for travel in his personal vehicle would have resulted in lower costs to the county. If a county vehicle is needed, the county should consider allowing other employees to share the vehicle to increase its official usage.

WE RECOMMEND the County Clerk and County Commission evaluate the vehicle needs of the County Clerk and consider the cost effectiveness of the vehicle lease compared to other alternatives.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

I believe it would be good to look at all the county vehicles as to cost effectiveness. It would pay the county to hire a professional financial consultant to look objectively at the number of vehicles and their uses. With numerous Sheriff and deputy patrol cars, Road and Bridge vehicles and vehicles used in both Emergency Management Agency and for Enhanced 911 services, I am sure some savings would result from a professional evaluation. If previous audits had written up such a report years ago about these numerous other county vehicles and a study had been done, the savings could have been significant.

The County Commission provided the following response:

The County Commission disagrees because the Election Services Fund is a special use fund, established by statute, for discretionary use by the County Clerk. The County Commission has no responsibility in administering the ESF.

AUDITOR'S COMMENT

We agree that the county should review the cost effectiveness of all county vehicles, giving consideration to specially equipped vehicles which may be needed. In addition, since General Revenue monies under the control of the County Commission are reimbursing part of the costs incurred by the ESF, the County Commission should ensure such expenditures are reasonable and cost effective.

Follow-Up on Prior Audit Findings

COOPER COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Cooper County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000, and our audit report for the Eighteenth Judicial Circuit Associate Division III Municipal Division, issued August 28, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets, Financial Statements, and Expenditures

- A. Actual disbursements exceeded approved budgeted amounts in several county funds.
- B. The county's annual published financial statements did not include any actual financial activity of several county funds. For those county funds included in the published financial statements, receipts and year end cash balances were not provided in a recapitulation. In addition, the published financial statements did not include information on the county's bonded debt.
- C. Amounts were reported on the county budget documents inconsistently between years and several receipt categories were misclassified.
- D. The county annually distributed to cities 25 percent of the Special Road and Bridge Fund tax revenues derived from property located in those cities. The county had not entered into written contracts with the cities or monitored their use of these funds.
- E. The county had old written agreements that provided for the county to perform various property tax recordkeeping and collection services for three cities in the county. There was no documentation of any annual review or approval of the contracts.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.

- B. Ensure annual published financial statements for all county funds are reported in compliance with statutory requirements.
- C. Ensure all receipts and disbursements are properly and consistently classified on the budget documents.
- D. Ensure monies are allocated to cities based upon written agreements which provide a method of monitoring expenditures of the funds.
- E. Along with the County Clerk, County Collector, and Prosecuting Attorney, review and annually approve the contracts with the cities.

Status:

- A. Not implemented. Actual disbursements exceeded budgeted amounts during 2004 and 2003 for several county funds primarily administered by other officials or departments. The County Commission did not closely monitor the budgets of these funds. However, the County Treasurer intends to install computer software and equipment during 2005 that may enable the County Commission to produce periodic reports comparing budgeted to actual receipts and disbursements of these funds. Although not repeated in the current MAR, the County Commission should not authorize warrants in excess of budgeted expenditures.
- B. Partially implemented. The county's published financial statements for 2004 and 2003 included the county's bonded debt and a financial recapitulation. However, financial information on the interest funds held by the Circuit Clerk and Associate Circuit Judge were not included in the published financial statements. The county clerk indicated that he has requested information on the two funds from the courts for preparation of the budgets and publication of the financial statements, but the information has not been provided. Although not repeated in the current MAR, the County Commission should ensure financial activity for all county funds is included in the published financial statements.
- C. Partially implemented. Actual amounts per budget were reported consistently in the current audit period. However, the budgets contained several misclassifications among the various receipt and disbursement categories. Although not repeated in the current MAR, the County Commission should ensure receipts and disbursements are properly classified on the budget documents.
- D. Not implemented. This recommendation has been included in several preceding audit reports dating back to a report for the three years ended December 31, 1994. According to responses included in the preceding reports, the county commission believes its distributions are in accordance

with state law and does not intend to adopt written agreements with the cities or monitor the cities' expenditures. During the two years ended December 31, 2004, the county distributed approximately \$130,000 in Special Road and Bridge property tax monies to the cities. Although not repeated in the current MAR, our recommendation remains as stated.

E. Not implemented. See MAR No. 4.

2. Cooper County Investments

The county maintained a portion of its monies with two investment companies which invested the monies in certificates of deposit held at various banks in other states.

Recommendation:

The County Commission and County Treasurer ensure their investment of public monies complies with state law.

Status:

Implemented.

3. Associate Commissioner Salaries

The Associate County Commissioners were each given salary increases totaling about \$5,250 that were not allowable based on a Missouri Supreme Court decision.

Recommendation:

The County Commission document its decisions and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. However, Associate County Commissioner Howard Simmons voluntarily repaid the county \$5,250 in 2002 for the excess salary granted him during 1999 and 2000. Although not repeated in the current MAR, the county should develop a plan for obtaining repayment for the salary overpayments to the other Associate County Commissioner.

4. Fixed Assets

Required inventories and inspections of county property were not performed by several county officials or their designees and no reports were filed with the County Clerk by these officials.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

Status:

Not implemented. See MAR No. 6.

5. Prosecuting Attorney Salary

The county had no procedure in place to determine the additional compensation allowed the Prosecuting Attorney related to the Department of Corrections facility in the county or how to rectify any over/underpayments resulting from fluctuations in average inmate populations. As a result, the Prosecuting Attorney received \$2,500 in excess compensation during 2000.

Recommendation:

The County Commission review the Prosecuting Attorney's salary and related statutory provisions, and seek repayment of any excess salary payments if appropriate. In addition, the County Commission needs to establish procedures for determining the proper amount and timing of these additional salary amounts, and handling potential future over/underpayments resulting from changes in average inmate population.

Status:

Partially implemented. While the Prosecuting Attorney continued receiving the additional amount in 2001, his salary was adjusted in 2002 to reflect the decreased average inmate populations, and he repaid the \$2,500 which was overpaid from 2000. Although not repeated in the current MAR, the County Commission should review the excess 2001 salary payments.

6. Sheriff's Personnel Policies and Procedures

- A. A written policy regarding overtime and compensatory time had not been adopted for the Sheriff's department.
- B. Various deputies' monthly time sheets contained errors and inconsistencies, and improper compensatory time balances. Additionally, compensatory time balances for three deputies exceeded the allowable maximum.
- C. Sheriff's department employee time sheets were not reviewed by supervisory personnel prior to submission to the County Clerk and were not submitted in a timely manner. Additionally, information from the original time sheets submitted by the deputies was manually transferred to different time sheet forms, which were then transmitted to the County Clerk.

Recommendation:

The County Commission:

- A&B. Consult with the U.S. Department of Labor and work with the Sheriff to establish a comprehensive overtime and compensatory time policy which complies with provisions of the FLSA. In addition, the County Commission needs to more closely monitor Sheriff's department compensatory time to limit potential county liabilities. All current compensatory time balances should be reviewed for propriety.
- C. Ensure that Sheriff's department time sheets provide hours worked for the appropriate time period, have been subject to proper review by the Sheriff, and are submitted to the County Clerk when required. In addition, the Sheriff should develop a time sheet form to be utilized by deputies and also submitted to the County Clerk.

Status:

- A&B. Partially implemented. While the county did not consult with the U.S. Department of Labor, the county did adopt an overtime and compensatory time policy in 2002. However, two employees currently have compensatory time balances exceeding the maximum allowable amount. See MAR No. 3.
- C. Partially implemented. The Sheriff's department adopted new timesheets in 2002. These timesheets are approved by the Sheriff and submitted to the County Clerk monthly. However, we noted inaccuracies in the timesheets of one employee. See MAR No. 3.

7. Associate Circuit Divisions' Accounting Controls and Procedures

- A. The Associate Division III Judge identified several criminal cases where it appeared payments totaling \$1,203 were not recorded in the receipt records or deposited. Subsequently, he also discovered that \$1,986 in cash apparently received by the court could not be located.
- B. Duties were not adequately segregated and there was no documentation of an independent review of the work performed by each Associate Court employee.
- C.1. Monies received by the Associate Division were not always deposited on a timely basis, checks were not restrictively endorsed immediately upon receipt, and monies were maintained in an unlocked file cabinet until deposit. Additionally, municipal monies were not being deposited on a timely basis.
- 2. Criminal receipts records were not reconciled to deposits and the change fund was not maintained at a constant amount.
- 3. The civil division bank account had two long outstanding checks.
- D. Monthly listings of open items (liabilities) were not prepared for the criminal and civil accounts and, consequently, open items were not reconciled to the cash balance. Civil account collections had not been disbursed timely and civil fee pay out sheets could not be located when needed.
- E. Receipts recorded on the computer system and subsequently voided were not adequately reviewed by the Associate Division personnel. While a number of voided transactions were re-entered into the computer system and later deposited, we noted five voided transactions that were never re-entered or deposited.
- F. A record of interest monies earned and spent, and the balance of these monies, was not maintained and supporting documentation for two expenditures from the interest monies could not be located.
- G. Passwords used to access the computerized case file system were not kept confidential.

Recommendation:

The Associate Division III Judge ensure:

- A. Cooperation with law enforcement authorities and the Prosecuting Attorney regarding any investigation and criminal prosecution. In addition, he should work to obtain restitution of the \$3,189.
- B. Duties surrounding the handling of civil and criminal payments are segregated to the extent possible. At a minimum, there should be an independent comparison of receipts records to bank deposits and an independent review of bank reconciliations. Also, a review of cases that have had no recorded activity or have not been otherwise resolved for an extended period of time should be performed.
- C.1
- &2. Checks and money orders are endorsed immediately upon receipt, monies received are promptly recorded in the receipts records, monies are maintained in a secure location prior to deposit, receipts are deposited daily or when accumulated receipts exceed \$100, and details of the receipts records are reconciled to the composition of deposits.
- 3. Old outstanding checks are reissued to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- D. Monthly listings of open items are prepared and reconciled to the cash balance. In addition, monies collected need to be disbursed timely and court records need to be maintained in an orderly fashion.
- E. Voided transactions are adequately documented and reviewed by supervisory personnel. In addition, the Associate Division III Judge needs to perform additional follow-up on the voided transactions that do not appear to have been deposited and seek restitution if appropriate.
- F. A ledger of interest receipts and disbursements is implemented and supporting documentation for all expenditures of interest monies retained.
- G. Passwords are kept confidential.

Status:

- A. Implemented. The former court clerk was convicted and placed on probation. She was ordered to pay restitution totaling \$16,521 related to the items noted above and other shortages found, including items noted below in our prior report on the Eighteenth Judicial Circuit – Associate

Division III – Municipal Division. As of February 28, 2005, the unpaid restitution totaled \$5,124.

B-G. Implemented.

8. Sheriff's Accounting Controls and Procedures

- A. The duties of cash custody and record-keeping were not adequately segregated and there were no documented reviews of the accounting records performed by the Sheriff or another supervisor.
- B. The reconciled cash balance exceeded identified open items and the identity of these monies was not known by office personnel.
- C. The Sheriff did not deposit or otherwise account for monies received from the sale of advertising space on calendars featuring the Sheriff's department.

Recommendation:

The Sheriff:

- A. Segregate the accounting duties of the office to the extent possible and periodically perform and document supervisory reviews of the work.
- B. Investigate and identify cash balances in excess of those identified on the open items listing. Unidentified balances should be disposed of in accordance with state law.
- C. Turn over the monies received from calendar advertising to the County Treasury and expend these monies through the normal budgetary process, while maintaining documentation of the expenditures.

Status:

A&C. Implemented.

- B. Partially implemented. The Sheriff investigated the excess of cash balance over the open items listing. He identified some old unclaimed bonds and remitted those amounts to the County Treasurer's Unclaimed Fees Fund. The Sheriff was unable to identify the remaining unreconciled difference totaling about \$6,200, which he remitted to the Sheriff's Interest Fund maintained by the County Treasurer in August 2002. Since then the Sheriff has had no open items because he began disbursing bonds immediately upon receipt in January 2002.

9. Prosecuting Attorney's Controls and Procedures

- A. Monies received from court-ordered restitution and bad check restitution and fees were not always deposited on a timely basis.
- B. Disbursements to the County Treasurer for bad check fees collected were untimely.

Recommendation:

The Prosecuting Attorney:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Distribute fees collected to the county in a timely manner.

Status:

A&B. Implemented.

10. Senate Bill No. 40 Board

- A. The Board made a \$70,000 loan to a not-for-profit corporation for the purpose of purchasing a building.
- B. The contracts with the not-for-profits were not adequate and there was no documentation that the not-for-profits periodically reported to the Board the amount and type of services rendered, the number of clients served, or progress made in achieving the contract objectives.

Recommendation:

The Senate Bill 40 Board:

- A. Discontinue loans of public funds.
- B. Enter into more specific contracts that clearly define the responsibilities of each party, and obtain and review periodic service reports to ensure services are provided in accordance with the contractual terms.

Status:

- A. Implemented.
- B. Partially implemented. The contracts with the NFPs were modified to require monthly documentation from the NFPs detailing services provided

and clients served. However, the contracts do not specify the minimum/maximum levels of services to be provided or the number of clients to be served. Although not repeated in the current MAR, the Senate Bill 40 Board should enter into more specific contracts that clearly define the responsibilities of each party.

EIGHTEENTH JUDICIAL CIRCUIT
ASSOCIATE DIVISION III
MUNICIPAL DIVISION

1. Misappropriated Funds

Payments totaling at least \$11,387 apparently were received and not deposited from 1999 through March 2001.

Recommendation:

The Associate Division III Judge continue to work with law enforcement authorities and obtain restitution.

Status:

Implemented. The former court clerk was convicted and placed on probation. She was ordered to pay restitution totaling \$16,521 for the undeposited items above and other misappropriations. As of February 28, 2005, the unpaid restitution totaled \$5,124.

2. Accounting Controls and Procedures over City Cases

- A. Duties were not adequately segregated. One clerk was primarily responsible for all duties.
- B. Receipts were not always deposited on a timely basis. In addition, checks and money orders were not restrictively endorsed immediately upon receipt and monies on hand were stored in an unlocked file cabinet until deposit. Also, the change fund was not maintained at a set amount.
- C. Bank reconciliations were not prepared and neither a current checkbook balance nor book balance was maintained for municipal transactions.
- D. Monthly listings of open items (liabilities) had not been prepared since May 2000 and reconciled to the cash balances.
- E. The Municipal Division did not issue a receipt slip to the police department for bonds transmitted for deposit. In addition, bond monies

were not always receipted and deposited by the Municipal Division timely.

- F. Disbursements to the state, city and other entities for municipal fines and court costs collected were untimely.
- G. Neither the Boonville Police Department nor the Municipal Division maintained adequate records or monitoring procedures to account for traffic and ordinance tickets assigned and issued, and the ultimate disposition.
- H. Court personnel had difficulty locating various municipal records, case information related to some tickets was not complete, and ticket copies could not always be located. Numerous alterations were made to the receipt records and case docket information.

Recommendation:

The Associate Division III Judge ensure:

- A. Duties surrounding the handling of municipal tickets and the related payments are segregated to the extent practical. At a minimum, there should be an independent comparison of receipt slips to bank deposits and an independent review of bank reconciliations. Also, procedures should be established to periodically identify and review any cases that have had no recorded activity or have not been otherwise resolved for an extended period of time.
- B. Receipts are deposited daily or when accumulated receipts exceed \$100, checks and money orders are endorsed immediately upon receipt, receipts are stored in a secure location until deposited, and the change fund is maintained at a set amount.
- C. Monthly bank reconciliations are performed and checkbook and ledger balances maintained.
- D. Monthly listings of open items are prepared and reconciled to the cash balance.
- E. Receipt slips which indicate the amount and date received are issued to the agencies transferring bond monies to the court.
- F. Monies collected are disbursed to applicable parties in a timely manner.
- G. Procedures are established with the police department to improve accountability for municipal tickets sent to the court.

- H. Periodic independent reviews of accounting records and case file information are performed.

Status:

A-F

&H. Implemented.

- G. Not implemented. Although not repeated in the current MAR, the recommendation remains as stated.

STATISTICAL SECTION

History, Organization, and
Statistical Information

COOPER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Cooper was named after Benjamin Cooper, an early settler in the area. Cooper County is a county-organized, third-class county and is part of the Eighteenth Judicial Circuit. The county seat is Boonville.

Cooper County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 560 miles of county roads and 95 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 14,643 in 1980 and 16,670 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	105.3	102.2	94.9	83.7	50.2 33.3
Personal property		35.9	37.4	39.5	33.1	11.7 10.1
Railroad and utilities		33.3	29.5	28.7	30.6	19.9 12.5
Total	\$	174.5	169.1	163.1	147.4	81.8 55.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Cooper County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.2171	.1500	.1000	.1000
Special Road and Bridge Fund		.3121	.3121	.3121	.3100
Senate Bill 40 Board Fund		.2000	.2000	.2000	.2000
Hospital Maintenance Fund		.1500	.1500	.1500	.1500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	2005	2004	2003	2002
State of Missouri	\$ 53,740	51,281	49,170	45,410
General Revenue Fund	394,053	269,111	185,695	181,531
Special Road and Bridge Fund	553,089	528,807	506,954	465,405
Assessment Fund	128,357	97,373	92,737	84,517
Senate Bill 40 Board Fund	349,290	334,534	320,592	295,018
School districts	7,336,697	6,979,315	6,687,895	6,109,532
Library district	252,670	237,012	227,261	209,951
Ambulance district	212,067	202,837	194,477	179,648
Fire protection district	267,550	249,573	235,942	227,241
Hospital Maintenance Fund	265,124	253,600	243,147	224,608
Nursing home district	40,824	39,117	37,600	37,047
Neighborhood Improvement				
District	0	4,955	5,455	3,647
Levee district	3,601	3,644	4,779	7,145
Cities	704,420	704,909	687,542	521,635
Other	66,490	77,780	60,581	144,438
County Clerk	252	226	225	275
County Employees' Retirement	26,766	25,019	27,970	24,521
Tax Maintenance Fund	17,844	16,680	0	0
Commissions and fees:				
General Revenue Fund	179,198	171,028	166,085	145,781
Total	\$ 10,852,032	10,246,801	9,734,107	8,907,350

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	94.9	94.6	95.0	94.7
Personal property	87.9	88.1	85.9	86.1
Railroad and utilities	100.0	100.0	100.0	99.0

Cooper County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road and Bridge Capital Improvements	.0050	2008	None	
Enhanced 911	.0025	None	None	
Law Enforcement Center	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Eddie Brickner, Presiding Commissioner	\$	33,144	31,869	29,983	29,252
Richard Dick, Associate Commissioner		28,532	28,532	27,872	27,192
Charlie Schlotzhauer, Associate Commissioner		28,532	28,532	27,872	27,192
Darryl Kempf, County Clerk (1)		67,016	46,303	50,058	48,188
Douglas Abele, Prosecuting Attorney		67,685	65,082	60,579	61,601
Paul Milne, Sheriff		47,906	47,906	46,906	45,320
Stanley Serck, County Treasurer		34,601	33,270	31,250	30,488
Larry Jones, County Coroner		13,669	13,669	12,669	12,360
Wade Davis, Public Administrator		43,230	43,230	42,230	41,200
Carol Nauman, County Collector (2), year ended February 28 (29),	56,422	54,814	52,083	48,420	
James Lachner, County Assessor (3), year ended August 31,		43,995	43,797	42,787	41,111
 (1) Includes \$18,861, \$0, \$6,536, and \$5,727 respectively, of commissions earned for collecting city property taxes. (2) Includes \$7,946, \$8,202, \$8,097, and \$5782 respectively, of commissions earned for collecting city property taxes. (3) Includes \$765, \$900, \$900, and \$900 respectively in annual compensation received from the state.					
State-Paid Officials:					
Jammy Brandes, Circuit Clerk and Ex Officio Recorder of Deeds		47,900	47,300	47,300	47,300
Kenton G. Askren, Associate Circuit Judge		96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

August 2005

Dade County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

August 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Dade, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dade County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The health center's administration repeatedly ignored warnings and recommendations to improve controls and cut costs. As a result, the health center's financial condition has continued to decline over the past several years. At December 31, 2004, the health center had a negative cash balance of \$33,052, while also having past due payroll taxes payable of \$58,753. Inadequate controls and procedures which contributed to the poor financial condition of the health center include the following: the board did not receive a detailed monthly financial report, various accounting records of the health center were inaccurate, a budget was not prepared for the years ending December 31, 2004, 2003, 2002, and 2001 and expenditures were approved in excess of available monies. Additionally, monthly bank reconciliations were not always prepared.
- The Health Center board did not monitor the compensatory time accrued by its employees and many of the compensatory hours claimed and paid to the former Public Relations Officer appeared questionable. An adequate review of health center employees' timesheets, leave records, and payroll reports was apparently not performed. The health center did not file 941 Employer's Quarterly Federal Tax Return forms and remit taxes due to the IRS in a timely manner, and did not remit employee retirement withholdings in a timely manner. The board approved mileage reimbursements to the former Administrator without obtaining supporting documentation. The general capital asset records were not complete, and the board exchanged health center furniture for office furniture owned by the former Public Relations Officer. The Health Center board needs to improve compliance with the Sunshine Law.
- The board and Director of the 911 Emergency Service Center have not adequately planned for future operations. An adequate formal analysis of anticipated revenues and expenditures had not been performed, and the board had not prepared formal budgets for the years ended December 31, 2004, 2003, or 2002. In addition, bank reconciliations were not performed monthly.

(over)

YELLOW SHEET

- The 911 board prepaid lease payments for services to be received over the next five years, and bids were not solicited or advertised by the board in all applicable circumstances. Also, the 911 Board allowed the Director and Deputy Director the use of ATM/debit cards for a petty cash bank account without adequate review of the expenditures, and adequate documentation was not retained to support some cash withdrawals. An adequate vehicle log was not maintained for the Director's vehicle, and procedures had not been established to ensure any personal mileage was reported to the IRS. Inadequate payroll procedures resulted in untimely remittance of payroll taxes and filing of quarterly payroll tax returns, and incorrect withholding for employee taxes.
- The County and various boards did not prepare budgets for various county funds, which resulted in significant omissions of receipts and disbursements from the county's financial statements. In addition, the county's annual published financial statements did not include the financial activity of the 911 Emergency Services Fund, Health Center Fund, and several other county funds.
- Various problems related to county expenditures, including the lack of bidding documentation and written agreements, and an inadequate review of some expenditures and supporting documentation.
- The county has not established procedures to sufficiently reduce its property tax revenues for sales tax monies received and as a result, \$44,419 of excess property taxes has been collected.

The audit also included recommendations related to county officials' compensation, financial records and budgetary practices, property tax and personnel procedures, collateral securities, and general fixed assets. The audit also suggested improvements in the procedures of the Sheriff, Prosecuting Attorney, County Clerk, Public Administrator, Recorder of Deeds, and the County Assessor.

All reports are available on our website: www.auditor.mo.gov

DADE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Dade County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the fifth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dade County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

As discussed more fully in Note 1, the county's financial statements do not include Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual for various funds totaling \$752,913 and \$674,143 in receipts and \$721,203 and \$427,697 in disbursements for the years ended December 31, 2004 and 2003, respectively. Statements of Receipts, Disbursements,

and Changes in Cash – Budget and Actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the effects on the financial statements of the omissions discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 11, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dade County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 11, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	Jay Ross
	Troy Royer
	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated

April 11, 2005. That report expressed a qualified opinion on the financial statements. Except as discussed in that report, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Dade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 11, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 428,113	632,291	489,603	570,801
Special Road and Bridge	240,523	1,122,107	1,086,206	276,424
Assessment	(5,730)	103,167	95,983	1,454
Law Enforcement	67,614	451,764	480,929	38,449
Narcotic Officer	690	36,902	34,395	3,197
Recorder User Fees	14,355	6,528	9,547	11,336
Law Library	1,064	3,660	3,871	853
Circuit Clerk Interest	12,042	257	233	12,066
Law Enforcement Training	2,070	1,513	2,137	1,446
Prosecuting Attorney Bad Check	2,372	4,023	5,834	561
Prosecuting Attorney Training	518	248	0	766
Prosecuting Attorney Delinquent Tax	2,215	0	0	2,215
Domestic Violence	70	261	281	50
Community Development Block				
Grant (CDBG)	91	0	0	91
REAP Grant For Betterment Assistance	262	0	0	262
Tax Maintenance	5,276	5,848	6,236	4,888
Election Services	337	15,090	427	15,000
911 Emergency Services	280,544	356,973	295,294	342,223
Health Center	8,985	368,957	410,994	(33,052)
Total	\$ 1,061,411	3,109,589	2,921,970	1,249,030

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 319,328	628,414	519,629	428,113
Special Road and Bridge	279,224	654,537	693,238	240,523
Assessment	108	86,483	92,321	(5,730)
Law Enforcement	11,848	517,681	461,915	67,614
Narcotic Officer	0	49,477	48,787	690
Recorder User Fees	15,255	7,031	7,931	14,355
Law Library	1,178	3,312	3,426	1,064
Circuit Clerk Interest	12,253	174	385	12,042
Law Enforcement Training	990	1,576	496	2,070
Prosecuting Attorney Bad Check	5,439	5,146	8,213	2,372
Prosecuting Attorney Training	256	262	0	518
Prosecuting Attorney Delinquent Tax	2,214	1	0	2,215
Domestic Violence	351	211	492	70
Community Development Block				
Grant (CDBG)	91	0	0	91
REAP Grant For Betterment Assistance	262	0	0	262
Tax Maintenance	467	5,520	711	5,276
Election Services	403	0	66	337
911 Emergency Services	22,831	294,946	37,233	280,544
Health Center	22,990	366,481	380,486	8,985
Total	\$ 695,488	2,621,252	2,255,329	1,061,411

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,236,136	2,356,676	120,540	2,261,831	1,947,109	(314,722)
DISBURSEMENTS	2,292,602	2,200,767	91,835	2,308,423	1,827,632	480,791
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,466)	155,909	212,375	(46,592)	119,477	166,069
CASH, JANUARY 1	675,419	758,671	83,252	570,569	639,194	68,625
CASH, DECEMBER 31	618,953	914,580	295,627	523,977	758,671	234,694
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	95,000	102,527	7,527	95,000	97,361	2,361
Sales taxes	275,000	287,779	12,779	250,000	291,121	41,121
Intergovernmental	103,609	112,580	8,971	101,370	97,993	(3,377)
Charges for services	98,700	100,053	1,353	103,450	98,486	(4,964)
Interest	8,500	5,846	(2,654)	3,500	8,575	5,075
Other	7,100	11,006	3,906	7,150	7,878	728
Transfers in	27,000	12,500	(14,500)	27,000	27,000	0
Total Receipts	614,909	632,291	17,382	587,470	628,414	40,944
DISBURSEMENTS						
County Commissioner	73,318	72,029	1,289	72,027	71,459	568
County Clerk	49,516	49,108	408	48,266	48,170	96
Elections	33,365	36,926	(3,561)	16,250	11,257	4,993
Buildings and grounds	49,780	47,286	2,494	46,350	39,218	7,132
Employee fringe benefit	42,400	44,653	(2,253)	46,870	38,637	8,233
County Treasurer and Ex-Officio Collecto	57,503	57,309	194	57,603	55,004	2,599
Recorder of Deeds	40,005	37,676	2,329	39,730	37,638	2,092
Associate Circuit (Probate)	29,708	21,074	8,634	20,848	20,172	676
Public Administrator	17,374	16,800	574	15,766	16,969	(1,203)
Insurance	10,500	9,932	568	12,500	8,053	4,447
University extensor	26,500	26,500	0	26,000	26,000	0
Local Emergency Planning Commission (LEPC)	23,534	30,557	(7,023)	17,975	20,216	(2,241)
Other	16,700	14,753	1,947	33,308	25,336	7,972
Transfers out	87,334	25,000	62,334	101,500	101,500	0
Emergency Fund	18,500	0	18,500	16,200	0	16,200
Total Disbursements	576,037	489,603	86,434	571,193	519,629	51,564
RECEIPTS OVER (UNDER) DISBURSEMENTS	38,872	142,688	103,816	16,277	108,785	92,508
CASH, JANUARY 1	384,016	428,113	44,097	295,852	319,328	23,476
CASH, DECEMBER 31	422,888	570,801	147,913	312,129	428,113	115,984

Exhibit B

DADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	30,100	31,911	1,811	29,300	30,084	784
Intergovernmental	987,000	1,084,413	97,413	996,000	614,906	(381,094)
Interest	9,000	5,783	(3,217)	10,000	9,547	(453)
Other	0	0	0	1,500	0	(1,500)
Total Receipts	1,026,100	1,122,107	96,007	1,036,800	654,537	(382,263)
DISBURSEMENTS						
Salaries	5,700	5,660	40	8,500	5,326	3,174
Employee fringe benefit	436	2,975	(2,539)	650	390	260
Supplies	1,850	1,010	840	1,600	1,850	(250)
Insurance	750	2,208	(1,458)	750	362	388
Road and bridge materials	68,500	45,653	22,847	113,000	45,070	67,930
Equipment purchases	2,000	0	2,000	4,000	0	4,000
Construction, repair, and maintenance	545,000	606,808	(61,808)	546,500	121,644	424,856
Distributions to townships and road district	450,000	408,823	41,177	400,000	491,596	(91,596)
Other	500	569	(69)	1,000	0	1,000
Transfers out	10,500	12,500	(2,000)	27,000	27,000	0
Total Disbursements	1,085,236	1,086,206	(970)	1,103,000	693,238	409,762
RECEIPTS OVER (UNDER) DISBURSEMENTS	(59,136)	35,901	95,037	(66,200)	(38,701)	27,499
CASH, JANUARY 1	201,368	240,523	39,155	234,837	279,224	44,387
CASH, DECEMBER 31	142,232	276,424	134,192	168,637	240,523	71,886
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	73,520	76,313	2,793	75,921	72,811	(3,110)
Charges for services	0	1,480	1,480	0	997	997
Interest	0	374	374	0	0	0
Other	0	0	0	2,500	175	(2,325)
Transfers in	27,345	25,000	(2,345)	12,500	12,500	0
Total Receipts	100,865	103,167	2,302	90,921	86,483	(4,438)
DISBURSEMENTS						
Assessor	95,043	95,983	(940)	90,518	92,321	(1,803)
Total Disbursements	95,043	95,983	(940)	90,518	92,321	(1,803)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,822	7,184	1,362	403	(5,838)	(6,241)
CASH, JANUARY 1	(5,730)	(5,730)	0	(154)	108	262
CASH, DECEMBER 31	92	1,454	1,362	249	(5,730)	(5,979)

Exhibit B

DADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	225,000	255,126	30,126	218,000	226,971	8,971
Intergovernmental	146,930	167,868	20,938	152,500	184,799	32,299
Charges for services	16,500	17,083	583	21,000	16,437	(4,563)
Other	450	11,687	11,237	7,800	474	(7,326)
Transfers in	60,000	0	(60,000)	89,000	89,000	0
Total Receipts	448,880	451,764	2,884	488,300	517,681	29,381
DISBURSEMENTS						
Sheriff	339,734	350,084	(10,350)	324,447	322,384	2,063
Prosecuting Attorney	77,678	76,336	1,342	76,667	71,903	4,764
Juvenile Officer	33,242	17,073	16,169	36,558	25,008	11,550
Coroner	9,240	8,740	500	9,240	9,190	50
Fringe benefits	30,850	28,696	2,154	31,900	33,430	(1,530)
Total Disbursements	490,744	480,929	9,815	478,812	461,915	16,897
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,864)	(29,165)	12,699	9,488	55,766	46,278
CASH, JANUARY 1	67,614	67,614	0	11,348	11,848	500
CASH, DECEMBER 31	25,750	38,449	12,699	20,836	67,614	46,778
<u>NARCOTIC OFFICER FUND</u>						
RECEIPTS						
Intergovernmental	33,742	36,902	3,160	50,000	49,477	(523)
Total Receipts	33,742	36,902	3,160	50,000	49,477	(523)
DISBURSEMENTS						
Sheriff	33,742	34,395	(653)	50,000	48,787	1,213
Total Disbursements	33,742	34,395	(653)	50,000	48,787	1,213
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,507	2,507	0	690	690
CASH, JANUARY 1	690	690	0	0	0	0
CASH, DECEMBER 31	690	3,197	2,507	0	690	690

Exhibit B

DADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEES FUND</u>						
RECEIPTS						
Charges for service:	8,000	6,528	(1,472)	4,000	7,031	3,031
Total Receipts	8,000	6,528	(1,472)	4,000	7,031	3,031
DISBURSEMENTS						
Recorder of Deeds	6,500	9,547	(3,047)	8,200	7,931	269
Total Disbursements	6,500	9,547	(3,047)	8,200	7,931	269
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	(3,019)	(4,519)	(4,200)	(900)	3,300
CASH, JANUARY 1	14,355	14,355	0	15,255	15,255	0
CASH, DECEMBER 31	15,855	11,336	(4,519)	11,055	14,355	3,300
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	3,500	3,660	160	4,200	3,312	(888)
Total Receipts	3,500	3,660	160	4,200	3,312	(888)
DISBURSEMENTS						
Law Library	4,000	3,871	129	4,900	3,426	1,474
Total Disbursements	4,000	3,871	129	4,900	3,426	1,474
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(211)	289	(700)	(114)	586
CASH, JANUARY 1	1,064	1,064	0	1,178	1,178	0
CASH, DECEMBER 31	564	853	289	478	1,064	586
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	140	257	117	140	174	34
Total Receipts	140	257	117	140	174	34
DISBURSEMENTS						
Circuit Clerk	1,300	233	1,067	1,800	385	1,415
Total Disbursements	1,300	233	1,067	1,800	385	1,415
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,160)	24	1,184	(1,660)	(211)	1,449
CASH, JANUARY 1	12,042	12,042	0	12,253	12,253	0
CASH, DECEMBER 31	\$ 10,882	12,066	1,184	10,593	12,042	1,449

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DADE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the 911 Emergency Services Board, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2004 and 2003
Prosecuting Attorney Bad Check Fund	2004 and 2003
Prosecuting Attorney Training Fund	2004 and 2003
Prosecuting Attorney Delinquent Tax Fund	2004 and 2003
Domestic Violence Fund	2004 and 2003
Community Development Block Grant (CDBG) Fund	2004 and 2003
REAP Grant for Betterment Assistance Fund	2004 and 2003
Tax Maintenance Fund	2004 and 2003
Election Services Fund	2004 and 2003
911 Emergency Services Fund	2004 and 2003
Health Center Fund	2004 and 2003

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2004
Assessment Fund	2004 and 2003
Narcotic Officer Fund	2004
Recorder User Fees Fund	2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Community Development Block Grant (CDBG) Fund	2004 and 2003
REAP Grant for Betterment Assistance Fund	2004 and 2003
Tax Maintenance Fund	2004 and 2003
Election Services Fund	2004 and 2003
911 Election Services Fund	2004 and 2003
Health Center Fund	2004 and 2003

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

The county's deposits at December 31, 2004, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the county's and 911 Emergency Service Board's bank balances at December 31, 2003, \$1,151,360 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, and \$260,355 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

3. Property Taxes

Through December 31, 2004, Dade County collected \$44,419 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Dade County voters enacted a half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustments

The General Revenue Fund cash balance at January 1, 2003, as previously stated has been decreased by \$31,382 to exclude agency fund balances that were previously reported in the prior audit.

The REAP Grant for Betterment Assistance Fund's, Tax Maintenance Fund's, Election Services Fund's, and 911 Emergency Services Fund's cash balances of \$262, \$467, \$403, and \$22,831, respectively, at January 1, 2003, were not previously reported but have been added.

The Health Center Fund cash balance at January 1, 2003, as previously stated has been decreased by \$758 to report the actual beginning cash balance.

Supplementary Schedule

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Social Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5128	\$ 22,522	0
		ERS045-4128	0	26,011
			22,522	26,011
10.559	Summer Food Service Program for Children	ERS146-4128I	0	65
10.564	Nutrition Education and Training Program	AOC03380097	0	55,861
		AOC04380119	26,606	17,303
		AOC05380102	23,394	0
	Program total		50,000	73,164
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	2000DDVX0055	32,987	46,420
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	942	652
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-029 (4)	0	281
		BRO-029 (5)	177,945	40,147
		COE-029(1)	1,480	0
		COE-029(2)	1,800	0
	Program total		181,225	40,428
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.011	Help America Vote Act 2002	HAVA2002FED	1,428	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3128L	0	1,100
93.268	Immunization Grants	N/A	1,213	450
		N/A	17,207	6,118
	Program total		18,420	6,568

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	CCU716971-4A CCU716971-3A	5,000 0	0 5,936
	Program total		<u>5,000</u>	<u>5,936</u>
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	449	354
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-5128C PGA067-5128S PGA067-4128S	500 80 125	0 0 125
	Program total		<u>705</u>	<u>125</u>
	Department of Social Services -			
93.778	Medical Assistance Program	N/A	8,920	2,820
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	CCU721904-3B CCU721904-01 CCU721904-2B	1,137 0 1,284	0 1,864 0
	Program total		<u>2,421</u>	<u>1,864</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5128M ERS146-4128M AOC05380095 AOC03380196	43,314 0 558 0	0 7,309 0 214
	Program total		<u>43,872</u>	<u>7,523</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.036	Public Assistance Grant:	1412-DR-MO	150,292	33,350
97.042	Emergency Management Performance Grant	N/A	1,831	4,783
97.054	Community Emergency Response Team Grant	EMK-20030GR-3040 EMK-2003-GR-2541	2,047 425	0 2,453
	Program total		<u>2,472</u>	<u>2,453</u>
	Total Expenditures of Federal Awards		<u>\$ 523,486</u>	<u>253,616</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

DADE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dade County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$18,584 to subrecipients under the Public Assistance Grants (CFDA number 97.036) during the year ended December 31, 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Dade County, Missouri

Compliance

We have audited the compliance of Dade County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dade County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

Internal Control Over Compliance

The management of Dade County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 11, 2005 (fieldwork completion date)

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weakness identified? x yes no
- Reportable condition identified that is not considered to be material weakness? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

 x yes no

Identification of major programs:

<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
97.036	Public Assistance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

04-1.

Budgets and Financial Statements

The County and various boards did not prepare budgets for various county funds, which resulted in significant omissions of receipts and disbursements from the county's financial statements. In addition, the county's annual published financial statements did not include the financial activity of the 911 Emergency Services Fund, Health Center Fund, and several other county funds.

- A. The county does not have adequate procedures to ensure budgets are prepared for all county funds and as a result, budgets were not prepared for various county funds for the years ending December 31, 2004 and 2003. The lack of budgetary information for these funds, especially the 911 Emergency Services Fund and the Health Center Fund (which are controlled by separate boards), is a significant omission from the county's financial statements. Although the County Clerk indicated he sent budget forms to the Health Center and called the former Administrator regarding its lack of a budget, the Health Center Board indicated it was not aware it needed to prepare a budget. The County Clerk indicated he was not certain budget forms were sent to the 911 Emergency Services Board, and the board also indicated it was unaware it needed to prepare a budget. In addition, the County Clerk indicated he does not prepare budgets for the smaller county funds held by the County Treasurer. Receipts of approximately \$753,000 and \$674,000 and disbursements of approximately \$721,000 and \$428,000 were not budgeted during the years ending December 31, 2004 and 2003, respectively.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission, county boards, and other county officials would be able to more effectively evaluate all county financial resources.

- B. The county's annual published financial statements did not include the financial activity of the 911 Emergency Services Fund, Health Center Fund, and several other county funds. Receipts of approximately \$751,000 and \$670,000, and disbursements of \$717,000 and \$422,000 were omitted from the 2004 and 2003 annual published

financial statements, respectively. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

A condition similar to Point A. was noted in the prior report.

WE RECOMMEND the County Commission and other applicable officials:

- A. Ensure budgets are prepared for all county funds as required by state law.
- B. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following response:

The County Commission has no authority or control over the Health Center and 911 Emergency Service Board funds which represent the majority of funds that were not budgeted or published. Health Center receipts totaled to \$368,957 and \$366,481 and disbursements totaled \$410,994 and \$380,486 during the years ending December 31, 2004 and 2003, respectively. 911 Emergency Service receipts totaled to \$356,973 and \$294,946 and disbursements totaled to \$295,294 and \$37,223 during the years ending December 31, 2004 and 2003, respectively. The remaining funds will be budgeted and published (if information is provided from other county officials) in the future.

The 911 Emergency Service Board of Trustees provided the following responses:

- A. *The board has established a manual system of tracking important dates to assist in preparing all required budget reporting requirements on time and to the proper authorities. The County Commission has been included as a required agency to be provided the budget document.*
- B. *The board will provide the County Commission all financial statements in accordance with their reporting timeline and format.*

The Health Center Board of Trustees provided the following responses:

- A. *Due to inaccurate and/or non-existent bookkeeping records it was impossible to prepare an accurate budget for 2005. Due to new financial accountability by the administrator, as well as the board, the 2006 budget will be prepared accurately and timely.*

- B. *Necessary financial information will be turned in to the courthouse prior to the deadline so it can be published with the county financial statements.*

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-2. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 029(4), BRO 029(5), COE 029(1), and COE 029 (2)
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	1412-DR-MO
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the year ended December 31, 2003, the county's SEFA understated total expenditures by \$157,661 in part because it did not include expenditures related to some of its federal grants administered by the health center. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate and timely SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk will work with the Health Center Administrator to report this information to the extent of our authority and will ensure expenditures of federal funds are accurately reported in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DADE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DADE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DADE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 11, 2005. That report expressed a qualified opinion on the financial statements. We also have audited the compliance of Dade County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 11, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Dade County or of its

compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Health Center Financial Condition
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The health center's administration repeatedly ignored warning signs and recommendations to improve controls and cut costs. As a result, the health center's financial condition has continued to decline over the past several years. The following shows receipts, disbursements, and ending cash balances for the four years ended December 31, 2004:

	2001	2002	2003	2004
Cash balance, January 1,	\$ 16,506	34,790	22,990	8,985
Receipts	322,686	315,326	366,481	368,957
Disbursements	304,402	327,126	380,486	410,994
Cash balance, December 31,	34,790	22,990	8,985	(33,052)

In addition, the health center had liabilities at December 31, 2004 consisting of past due payroll taxes payable of \$58,753 (see MAR No. 3. part F.) and employee retirement payables of \$865. Further, because of bank overdrafts, the health center entered into a \$25,050 tax anticipation note (TAN) on January 6, 2005 to cover the overdrawn checks and to help fund normal operating expenses.

As the above table indicates, the health center's disbursements have increased over the past four years, and have exceeded receipts during the last three years resulting in cash balances continuing to decline. The continued use of TAN proceeds appears necessary to simply allow the health center to operate with sufficient cash flow.

Numerous recommendations regarding the health center's financial condition and its budgetary, accounting, and payroll procedures were made in our prior report for the two years ended December 31, 2000. Similar recommendations were made again in a letter dated September 7, 2004 to the Health Center Board President, as a result of a limited review conducted by our office in response to numerous concerns received from Dade County citizens.

The financial condition of the health center has continued to deteriorate, in part, because past recommendations were not implemented by the board. Numerous internal control weaknesses, lax controls over expenditures including payroll, and inefficient management practices have been identified and discussed in more detail throughout our Management Advisory Report (MAR).

While the health center had receipts in excess of \$700,000 for the two year period ended December 31, 2004, the Board of Trustees failed to ensure an effective system of accounting and administrative controls was in place, including an effective financial reporting system and procedures to monitor budgeted and actual activity. For example, the Board of Trustees failed to prepare a budget for the past four years, and the actual December 31, 2004 cash balance reported on the budget prepared at our request for the year ended December 31, 2005, was understated by in excess of \$50,000. The recommendations contained in MAR No.s 2.-5., if implemented, will help establish the needed controls and procedures.

WE AGAIN RECOMMEND the Board of Trustees take all necessary steps to improve the financial condition of the health center.

AUDITEE'S RESPONSE

The Health Center Board of Trustees indicated steps are being taken to improve the financial condition of the health center.

2. Health Center Accounting Controls

The board did not receive a detailed monthly financial report, and as a result, numerous recording errors and questionable payroll transactions went undetected or un-reviewed. In addition, various accounting records of the health center were inaccurate (including its 2005 budget), and a budget was not prepared for the years ending December 31, 2004, 2003, 2002, and 2001. Expenditures were approved in excess of available monies, monthly bank reconciliations were not always prepared and reconciled to the accounting records, and the method of payment received was not always indicated on the receipt slips issued nor was the composition of the receipt records always reconciled to the composition of amounts deposited. Additionally, the Health Center does not have a written agreement with its current depositary bank.

- A. The board did not receive a detailed monthly financial report, and as a result, numerous recording errors made by the former administrator in the accounting records (see part B. below) and many questionable payroll transactions (See MAR No. 3.) went undetected or un-reviewed. The preparation of monthly financial reports for the board's review helps ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. In addition, without accurate financial information, the board can not make informed decisions about the health center's operations.
- B. Accounting records of the health center were inaccurate. For example, disbursements recorded on the health center's computerized accounting system were overstated resulting in the cash balance of the health center also being understated by \$94,983 and \$8,919 for the years ending December 31, 2004 and 2003, respectively.

Individual recording errors and reconciling items which contributed to the inaccurate financial information included: numerous payroll tax checks that were later voided (\$92,908), and 11 checks totaling \$8,432 posted to the computerized accounting system on December 31, 2003, which were not actually issued until January 2, 2004.

Two checks dated July 29, 2004 were recorded in the accounting records for \$115.35 and \$257.76; however, the canceled checks had been altered with white out and were actually issued for \$200 and \$58.67, respectively.

Additionally, as a result of the problems with the health center's financial accounting, the Board President attempted bank reconciliations for the health center bank accounts during 2003 and 2004; however, the cash balance reported on these reconciliations was inaccurate, and at December 31, 2003 was overstated by \$32,195.

The lack of reliable accounting records contributed towards the health center overdrawing funds in December 2004 and the need for an emergency loan (see MAR No. 1). To be of maximum assistance to the board and to adequately inform the public, the accounting records of the health center should accurately reflect the financial activity of the health center.

- C. A budget was not prepared for the years ending December 31, 2004, 2003, 2002, and 2001. Although a budget was prepared by the health center for the year ending December 31, 2005, the actual financial activity presented for the years ending December 31, 2004 and 2003 was inaccurate and inconsistent with amounts recorded in the health center's computerized accounting system. For example, the actual financial activity presented for the year ending December 31, 2004 was inaccurate as follows:

1. Actual receipts were understated by \$29,594.
2. Actual disbursements were overstated by \$76,243.
3. Actual cash balance was understated by \$50,133.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management planning tool and as a control over expenditures. Further, Chapter 50, RSMo 2000, requires the preparation of annual budgets to present a complete financial plan for the ensuing year.

- D. The Health Center Board approved expenditures in excess of available monies resulting in a negative ending cash balance of \$(33,052) during the year ending December 31, 2004. The negative cash balance was a result of disbursements being

authorized when no funds were available, or when expected reimbursements were not received prior to year end. To satisfy their obligation, the Health Center Board had to obtain a TAN after the expenses were incurred (see MAR No. 1).

The Health Center board should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

- E. Incorrect cash balances referred to in B. above resulted, in part, because monthly bank reconciliations were not always prepared and reconciled to the accounting records. Complete and accurate bank reconciliations are necessary to ensure accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected timely.
- F. The method of payment received was not always indicated on the receipt slips issued nor was the composition of the receipt records always reconciled to the composition of amounts deposited. Although most receipts received by the health center are direct deposited, we noted several examples of inconsistencies between the composition of deposits made and the method of payment recorded on the receipt slips or in the computerized accounting system. To properly reconcile receipts to deposits and ensure all monies are being deposited intact, the method of payment received should be recorded on the receipt slips and the composition of receipt records should be reconciled to the composition of amounts deposited.
- G. The health center does not have a written agreement with its current depository bank. A written depository contract helps both the bank and the health center understand and comply with the requirements of any banking arrangement. The contract's provisions should include, but not be limited to, collateral security requirements; any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds.

Conditions similar to Parts C., F., and G. were noted in our prior report.

WE RECOMMEND the Board of Trustees:

- A. Ensure accurate financial reports are prepared and presented to the board in a timely manner.
- B. Ensure accounting records accurately reflect the financial activity of the health center.
- C. Ensure an annual budget is prepared in accordance with state law and that it accurately reflects the past financial activity of the health center.

- D. Refrain from approving expenditures in excess of available monies to ensure all funds are maintained with a positive cash balance.
- E. Prepare complete and accurate bank reconciliations on a monthly basis.
- F. Ensure the method of payment is recorded on the receipt slips and in the computerized system and the composition of receipts is reconciled to the composition of amounts deposited.
- G. Obtain a bank depositary agreement with any bank which holds board monies.

AUDITEE'S RESPONSE

The Health Center Board of Trustees provided the following responses:

- A&B. All financial activity is documented and presented at board meetings. Board meetings are being held every two weeks to allow the board/administrator to stay more aware of the financial situation.*
- C. Due to inaccurate and/or non-existent bookkeeping records it was impossible to prepare an accurate budget for 2005. Due to new financial accountability by the administrator, as well as the board, the 2006 budget will be prepared accurately and timely.*
- D. Accurate bookkeeping and financial controls will help ensure that future expenditures will not exceed the funds available.*
- E. Reconciliations are prepared monthly and presented at the board meeting. There are no discrepancies with the reconciliations.*
- F. Method of payment is documented on receipts and on the Quicken bookkeeping system, and composition of receipts is reconciled to amounts deposited.*
- G. These agreements have been received from the bank.*

3.	Health Center Payroll Transactions and Personnel Policies
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The Health Center board did not monitor the compensatory time accrued by its employees, and many of the compensatory hours claimed and paid appeared questionable and were sometimes recorded incorrectly and inconsistently. In addition, the former Public Relations Officer was allowed to accrue compensatory time in excess of the maximum allowed by the Fair Labor Standards Act (FLSA); an adequate review of health center employees' timesheets, leave records, and payroll reports was apparently not performed, and the health center did not require timesheets to be prepared or records of vacation and sick leave to be maintained for all employees. Timesheets prepared by health center employees were not

always signed by the employee or their supervisor, health insurance benefits in excess of personnel policy requirements were provided for some employees, and wage authorization documentation was not retained to support amounts paid to some employees. Additionally, as of April 6, 2005, the health center owed \$58,753 in overdue taxes to the Internal Revenue Service (IRS). The health center did not file 941 Employer's Quarterly Federal Tax Return forms and remit taxes due to the IRS in a timely manner, and did not remit retirement withholdings from the employees' paychecks or the employer's contribution to the retirement company in a timely manner.

- A. The former Public Relations Officer, (employed from April 2002 through April 2004) was paid, in the two months prior to his departure, a total of \$5,094 for 361 hours of accrued compensatory time at his pay rate of \$14.10 per hour. In addition, this employee used or was paid an additional 252 hours of compensatory time during his time of employment. Many of these compensatory hours appeared questionable and were sometimes recorded incorrectly and inconsistently, and as a result the former Public Relations Officer was apparently overpaid for accrued compensatory time. A spreadsheet of compensatory hours worked, taken, and remaining balances was maintained by the health center and used to compute amounts paid above, and the Public Relations Officer prepared a monthly timesheet which was approved by the former Administrator. An adequate review of the compensatory spreadsheet and timesheets was obviously not performed as hours recorded did not always agree between the two records, and the timesheets contained numerous errors and inconsistencies in the calculation of compensatory time earned (See part B.). For example, the following table shows the differences between these records (per audit) during the period January through May, 2003:

Month	Compensatory time earned per the spreadsheet (hours)	Compensatory time earned per the timesheets* (hours)	Excess compensatory time paid (hours)
January	56.00	0	56.00
February	44.75	0	44.75
March	13.50	13.50	0
April	71.00	62.00	9.00
May	30.00	29.00	1.00
Total	215.25	104.50	110.75

* Since the health center was inconsistent in the basis used for calculating compensatory time, we calculated compensatory time based on hours worked in excess of 80 hours in a pay period (one of the methods used by the health center). Other methods used by the health center to calculate compensatory time did not account for the difference between the timesheets and the spreadsheet noted in this table.

Some of the hours claimed to have been worked appear unreasonable. For example, on April 30, 2003, the employee claimed to have worked 24.5 hours based on his timesheet. Other examples of excessive and unusual hours worked are noted below:

Date	Day of the week	Starting Time	Finishing Time	Total Hours Reported Worked
March 13, 2003	Saturday	9 a.m.	8 p.m.	11
April 5, 2003	Saturday	7 a.m.	4:30 p.m.	9.5
May 23, 2003	Friday	7:30 a.m.	9:00 p.m.	13
July 21, 2003	Monday	2:30 a.m.	4 p.m.	14

The former Public Relations Officer was also allowed to accrue compensatory time in excess of the maximum (240 hours) allowed by the Fair Labor Standards Act (FLSA). Hours in excess of this maximum are to be paid or be taken off by the employee in the next pay period. The compensatory spreadsheet showed this employee had a compensatory time balance of 454 hours at December 15, 2003.

It is unclear why the board allowed this employee, who served in a public relations capacity, to work excessive and unusual hours when the health center's financial condition was deteriorating. Proper controls over the management of compensatory time balances require the health center to evaluate balances for reasonableness, the reasons for large or increasing balances, and provide solutions to prevent excessive balances. Excessive compensatory time represents a large liability for the health center which could require significant cash resources upon payment.

- B. An adequate independent review of health center employees' timesheets, leave records, and payroll reports was apparently not performed which allowed inaccuracies to go undetected. For example, the former Administrator was double paid for half of a month's salary in March 2004 (when the classification for her salary changed). This resulted in an overpayment of \$1,188. (Additional examples are noted in parts A. and C.). In addition, timesheets prepared by health center employees were not always signed by the employee or their supervisor.

The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, timesheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time worked each month.

- C. The health center did not require timesheets to be prepared or records of vacation and sick leave to be maintained for some employees. For example, the former Administrator typically did not prepare timesheets or leave records. The current Administrator, responsible for preparing the final termination paycheck, was unable

to provide any documentation to support the \$2,055 for 150 hours of vacation paid to the former administrator. Further, the only timesheet that could be located for the former Administrator for the years ending December 31, 2004 and 2003 indicated 48 hours of vacation were taken in November 2003.

Adequate documentation of vacation and sick leave earned, taken, and accumulated is necessary to ensure employees are properly compensated for accumulated leave and to ensure leave time used is not in excess of time accumulated. Leave records will also aid the health center in determining unused vacation leave upon termination of employment.

- D. The health center provided health insurance benefits in excess of their own personnel policy requirements for some employees. The personnel policy indicated the health center would contribute \$50 a month (\$600 annually) towards the cost of each full time employee's health insurance; however; during the year ending December 31, 2003 the health center contributed \$13,133 for three employees including \$5,019 for the former Administrator and \$5,268 to an employee whose health insurance premiums were reimbursed by a grant. To ensure the equitable treatment of employees, the board should ensure its personnel policy is followed.
- E. The health center did not retain wage authorization documentation to support amounts paid to some employees. For example, the former administrator was paid for acting as the administrator and administering a Bureau of Health Care Needs grant. No documentation was located in the personnel file or minutes to support the authorization of her wages. Documentation of wage authorization is necessary to ensure employees are paid properly.
- F. As of April 6, 2005, the health center owed \$58,753 in overdue taxes to the Internal Revenue Service (IRS) which represented tax liabilities dating as far back as the second quarter of 2002. The amount due does not include any future interest and penalties which may be assessed. A breakdown of the amount due is as follows:

Quarter and year payroll taxes were incurred	Assessed Balance	Interest and Penalties	Total
June 30, 2002	\$ 753	89	842
September 30, 2002	269	31	300
December 31, 2002	7,186	1,384	8,570
March 31, 2003	1,886	164	2,050
June 30, 2003	3,042	30	3,072
September 30, 2003	6,920	68	6,988
December 31, 2003	24,773	0	24,773
March 31, 2004	7,474	117	7,591
June 30, 2004	4,493	74	4,567
Total amount due	56,796	1,957	58,753

According to the current Administrator and a representative of the IRS, the IRS and health center have agreed to a payment plan requiring monthly payments of \$3,000 to repay the current amount due. However, it may be more advantageous for the health center to pay off the entire balance immediately to avoid future penalties and interest.

In addition, 941 Employer's Quarterly Federal Tax Return forms were not filed with the IRS in a timely manner. The former Administrator prepared the 941 forms and checks, and a member of the board and the former Administrator signed the checks, for some past due amounts incurred during the years ending December 31, 2004 and 2003; however, the checks were not mailed. The current Administrator and Board President voided these checks, prepared new 941 tax forms, and reissued checks to the IRS for these past due amounts as noted below:

Quarter and year payroll taxes were incurred	Amount Paid	Month and year payroll tax forms were filed and paid
2nd quarter 2003	\$ 13,351	December 2004
3rd quarter 2003	14,995	December 2004
4th quarter 2003	24,773	*
1st quarter 2004	19,412	October 2004
2nd quarter 2004	17,052	October 2004

* The 941 Employer's Quarterly Federal Tax Return was filed with the IRS on March 21, 2005 and taxes due remain unpaid.

However, some of these payments did not represent full payment of the liability for the quarter for which they were made. See the table of amounts still owed at April 6, 2005 above.

The Internal Revenue Code requires Form 941 to be filed with the IRS on a quarterly basis along with payment of social security and Medicare taxes withheld from the employee and the employer's share, as well as federal income tax withheld. Good business practices require accurate and timely payments of payroll taxes. Failure to make timely payments can result in unnecessary penalties and interest.

- G. Retirement withholdings from the employees' paychecks or the employer's contribution to the retirement company were not remitted in a timely manner. The health center's payroll records indicate \$8,575 and \$8,243 was withheld or contributed to the retirement fund; however, only \$7,043 and \$3,835 was paid to the retirement company during the years ending December 31, 2003 and 2002, respectively. The health center has attempted to repay the retirement company for these underpayments during the year ending December 31, 2004, but \$865 is still due. Employee withholdings and employer contributions should be remitted to the applicable benefit companies in a timely manner.

Conditions similar to Parts A. and C. were noted in the prior report.

WE RECOMMEND the Board of Trustees:

- A. Monitor any future compensatory time hours accrued by employees to ensure they are adequately supported, accurately calculated, in compliance with state law, and reasonable in nature.

- B. Ensure an adequate review of timesheets, leave records, and payroll reports is performed. In addition, ensure all timesheets have been signed by both the employee and the employee's supervisor.
- C. Require all employees to prepare timesheets and maintain accurate records of vacation, sick leave, and compensatory time in a manner that provides for a complete record of the amount of time earned, taken, and any accumulated balances.
- D. Ensure health insurance benefits are provided in accordance with its personnel policy.
- E. Maintain documentation of wage and salary authorization to support amounts paid.
- F. Ensure 941 forms are filed and payroll taxes are remitted on a timely basis for any wages or salaries paid. In addition, the board should attempt to determine the most prudent course of action for repaying past due amounts to the IRS.
- G. Remit retirement benefits to the applicable parties in a timely manner and ensure the proper disposition of past withholdings still due.

AUDITEE'S RESPONSE

The Health Center Board of Trustees provided the following responses:

- A. *There is no longer compensatory time earned.*
- B. *Timesheets are reviewed prior to payment. All employees will sign and date completed timesheets.*
- C. *Currently, employees prepare their own timesheets. Vacation/sick leave is tracked by the payroll system and employees monitor it for accuracy. Compensatory time is no longer earned. Timesheets and leave records of all employees are currently being reviewed by the Administrator.*
- D. *Health Insurance benefits, provided by the health department, are currently in accordance with the personnel manual.*
- E. *Any documentation of wage/salary changes will be documented in the electronic payroll notes and in the board minutes. In addition, supporting documentation will be retained in the appropriate employee's file.*
- F. *941 forms and all taxes are being submitted in a timely manner. The board is working with the IRS using a payment plan and will attempt to make additional payments if/when funding is available.*

- G. *Retirement benefits are paid in a timely manner and issues with past retirement funds have been remedied.*

4. Health Center Expenditures

A listing of all disbursements approved by the board was not prepared to accompany the minutes. The board approved mileage reimbursements to the former Administrator without obtaining supporting documentation, and the sanitarian was paid for time spent traveling to and from his home to the health center since he was hired in July 2004, in violation of the health center's own personnel policy. In addition, a vendor invoice indicated the former Public Relations Officer was earning personal points towards a rewards certificate from health center purchases, and the board approved holiday bonuses for each employee. Also, the general capital asset records were not complete, and the board exchanged health center furniture for office furniture owned by the former Public Relations Officer.

- A. Although the board minutes made a general reference that the board approved the month's bills for payment, a listing of all disbursements approved by the board was not prepared to accompany the minutes. To adequately document the board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the board to denote their approval, and retained with the official minutes.
- B. The board approved mileage reimbursements to the former Administrator during the years ending December 31, 2004 and 2003 totaling \$2,317, although supporting documentation could only be located for \$124 of this amount. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the board should require reimbursement requests to be prepared and adequately detailed, including the purpose and destination of each trip.
- C. The health center sanitarian was paid for time spent traveling to and from his home to the health center since he was hired in July 2004. He lives approximately an hour from the health center, works two days a week, and is paid \$19 per hour. The health center's personnel manual states that "time spent traveling to the work place to start work, or from the work place after completing work, is not counted as work time". The health center administrator indicated the sanitarian sometimes performs inspections on the way to and from the health center, however, timesheets did not clearly indicate this. To ensure all employees are treated equitably, the board should ensure compliance with its personnel manual in regard to time spent traveling to and from the workplace.
- D. A vendor invoice for a computer purchased with health center funds indicated the former Public Relations Officer was earning personal points towards a rewards certificate. Documentation indicated the former health center bookkeeper made a notation on the invoice that the vendor had indicated a \$75 rewards certificate was

sent to the former Public Relations Officer in March, 2004. The health center should establish procedures with vendors to ensure any rewards certificates are remitted directly to the health center.

- E. On December 20, 2004, the board approved a \$25 holiday bonus for each employee, totaling \$350, and approved purchasing a \$100 gift card for an employee who was retiring. Bonuses given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."
- F. The general capital asset records of the health center do not always include the necessary information for some assets such as acquisition date, cost, and the date and method of disposal. Periodic inventories of capital assets were not performed and capital asset purchases per the expenditure records were not reconciled to additions per the capital asset records. Adequate capital asset records are necessary to safeguard the assets and provide a basis for proper insurance coverage.

In addition, the health center board approved exchanging health center furniture for office furniture owned by the former Public Relations Officer at the time of his resignation. This exchange involved the board trading a glass top table and two secretary chairs for a locking wood cabinet and a wooden bookcase the Public Relations Officer had purchased for his office. The board minutes did not document the value of the items exchanged nor was the value of the items included on the general capital asset records. The bartering of health center assets does not represent a prudent use of health center funds.

A condition similar to Part F. was noted in the prior report.

WE RECOMMEND the Board of Trustees:

- A. Adequately document the approval of disbursements by including a signed listing of all approved disbursements in the board minutes.
- B. Ensure adequate documentation is received and maintained to support all expenditures.
- C. Ensure compliance with the personnel manual in regard to paying employees for drive time to and from the workplace.

- D. Establish procedures with vendors to ensure all rewards certificates are remitted to the health center.
- E. Discontinue the practice of granting additional compensation to employees.
- F. Ensure property records are maintained which include all pertinent information for each asset such as cost, acquisition date, and the date and method of disposal. Also ensure periodic inventories of capital assets are performed and capital asset purchases per the expenditure records are reconciled to additions per the capital asset records. In addition, discontinue the practice of bartering with health center assets purchased with public funds.

AUDITEE'S RESPONSE

The Health Center Board of Trustees provided the following responses:

- A. *A list of all bills reviewed/approved will be included in the meeting minutes.*
- B. *Receipts and/or other documentation is currently provided for all expenditures.*
- C. *Employees currently know and understand that work time begins when they arrive at the office (unless otherwise noted, as in the case of a meeting etc.). No employees currently receive pay for the time they spend getting to work.*
- D. *Former accounts that had rewards certificates are no longer in effect.*
- E. *The board will take this into consideration.*
- F. *Proper and periodic maintenance of capital asset records will be done on assets.*

5. Health Center Minutes

The board took a vote of its members by telephone (concerning obtaining a loan) without a quorum physically present for the meeting in violation of state law. Further, the board discussed unallowable topics in closed session.

- A. On January 6, 2005, the current Administrator contacted four of the five health center board members by telephone to approve obtaining a \$25,000 loan to cover two overdrawn checks issued to the Internal Revenue Service (See MAR No. 1). Section 610.015, RSMo Cumulative Supplement 2004, requires that a quorum of the members be physically present at the meeting location before any other members are allowed to participate by telephone.

- B. The board sometimes discussed unallowable topics in closed session. For example, in a closed session meeting on February 23, 2004, the board discussed trading health center furniture for personal furniture of an employee who had submitted his resignation. Section 610.021, RSMo Cumulative Supplement 2004, allows the board to discuss certain subjects in closed meetings including litigation; real estate transactions; bid specifications and sealed bids; personnel matters; and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

WE RECOMMEND the Board of Trustees ensure full compliance with all provisions of Chapter 610 of the state statutes regarding public votes and meetings.

AUDITEE'S RESPONSE

The Health Center Board of Trustees indicated auditor's recommendations that the Board of Trustees ensure full compliance with all provisions of Chapter 610 of state statutes regarding public votes and meetings is noted and the board will further educate themselves with this chapter.

6. 911 Emergency Service Board Accounting Controls and Procedures
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The board and Director of the 911 Emergency Service Center have not adequately planned for future operations, the board did not prepare or approve a budget for the years ended December 31, 2002, 2003, or 2004, and the 2005 budget prepared at our request was inaccurate and not complete. In addition, bank reconciliations were not performed monthly and the numerical sequence of checks was not accounted for adequately. The board did not maintain minutes of closed meetings, regular board meeting minutes prepared by the Board Secretary were not signed by either the Board Secretary or President, and the board does not have a written agreement with its current depository bank.

In April 2002, the citizens of Dade County passed a three-quarter cent general sales tax for the purpose of establishing a 911 Emergency Service Center. Sales tax revenues began being collected in October 2002, and the 911 Center had received \$668,867 in sales tax revenues as of December 31, 2004. According to Section 190.335, RSMo 2000, the 911 Center has a period of three years to become operational from the date the first taxes are collected; therefore, the 911 Emergency Service Center should be operational by October 2005.

- A. The board and Director of the 911 Emergency Service Center have not adequately planned for future operations. An adequate formal analysis of anticipated revenues and expenditures had not been performed nor had formal budgets been prepared (See part B.) by the board. After numerous requests, the Director provided a projection analysis spreadsheet that he had previously prepared of anticipated revenues and expenditures through the year ending December 31, 2015. The analysis indicated revenues exceeding expenditures each year, however numerous errors were noted in the calculations included on the analysis. After correcting those errors and bringing

them to the Director's attention, the projection analysis indicated that the Center would not be able to operate through 2006 based on the level of expenditures projected. The following table summarizes the Director's analysis of future operations after adjustments were made for calculation errors:

Year Ending December 31,		Beginning Balance	Anticipated Revenues	Projected Expenditures	Ending Balance
2005	\$	342,167	362,784	665,298	39,653
2006		39,653	373,668	561,137	(147,816)
2007		(147,816)	384,878	612,570	(375,508)
2008		(375,508)	396,424	618,398	(597,482)
2009		(597,482)	408,317	794,193	(983,358)
2010		(983,358)	420,566	697,327	(1,260,119)
2011		(1,260,119)	433,183	716,319	(1,543,255)
2012		(1,543,255)	446,179	752,010	(1,849,096)
2013		(1,849,096)	459,564	891,986	(2,281,518)
2014		(2,281,518)	473,351	931,335	(2,739,502)
2015		(2,739,502)	487,551	972,651	(3,224,602)

After we reviewed the analysis with the Director, he indicated the annual projected expenditures actually represented amounts reserved for future spending. However, the analysis also indicated salary expenditures alone would exceed 80 percent of the projected revenues during the year ending December 31, 2006, leaving less than 20 percent for other normal operating expenses or contingencies.

Good business practice requires a reasonable formal analysis of future plans, anticipated revenues, and projected expenditures to be performed and updated to support the board's continued decision making process. In addition, based on the limited planning performed by the board, this analysis, the numerous internal control weaknesses, and lax controls over 911 expenditures discussed in more detail in the following MAR findings, the board needs to ensure an effective system of accounting and administrative controls are in place, including an effective financial reporting system and procedures to monitor budgeted and actual activity, and cut any unnecessary future costs.

- B. The board did not prepare or approve a budget for the years ended December 31, 2002, 2003, or 2004. At our request, a budget for the year ending December 31, 2005 was prepared and approved by the board on March 15, 2005; however, it was not accurate or complete. It did not include a budget message, accurate actual revenues, expenditures, or ending cash balances for the two preceding

budget years, or the beginning and estimated ending available resources. For example, actual expenditures per the budget were overstated by \$9,734 and understated by (\$6,319) for the years ended December 31, 2004 and 2003, respectively.

Section 50.590, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool establishing specific cost expectations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- C. Bank reconciliations were not performed monthly for the four bank accounts maintained by the Center. Bank reconciliations were not prepared from October 2002 (at the time the first account opened) through October 2004 when the Office Manager was hired. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. Failure to resolve errors and reconciling items timely, increases the risk that other errors or misstatements will not be detected on a timely basis.
- D. The 911 Emergency Services Board Treasurer does not account for the numerical sequence of checks. We noted four checks during the years ending December 31, 2004 and 2003 that could not be accounted for in any of the accounting records. Further, there were two additional checks which had been recorded in a manual check register but had not been entered into the computerized accounting system from which bank reconciliations are performed. The Director indicated these two checks represented outstanding checks. To ensure all checks are accounted for properly, the numerical sequence of all checks should be accounted for and all checks should be entered into the computer system in a timely manner.
- E. The 911 Board did not maintain minutes of closed meetings even after state law was enacted in 2004 requiring this. In addition, regular board meeting minutes are prepared by the Board Secretary; however, the minutes were not signed by either the Board Secretary or President. Section 610.020, RSMo Cumulative Supplement 2004, requires minutes to be taken and retained of closed meetings. In addition, the prepared minutes should be signed by the Board Secretary and the President immediately upon approval by the board to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.
- F. The 911 Emergency Services Board does not have a written agreement with its current depository bank. A written depository contract helps both the bank and the

board understand and comply with the requirements of any banking arrangement. The contract's provisions should include, but not be limited to, collateral security requirements; any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds.

WE RECOMMEND the 911 Emergency Service Board of Trustees:

- A. Prepare an accurate projection analysis of anticipated revenues and projected expenditures and closely monitor the Center's operations.
- B. Ensure complete and accurate budgets are prepared and filed with the State Auditor's Office. In addition, report actual revenues and expenditures of the two previous years on the budgets and include a budget message, as required by state law.
- C. Prepare and vouch monthly bank reconciliations in a timely manner.
- D. Account for the numerical sequence of checks issued and ensure all checks are entered into the system in a timely manner, including voided checks.
- E. Ensure closed meetings are conducted according to state law and the final disposition of applicable matters discussed in closed session are recorded in the regular public meeting minutes, and that the board minutes are properly signed to attest to their accuracy.
- F. Obtain a bank depository agreement with any bank which holds board monies.

AUDITEE'S RESPONSE

The 911 Emergency Service Board of Trustees provided the following responses:

- A. *Based on audit recommendations, a revised projection of revenues and expenditures was prepared and presented to the board and approved. A review of the budget by the board will be done quarterly to ensure we are meeting expectations.*
- B. *We have created a manual system of tracking important dates to ensure timely and accurate reporting of the budget as required. Proper formatting according to state statutes to include two previous years and a budget message will be followed.*
- C. *Electronic checkbook is now always kept current using QuickBooks software and reconciled monthly.*
- D. *All checks are now done electronically using QuickBooks software to ensure proper tracking and voided check documentation procedure is in place.*

- E. *Minutes of public and closed meetings are now documented. Board Secretary and Chairman sign and attest to all approved minutes. All board members have copies of the Sunshine Law.*
- F. *We will obtain a copy of the county's depository agreement to use as a template to create our depository agreement with Liberty Bank.*

7. 911 Emergency Service Board Expenditures
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The 911 Board prepaid lease payments for services to be received at a later date in apparent violation of the Missouri Constitution and bids were not solicited or advertised by the board in all applicable circumstances. In addition, the board does not adequately document approval of invoices for payment, invoices are not always canceled upon payment, the Board Treasurer pre-signed a check, dual signatures are not required on checks, and no procedures are in place to ensure that Forms 1099 are filed when required. Also, the 911 Board allowed the use of ATM/debit cards for a petty cash bank account without adequate review of the expenditures and adequate documentation was not always retained to support these expenditures. Further, some expenditures did not appear to represent a prudent and necessary use of 911 Emergency Service funds and an employee received a payroll advance which appears to violate state law. Additionally, an adequate vehicle log was not maintained and inadequate payroll procedures resulted in untimely remittance of payroll taxes, untimely filing of quarterly payroll tax returns, and incorrect withholding for employee taxes. General fixed asset records were not complete.

- A. The board entered into a 99 year lease with the Dade County Nursing Home on March 30, 2004 which required the board to advance the Nursing Home \$48,000 for lease payments for the first five years of the lease upon signing of the lease agreement. The purpose of the lease is to provide a portion of the Nursing Home premises for the housing of 911 Emergency Services operations. In addition, the board did not have its own legal counsel review this lease prior to signing the lease agreement. Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. It is not prudent for the board to prepay a lease for services received at a later date. Doing so could result in paying for services not received.
- B. Bids were not always solicited or advertised by the board nor was bid documentation always retained for various purchases. For example, a used vehicle was purchased from a local vendor (where a board member works) for \$8,590 and office furniture and supplies totaling \$6,495 were purchased from another vendor for which bids were not solicited. Further, there was no advertisement for bids for the following purchases: radios (\$55,378); software (\$14,898); and computer equipment (\$10,784).

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of board resources and help assure the board that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in board business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.

- C. Although the board minutes make a general reference that invoices are approved for payment and invoices are available for the board to review, a listing of all disbursements approved by the board is not prepared to accompany the minutes. In addition, invoices are not always noted as paid or otherwise canceled upon payment.

To adequately document the board's review and approval of disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the board to denote their approval, and retained with the official minutes. In addition, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled.

- D. In July 2003, the Board Treasurer pre-signed a check which the Director used to purchase a laptop computer for \$2,095. Further, only one signature was required on the check. Signing checks in advance does not allow for proper review of the documentation to support the disbursement.

To adequately safeguard assets, checks should not be signed until all pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the board. In addition, requiring two signatures on all checks would also provide additional controls over the use of the funds.

- E. The 911 Board has no procedures in place to ensure that Forms 1099 are always filed with the Internal Revenue Service (IRS) when required. As a result, the board did not file Form 1099 for computer services provided by a vendor in the amount of \$950.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

F. The 911 Board maintains a petty cash bank account for the Director and Deputy Director to use debit/ATM cards for various purchases and expenses. This bank account is funded by transfers from other 911 bank accounts. The petty cash bank account is not maintained on an imprest basis and although the balance of the account generally did not exceed \$1,000 throughout the audit period, the account was replenished to a balance of approximately \$2,000 in December of 2004. Debit card purchases and ATM withdrawals from the account totaled to \$8,815 and \$1,461 during the years ending December 31, 2004 and 2003, respectively. The following concerns were noted:

1. Purchases made from this account are not reviewed by the board. In addition, several expenditures from this account appear to be normal operating expenses that could be handled through the board's normal expenditure process.

The board should adopt formal policies and procedures regarding the use of the petty cash account. The purpose of a petty cash fund is to provide funds for small emergency purchases or small purchases which are impractical to purchase through the normal expenditure process. The petty cash account should be kept on an imprest basis and expenditures should be reviewed by the board to ensure all disbursements represent valid operating costs of the Center's operations.

2. The Director and Deputy Director made cash withdrawals totaling \$1,164 during the years ending December 31, 2004 and 2003, of which only \$789 was supported by receipts or other documentation.

All expenditures should be supported by vendor invoices to ensure the obligation was actually incurred and the expenditure represents an appropriate use of funds.

3. The Director purchased personal airline tickets totaling \$418 using his debit card on September 23, 2003. The Director subsequently reimbursed the petty cash account for the cost on October 14, 2003, and indicated he had erroneously used the 911 Emergency Service debit card instead of his personal card. In addition, other purchases made with the debit cards and cash withdrawals did not appear to be a prudent use of taxpayer monies. These purchases included \$125 for pizzas for board members, employees, and the tower erection crew to celebrate completion of the 911 radio tower; lunches with sales persons; and refreshments for political forums. (For other imprudent expenditures of 911 funds see part G.)

The purchase of the airline ticket appears to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, the board

should ensure funds are spent only on items which are a necessary use of public funds.

G. Some other 911 Emergency Service expenditures from the general checking account did not appear to be a necessary or prudent use of public funds. Examples include:

1. The Board Treasurer purchased \$49 of alcohol while attending training.
2. The Director authorized the rental of seven popular entertainment movies including such titles as *Remember the Titans* and *Philadelphia* to be watched by 10 employees of the 911 Emergency Service Center. The Director indicated the movies were used as training; however, the benefit received from watching any of these movies for new employee training appears questionable. Although the cost to rent the movies was minimal, the board expended over \$1,200 in payroll expenditures for the employees to spend approximately 14 hours each watching these movies.

The county's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The board should ensure funds are spent only on items which are necessary and beneficial to county residents.

H. 911 Emergency Service employees are paid twice a month with checks being issued at the 15th and last day of each month. During our review of payroll we noted an instance where the Director received a payroll check early. While it did not appear that the Director was paid more than his bi-monthly salary, the payroll check was issued on August 19, 2003 approximately two weeks in advance of the pay period.

This payment appears to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, it is not prudent for a board to compensate employees in advance. Doing so could result in the board paying an individual for services not performed.

I. The 911 Emergency Services Board owns and maintains a vehicle which is driven home each night by the Director. This vehicle's mileage was approximately 85,000 when purchased on May 31, 2003, and it had approximately 142,000 miles at the end of February 2005. A vehicle log was maintained for the years ended December 31, 2004 and 2003; however, it was not adequately detailed to determine the number of personal miles versus the number of business miles driven. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of the vehicles. In addition, the IRS reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal usage. Procedures have not been established by the board to ensure personal mileage is

reported to the IRS. As a result, the board may be subject to penalties and/or fines for failure to report all taxable benefits.

- J. As of July 27, 2004, the 911 Board owed \$9,571 in overdue taxes to the Internal Revenue Service (IRS) which represented tax liabilities dating as far back as the second quarter of 2003; additionally, the 941 forms, Employer's Quarterly Federal Tax Return, for all but one of these past due quarters were not filed with the IRS until July 27, 2004. State income taxes were also not remitted timely for the time period from June 2003 through mid July 2004.

In addition, from June 2003 through mid July 2004, the Director was paid \$1,000 per pay period, which appears to be an estimate of his salary net of applicable taxes. However, when the delinquent 941 forms were prepared, it was determined that the Director's net pay each pay period should have exceeded \$1,000 and therefore payments totaling \$2,012 were made to him for the previous underpayments. Also, a \$470 payment was made to the Director on January 13, 2004 which he indicated was for underpayment of his 2003 salary, however, there was no documentation to support the amount paid.

The above problems appear to have been the result of inadequate supervisory review over payroll.

The Internal Revenue Code requires Form 941 to be filed with the IRS on a quarterly basis along with payment of Social Security and Medicare taxes withheld from the employee and the employer's share, as well as federal income tax withheld. Good business practices require accurate and timely payments of payroll taxes. Failure to make timely payments can result in unnecessary penalties and interest. In addition, Section 143.191, RSMo 2000, requires employers to withhold state income taxes from wages and establishes requirements for reporting wages. The lack of adequate review procedures over payroll allows the potential for errors and misstatements which may not be detected.

- K. General fixed asset records are not complete and maintained in a manner listing the dates purchased and the cost of the property. In addition, periodic inventories are not conducted and property tags are not affixed to some assets. Adequate general fixed asset records are necessary to secure better internal control over 911 Emergency Service Center property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on property. In addition, periodic inventories should be conducted and property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

WE RECOMMEND the 911 Emergency Service Board of Trustees:

- A. Discontinue the practice of prepaying for services.

- B. Solicit bids in accordance with state law and maintain documentation of bids.
- C. Ensure the approval of disbursements is adequately documented by including a listing of all disbursements approved in the board minutes and ensure the listing is signed or initialed by the board to denote their approval. In addition, ensure all invoices are canceled when goods or services have been paid to prevent reuse or repayment of the invoice.
- D. Discontinue the practice of pre-signing blank checks, and require two signatures on all checks.
- E. Ensure IRS Forms 1099 are prepared and submitted as required by the Internal Revenue Code.
- F. Adopt formal policies and procedures regarding the use of the petty cash account. Ensure that supporting documentation is retained for all expenditures from the petty cash bank account and the account is kept on an imprest basis. Further ensure these expenditures are reviewed by the board and are a prudent use of taxpayer monies.
- G. Ensure all expenditures are a necessary and prudent use of public funds and are consistent with the mission of the 911 Center.
- H. Discontinue the practice of making payroll advances to employees.
- I. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the Board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- J. Implement payroll procedures to ensure that all payroll taxes are withheld correctly and ensure a supervisory review is completed and documented. Ensure 941 forms are filed and payroll taxes are remitted on a timely basis for any wages or salaries paid.
- K. Establish complete records to account for general fixed assets, conduct periodic inventories, and identify all fixed assets with a number, tag, or similar identifying device.

AUDITEE'S RESPONSE

The 911 Emergency Service Board of Trustees provided the following responses:

- A. *The Board will no longer approve prepaying of services not performed.*
- B. *We will advertise all requests for bids over \$4,500. We do have on file and in storage a list of all vendors sent request proposals, copies of all bids returned, copies of the request for*

proposals, summary of basis and justification for awarding the bid, and documentation of all discussions and bid specifications for the purchase of the radios, software, and computer equipment; however, we did not advertise for bids.

- C. Financial summaries are signed by the Chairman after approval by board members. The electronic checks we currently use have a duplicate to show proof of payment, and we staple this duplicate to the invoice to show payment has been sent.*
- D. Pre-signing checks was discontinued in 2003, and two signatures are required on all checks as of April 4, 2005.*
- E. One IRS Form 1099 was not filed. The vendor was been contacted to resolve this issue. Any new bids from vendors will require verification of their 1099 status.*
- F. A formal policy and procedure will be established regarding use of the expense account. All receipts will be turned in to the Office Manager for comparison to expenditures, an imprest level will be set and maintained, and all expenditures will be reviewed by the board.*
- G.1. The Board Treasurer repaid the \$49.00.*
 - 2. The board will be presented and approve all expenditures to ensure prudent use of public funds.*
- H. The employee handbook (dated January 24, 2005) expressly states the DCES does not provide payroll advances.*
- I. A more detailed mileage log was created and showed to the audit team and implemented immediately. All logs are reviewed and filed. IRS guidelines are being reviewed concerning personal mileage versus business mileage.*
- J. All payroll requests are submitted in writing to the Deputy Director or Director for approval. Procedures including QuickBooks Alerts and Manual Suspense File Tracking are in place to ensure all taxes are withheld and paid properly.*
- K. This was rectified within two days of audit team on site review. All documentation is recorded, tracking labels are applied, and disposition of any equipment is documented.*

8. County Expenditures

The county has not entered into a formal written contract with the Local Emergency Planning Commission (LEPC) Officer defining the services to be rendered and compensation to be paid, and some of his allowances and expense reimbursements appear questionable. Also, the county issued a check for the purchase of two used Sheriff's office vehicles for \$1,500 more than the prices noted on the vehicles' bills of sale. In addition, the county did not

always solicit bids or retain bid documentation for various purchases, did not retain adequate supporting documentation for some expenditures, enter into formal written agreements, reconcile mileage and fuel usage logs to fuel purchases, or prepare an annual maintenance plan for the county bridges.

- A. The county paid an individual \$20,453 and \$22,552 during the years ending December 31, 2004 and 2003, respectively, for the following services and expenses according to expenditure reports maintained by the county:

Type of service	Year ending December 31	
	2004	2003
Acting as LEPC Officer (paid \$500 per month)	\$ 6,000	6,000
Preparing hazard mitigation plan (one time payment)	N/A	4,500
Administering Public Assistance Grant funds for the townships (one time payment)	N/A	5,925
Preparing county operations manual (one time payment)	6,000	N/A
Office supply and equipment allowance (paid \$100 per month)	1,200	1,200
Office supplies and equipment expenses (reimbursed monthly)*	7,253	4,927
Total	20,453	22,552

*The following office supplies and equipment expenses were reimbursed by the county: mileage (including mileage to and from the LEPC officer's home and the courthouse), one-half of his home telephone bill, cellular telephone bill, home internet service bill, office supplies, postage, professional dues, and meal expenses.

The following concerns were noted regarding these payments:

1. The county has not entered into a formal written contract with the LEPC Officer defining the services to be rendered and compensation to be paid. Written contracts are necessary to document the rights and responsibilities of all parties involved and to prevent misunderstandings. In addition, section 432.070, RSMo. 2000, requires contracts for political subdivisions to be in writing.
2. It appears questionable why the county would reimburse the LEPC Officer for actual expenses incurred for office supplies and equipment **and** also provide him a monthly allowance for similar items. The County Commission should review allowances provided to the LEPC Officer and expense reimbursements to determine the necessity of the allowance and expenses reimbursed.

3. The LEPC Officer's cellular telephone bill included several personal calls. Although the minutes used did not exceed those allowed in the calling plan, consideration should be given to the necessity of this expense and amount being reimbursed.

- B. The county prepared and signed a check to a used car dealership on February 10, 2004 for \$27,999 for two sheriff's office vehicles based on price quotes (dealership flyers) provided by the former Sheriff. The Sheriff delivered the check to the dealership, purchased the vehicles, and then submitted the bills of sale to the County Commission. The County Commission apparently did not review the bills of sale because the bills for the two vehicles totaled to only \$26,499. Neither the former Sheriff nor the car dealership could explain the difference in amounts recorded on the check and the bills of sale.

The county's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The County Commission should review the information and take appropriate action. In addition, when circumstances arise where a check is issued prior to receiving supporting documentation of county purchases, the County Commission should perform a follow up review of the transaction to ensure county funds are expended as intended.

- C. The county did not always solicit bids, or bid documentation was not always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

Item or Service	Cost
Two used patrol vehicles	\$ 27,999
Backhoe services (total paid for two years)	21,513
Gravel (total paid in 2004)	12,690

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor in the area; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- D. Adequate supporting documentation was not available for 6 of 53 expenditures reviewed. Although the county commission reviewed a summary bill of monthly expenditures for some of these purchases, including equipment for the emergency services van (\$2,960), two purchases of fuel for the Sheriff's office (\$1,726) and (\$768), hotel accommodations for the County Commission (\$420), and hotel accommodations for the Narcotics Officer (\$335), detailed invoices of each purchase were not always retained and compared to the summary bill. In addition, an invoice or receipt for hotel accommodations for the Prosecuting Attorney and Narcotics officer (\$1,523) was either not obtained or retained by the county. All expenditures should be supported by a vendor invoice to ensure the obligation was actually incurred and the expenditure represents an appropriate use of public funds.
- E. The Prosecuting Attorney does not have an office in the courthouse. She performs her county duties from an office building used in the operation of her private law practice. The county does not have a written agreement with the Prosecuting Attorney outlining the portion of her expenses to be paid by the county. Currently, the county pays for her phone services (\$930), secretary's salary (\$11,564), and investigator's salary (\$17,211). There is no documentation supporting how these disbursements are entirely related to county business.

Since county resources should be used only for county business, the county should enter into a written agreement with the Prosecuting Attorney outlining what expenses will be provided by the county and what will be provided by the private practice. The basis for the arrangements should be documented and retained. To ensure the Prosecuting Attorney is not personally benefiting from this arrangement, it is important to document the adequacy of the financial arrangement and the basis for the allocation of resources between county and private use. There needs to be a clear distinction made between county and private practice resources and work efforts to avoid the appearance of impropriety and alleviate questions regarding possible inappropriate use of public resources.

- F. The county does not always enter into formal written agreements. For example, the county did not enter into a written agreement with the Greenfield Fire Department for use of its emergency management van. The county paid \$628 to paint the van and also provided insurance coverage on the van.

Written contracts are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing.

- G. The county distributed over \$800,000 in county aid road trust (CART) monies to townships and special road districts within the county, and is required by state law to perform various oversight duties for each township. Our review of CART monies and these duties revealed the following:

1. The County Commission has obtained contracts with the political subdivisions which require the CART monies to be used for the construction and repair of roads; however, the contracts are not signed by the County Commission. In addition, while the County Commission indicated it reviews the financial statement reports submitted by each township, this review is not documented.

Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and signed by each of the parties or their agents. In addition, to ensure CART monies are used only for road-related purposes, the County Commission should document their review of the financial statement reports submitted.

2. Although the County Clerk requires township collectors to file copies of their bond with him, the County Commission does not review the bonds for adequacy nor does the County Clerk file the bonds with the State Tax Commission (STC).

Section 65.460, RSMo 2000, requires the County Commission to annually examine the collector's bonds as to form and sufficiency, and also requires the County Clerk to send a copy of the collector's bond to the STC.

- H. Mileage and fuel usage logs are not reconciled to fuel purchases. Fuel for the Sheriff Office vehicles is purchased from a local service station and billed monthly to the county. Established procedures require employees to complete mileage and fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff's Office spent approximately \$12,000 and \$11,000 for fuel during the years ending December 31, 2004 and 2003, respectively. Given other concerns over fuel noted in part D., the county should reconcile mileage and fuel usage logs to fuel purchased to ensure the reasonableness of fuel expenditures. Failure to account for fuel purchases could result in loss, theft, and misuse.
- I. An annual maintenance plan for the county bridges has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county bridges throughout the year.

Conditions similar to Parts C. and H. were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Enter into written agreements for all services which detail all duties to be performed and the compensation to be paid. In addition, review current expenses and allowances being paid to ensure public funds are expended in a necessary and prudent manner.
- B. Review the transaction and take the appropriate action. In the future, if checks need to be issued prior to receiving supporting documentation, the County Commission should perform a follow up review of the transaction to ensure funds are expended as intended.
- C. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- D. Require adequate supporting documentation prior to approving expenditures for payment.
- E. Enter into a written agreement with the Prosecuting Attorney outlining the specific arrangements regarding payment of the Prosecuting Attorney's expenses. The basis for this arrangement should be documented and retained.
- F. Ensure all contracts are in writing.
- G. Ensure contracts are signed by all parties and document their review of the financial statement reports submitted. In addition, ensure collector's bonds are reviewed for sufficiency, and ensure the County Clerk files a copy of the collector's bond with the STC.
- H. Require the Sheriff to perform a documented periodic reconciliation of fuel purchased to amounts used in county vehicles and investigate any significant discrepancies.
- I. Establish a formal annual maintenance plan for county bridges.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will review these recommendations and correct any deficiencies.*
- B. We will review this transaction and take the appropriate action.*
- C&D. These will be corrected.*
- E. We will comply with this new recommendation.*
- F. We will enter into a written agreement with the fire department.*
- G. This will be done. Letters have been sent to each township requesting proof of bonding be filed with the County Commission.*
- H. We will work with the Sheriff to ensure this is being done.*
- I. The state inspects all county bridges, and the County Commission uses the results of the inspections to plan for upcoming bridge projects. In addition, the County Commission periodically documents in its minutes culverts to be replaced.*

9. County Officials Compensation

Salary increases paid to some elected officials (in the middle of their term) during the years ending December 31, 2002 and 2001 are not supported by salary commission actions, and there is no documentation from legal counsel supporting the Public Administrator's salary.

- A. Salary increases paid to some elected officials (in the middle of their term) totaling \$11,686 during the years ending December 31, 2002 and 2001 are not supported by salary commission actions. Salary increases by official are as follows:

Official	Salary increases during the year ending December 31,		Total
	2002	2001	
Presiding Commissioner	\$ 1,152	1,152	2,304
County Clerk	1,840	1,840	3,680
Prosecuting Attorney	1,310	1,310	2,620
Total	4,302	4,302	8,604

The County Clerk indicated he calculated the salary increases due to an increase in the county's assessed valuation. He also indicated it was the salary commission's intention to take salary increases as changes in assessed valuation occurred; however, the salary commission minutes do not clearly indicate this was their decision. In addition, the County Clerk's calculation of the Prosecuting Attorney's salary is not consistent with other salary calculations.

Section 50.333, RSMo 2000, provides for the salary commission to meet in each odd-numbered year to determine the compensation to be paid to county officials beginning with their next term of office. The County Commission should ensure future salary decisions are documented and supported by actions of the salary commission. In addition, the County Commission should review this situation, obtain a legal opinion regarding these payments, and take the appropriate action. Also, the County Clerk should ensure all future salary amounts are calculated consistently.

- B. There was no documentation from legal counsel supporting whether the Public Administrator should receive the minimum salary provided by state law or a percentage of the minimum. The Public Administrator, who took office in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo 2000, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Clerk calculated the Public Administrator's salary at \$13,500 (90 percent of the statutory minimum of \$15,000) to correspond with what he thought was the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.

WE RECOMMEND the County Commission review these salary increases, obtain a legal opinion, and take the appropriate actions. In addition, ensure the salary commission approves all salary increases, and salary commission minutes clearly document all decisions made. Also, the County Clerk should ensure all future salary amounts are calculated consistently.

AUDITEE'S RESPONSE

The County Commission indicated the intent of the Salary Commission was to take increases in salary when assessed valuations occurred; however, they will ensure the minutes clearly document this at the next meeting. In addition, they will obtain an opinion and make adjustments as necessary.

The County Clerk and County Treasurer did not reconcile their accounting records monthly, and budgets for smaller county funds did not always include the beginning and ending cash amounts.

- A. The County Clerk and County Treasurer did not reconcile their accounting records monthly for the years ended December 31, 2004 and 2003. Cash balances did not reconcile as a result of differences between receipts and transfers recorded by each official and because the County Treasurer did not report cash balances of all county bank accounts on his semi-annual settlement. For example, the County Clerk did not accurately report interest earned on certificates of deposit (CDs) and report transfers made from the Road and Bridge Fund to the General Revenue Fund on the budget in the year they occurred for the years ended December 31, 2004 and 2003. In addition, the County Treasurer's semi-annual settlements did not include the activity of three CDs, the Community Development Block Grant Account, and the REAP Grant for Betterment Assistance Account. Adjustments have been made to the audited financial statements to correct these reconciling items.

Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular account with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk and County Treasurer should reconcile their records monthly.

- B. Budget documents of several smaller county funds did not always include the beginning and ending cash amounts.

To be of maximum assistance to the county and to adequately inform the public, the financial statements should accurately reflect the anticipated beginning cash and ending cash balances.

A condition similar to Part B. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. Require the County Clerk and County Treasurer to reconcile their accounting records monthly and document and fully investigate all reconciling items.
- B. Ensure beginning and ending cash balances are presented for all county funds.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *This will be corrected.*
- B. *This will be corrected if information is submitted to our office from other officials.*

11. Property Tax System

Several control weaknesses exist over the property tax system. The county does not hold a public hearing to adopt the county's tax rates until after the State Auditor's Office (SAO) has certified the rates, and the County Assessor has the ability to make changes to the property tax system during periods when she has no statutory authority. In addition, the County Clerk does not maintain an account book with the Ex Officio County Collector and did not prepare or file property tax aggregate abstracts with the Department of Revenue (DOR) or the State Tax Commission (STC). Additionally, controls over property tax additions and abatements are not adequate, there was no evidence that the County Commission examined and approved the Ex Officio County Collector's annual settlements, and passwords and other procedures are not in place to limit access to the property tax system.

The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering assessed valuation data, and the County Clerk is responsible for entering the tax rates and extending and printing the tax books. The County Clerk verifies the tax books and the Ex Officio County Collector and Township Collectors' collect the property taxes.

- A. The County Clerk and County Commission do not hold a public hearing to adopt the county's tax rates until after the State Auditor's Office (SAO) has certified the tax rates. In addition, the County Clerk signed the completed tax rate forms as the official representative for the various political subdivisions within the county during the tax year 2003, however there was no documentation that the political subdivisions had approved the 2003 rates or authorized the County Clerk to sign these forms. Section 137.073 and 67.110, RSMo 2000, requires each political subdivision to hold at least one public hearing and fix the rates of property taxes, the County Clerk to extend the tax rate on the tax book and file the tax certification forms with the SAO. In addition, the SAO issued a letter in 2001, regarding tax rate setting procedures, which stated, "Each political subdivision is responsible for reviewing and finalizing the forms, holding a public hearing to adopt the tax rates, and filing the forms with the county clerk. The county clerk will enter the proposed rate that will be extended on the tax books, sign, and forward the completed forms to the State Auditor's Office."

- B. The County Assessor enters the assessed valuation data from the assessment sheets, which is to be completed by May 31 of each year, however she can also enter changes in assessed valuations after approval by the Board of Equalization. After the Board of Equalization meetings are completed, even though the County Assessor has no statutory authority to make changes to the assessment data, she and her staff still have the capabilities to make changes to the assessment data. As a result, there is an increased risk that unauthorized changes can be made to the assessment data.
- C. Although the County Clerk and Ex Officio County Collector both indicated they balance various tax records monthly and annually, the County Clerk does not maintain an account book with the Ex Officio County Collector and Township Collectors. An account book would summarize all taxes charged to the Ex Officio County Collector and Township Collectors, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the Ex Officio County Collector and Township Collectors each year is complete and accurate and could also be used by the County Commission to verify the Ex Officio County Collector's annual settlement.
- D. The County Clerk did not prepare the Land and Personal Tax Aggregate Abstract, Back Tax Aggregate Abstract, or the Railroad and Utility Aggregate Abstract for the 2004 and 2003 tax years. The Department of Revenue (DOR) and the State Tax Commission (STC) sent notices to the County Clerk indicating that these reports had not been filed with their offices. Section 137.295, RSMO 2000, provides for the County Clerk to prepare these reports and forward them to the DOR and the STC.
- E. Controls over tax book additions and abatements are not sufficient. Additions and abatements are prepared by the Assessor and signed by the County Clerk; however, the County Commission does not review and approve the additions and abatements.

To ensure all additions and abatements have been accounted for properly and to help verify the accuracy of additions and abatements reported by the Ex Officio County Collector on his annual settlements, the County Commission should review and approve all additions and abatements. In addition, the additions and abatements should be reconciled to the collector's annual settlement.

- F. There was no evidence the County Commission examined and approved the Ex Officio County Collector's annual settlements. A detailed review should be performed by the County Commission to ensure the accuracy of the annual settlement.

- G. Passwords and other procedures are not in place to limit access to the various data files and programs utilized by the County Assessor and County Clerk. Lack of such passwords and procedures provides the potential for personnel to make undetected and unauthorized changes to information. To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures can be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

A condition similar to Part C. was noted in the prior report.

WE RECOMMEND the County Commission:

- A. Ensure public hearings are held prior to certifying its tax rates with the SAO.
- B. Restrict access to the assessment data during periods when changes to the data are not statutorily allowed.
- C. Ensure the County Clerk maintains an account book with the Ex Officio County Collector and township collectors and use this information to verify the accuracy of the collector's annual settlements.
- D. Ensure the County Clerk prepares and files the Land and Personal Tax Aggregate Abstract, Back Tax Aggregate Abstract, and the Railroad and Utility Aggregate Abstract with the Department of Revenue and the State Tax Commission as required.
- E. Review and approve all additions and abatements and reconcile them to Ex Officio County Collector's annual settlement.
- F. Review and approve the Ex Officio County Collector's annual settlements.
- G. Consult with its programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *A public hearing will be held prior to the State Auditors Office certifying the tax rate.*
- B. *We will discuss this with the programmer and take this under advisement.*
- C. *We will try to do this.*

D. The County Clerk has prepared the abstracts and will mail them to the appropriate parties.

E&F. These will be done.

G. We will discuss this with the programmer.

12. Personnel Procedures

An adequate review of a deputy's time sheets and leave records was apparently not performed, proper controls over compensatory time balances have not been established, and timesheets and leave records submitted by the Sheriff's office were not always signed by the Sheriff. In addition, the Ex Officio County Collector authorized additional payments from the Tax Maintenance Fund to his employee, and the County Commission has historically required full time employees to work only 35 hours a week.

A. Deputies earn compensatory time for any time worked in excess of 171 hours in a 28 day cycle as required by the FLSA. Individual time sheets and leave records are prepared by the Sheriff's office bookkeeper on a computerized spreadsheet, signed by each employee, and filed with the County Clerk's office. Our review of the Sheriff's office payroll records revealed the following:

1. An adequate review of the employee's time sheets and leave records was apparently not performed by the former Sheriff or the County Clerk's office which allowed inaccuracies to go undetected. The computer spreadsheet of time worked and leave balances maintained by the bookkeeper is inaccurate. For example, one deputy's total hours and compensatory time worked were overstated by 20 and 18 hours in November 2004, respectively, due to an error in calculations on the spreadsheet, and as a result the deputy was overpaid \$148 and accrued 18 more hours of compensatory time than worked.

To ensure employees are paid correctly and receive leave benefits as allowed by law and the county's personnel policy, timesheets should be reviewed for accuracy. In addition, the accumulated leave balances should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct and employees receive the proper amount of leave and overtime compensation.

2. Neither the former Sheriff nor the County Commission has implemented proper controls to ensure compensatory time balances were reviewed for excessive balances. The employee noted in part A.1. was carrying in excess of 480 hours of compensatory time at November 30, 2004. The FLSA provides for employees regularly engaged in public safety activities to accumulate a maximum of 480 hours of compensatory time. Hours in excess

of this maximum are to be paid or taken off by the employee in the next pay period. Proper controls over the management of compensatory time balances require the county to evaluate balances for reasonableness, the reasons for large or increasing balances, and provide solutions to prevent excessive balances. Excessive compensatory time represents a large liability for the county which could require significant cash resources upon payment.

3. The computerized timesheet and leave records submitted by the Sheriff's office to the County Clerk were not always signed by the former Sheriff. Time sheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.
- B. From July 2004 to February 2005, the Ex Officio Collector authorized \$1,881 in additional payments from the Tax Maintenance Fund to his employee. Our review of this situation disclosed the following concerns:
1. The employee was paid for a total of 166 hours from July 2004 through February 2005. The additional time worked was not documented on the employees' regular monthly time sheets submitted to the County Clerk's office, but instead was recorded separately and not submitted. In addition, some of the hours worked were overtime, and the employee was only paid \$11.33 per hour. This hourly pay rate was her normal hourly salary and not at time and one-half. The county employee manual indicates that overtime compensation is to be paid at the rate of one and one-half times the usual rate of pay.
 2. These payments were not processed through the county's payroll system and therefore, were not subjected to payroll tax withholdings.

To ensure compliance with the Fair Labor Standards Act (FLSA) and ensure the propriety of any overtime payments made, overtime worked should be properly recorded on the monthly time sheets and paid through the regular county payroll process. In addition, all overtime payments should be subject to withholding taxes and paid in accordance with the county's overtime policy.

- C. Although the County Commission has historically required full time employees, excluding those in law enforcement, to work only 35 hours a week, the county's personnel policy indicates "all work schedules for full time employees shall not be less than 160 hours in each monthly pay period." The County Commission should review its current policy and practices and revise the policy if necessary.

WE RECOMMEND the County Commission:

- A. Ensure the Sheriff and the County Clerk review time sheets and leave records for accuracy. Leave balances should also be monitored to minimize excessive leave

balances. In addition, ensure all time sheets have been signed by both the employee and the employee's supervisor.

- B. And the Ex Officio County Collector ensure any overtime worked is properly recorded on the monthly time sheets and paid through the regular county payroll process. In addition, all overtime payments should be subject to withholding taxes and paid in accordance with the county's overtime policy.
- C. Review its current personnel policy and practices regarding required work hours for full time employees and revise the policy if necessary.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will work with the Sheriff's office and require timesheets to be signed by the employee and Sheriff and monitor comp time.*
- B. *We will work with the Ex-Officio County Collector who indicated he will gladly comply.*
- C. *We will review current practices and revise the policy as necessary.*

13. County Sales Tax

The county has not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by the Dade County voters under the provisions of Section 67.505, RSMo 2000.

As indicated by the following calculations, the net excess property tax revenues collected as of December 31, 2004, and 2003 have increased due to the county not rolling back the property tax levy for excess property tax revenue collections from prior years.

		Tax Year Ended December 31,	
		2004	2003
ACTUAL SALES TAX REVENUES	\$	255,146	226,992
Required percentage of revenue reduction	X	50%	50%
Required property tax revenue Reduction		127,573	113,496
Assessed Valuation		77,151,306	76,320,421
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	0.1501	0.1401
Actual property tax revenue Reduction		115,804	106,925
EXCESS PROPERTY TAX REVENUES COLLECTED		11,769	6,571
Excess property tax revenue collections from prior years		32,650	26,079
NET EXCESS	\$	44,419	32,650

The County Clerk indicated he estimates the annual sales tax revenues based on the first six months actual sales tax revenues and calculates the property tax rate levy based on this estimate. However, he does not include any excess property tax collections from prior years in his calculation of the property tax rate. The county needs to develop procedures to ensure the proper calculation and adjustments are made annually and to adjust future levies for the \$44,419 excess property taxes collected in prior years.

WE RECOMMEND the County Commission ensure appropriate adjustments are made to the property tax levy to reflect excess property taxes collected in prior years, and maintain documentation to show the county's compliance with this law.

AUDITEE'S RESPONSE

The County Commission indicated this will be corrected.

14. Collateral Securities

The County Commission and the 911 Emergency Services Board have not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were undercollateralized at December 31, 2003, and at other times during the audit period. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer/Ex Officio County Collector and the 911 Emergency Services Board were insufficient by approximately \$260,000 and \$385,000 at December 31, 2003 and during January 2005, respectively. The 911 Emergency Services Board invested its funds using the county's tax identification number which caused both the county and board funds to be

secured under the county's name. The County Commission and County Treasurer indicated they were not aware the 911 Emergency Services Board funds were secured under the county's agreement, and the 911 Emergency Services Director indicated he was unaware the board needed to obtain additional coverage.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the County Commission ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository bank of the need for additional collateral securities to be pledged.

AUDITEE'S RESPONSE

The County Commission indicated the 911 board has obtained separate coverage, and they will notify the bank to monitor coverage.

15.

General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk utilizes the county insurance carrier's listing of county property as his listing of fixed assets, and as a result, the property records do not always include the necessary information for some assets, such as acquisition by fund, acquisition date, and the date and method of disposal. In addition, some fixed assets purchased during the year ending December 31, 2003, were not added to the listing and not insured, including a projector and computer hardware. Also, property items were not always properly numbered, tagged, or otherwise identified as county property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in the prior audit.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition, to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk, and general fixed asset purchases should periodically be reconciled to general fixed asset additions. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission indicated they will comply.

16. Sheriff Accounting Controls and Procedures

Weaknesses in the current and former Sheriff's accounting controls and procedures include the following: monthly bank reconciliations and open items (liabilities) listing are not prepared, receipt slips are not issued for some monies received, the composition of receipt slips issued are not reconciled to deposits, and receipts are not deposited on a timely basis. In addition, a perpetual inventory record of seized property and a ticket issuance log for uniform traffic tickets issued were not maintained, vehicle logs for county owned patrol cars did not adequately document appropriate use of the vehicles, and the county does not have written agreements with the political subdivisions for whom it houses prisoners.

The Sheriff's office maintains a fee account for the deposit of civil and criminal process fees, gun permits, jail phone commissions, and other miscellaneous receipts. The Sheriff also maintains another account for the deposit of bonds. The Sheriff's office processes approximately \$40,000 annually.

- A. Bank reconciliations for the fee account and the bond account are not performed. The Sheriff's current bookkeeper indicated she did not know when the last bank reconciliation had been performed and had not performed a reconciliation since she started working for the Sheriff's office in 2003. In addition, open items (liabilities) listings are not maintained for either bank account. During the course of our audit, we requested the Sheriff's office to perform bank reconciliations as of December 31, 2004 for each account, and since the reconciliations had still not been performed three weeks after our request, we prepared the bank reconciliations for each account. While reconciling the accounts, we noted two checks from 2002 that were erroneously not recorded in the accounting software that totaled approximately \$3,000. The reconciled bank balances (per audit) of the Sheriff's fee and bond accounts at December 31, 2004 were \$587 and \$88, respectively. Further, the book balances maintained by the Sheriff's office for the fee and bond accounts at

December 31, 2004 were \$865 and (\$3) resulting in an overage/(shortage) of (\$278) and \$91, respectively.

The preparation of monthly reconciliations is necessary to ensure the bank accounts are in agreement with the accounting records and to detect and correct errors on a timely basis. Also, to ensure accounting records are complete and to assist in the reconciliation process, receipts should be posted to the cash control ledger on a timely basis. In addition, reconciling the book balance to an open items listing is necessary to ensure records are in balance and that sufficient cash is available for the payment of all liabilities. The Sheriff should investigate the differences between the book balances maintained and the available cash balance, and take the appropriate action.

B. We noted the following concerns regarding receipts:

1. Receipt slips are not issued for some monies received. Receipt slips are not issued for checks received through the mail, and we noted a \$100 cash payment from an inmate for damages to the jail for which a receipt slip was not issued. Further, the composition of receipt slips issued is not reconciled to the composition of deposits.

To adequately account for all receipts, prenumbered receipt slips should be issued for all receipts, and the numerical sequence should be accounted for properly and the composition of receipt slips issued should be reconciled to the composition of deposits.

2. Civil process fees received are not deposited until the related papers are served. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
3. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

C. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted. Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- D. The Sheriff's department issues uniform traffic tickets (UTTs) for various traffic offenses. The Sheriff's department does not maintain a ticket issuance log listing the ticket number, date issued, violator's name, offense, and disposition. In addition, the Sheriff indicated he did not know how many tickets had been issued during the years ending December 31, 2004 and 2003.

A ticket issuance log listing each ticket number, the date issued, violator's name, offense, and disposition should be maintained to help ensure all tickets have been accounted for properly.

- E. Vehicle logs maintained by the Sheriff's office for county owned patrol cars did not adequately document appropriate use of the vehicles. While gasoline purchases, odometer readings at the time of gas purchases, and the officer purchasing the gasoline were recorded, the logs did not include the purpose and destination of each trip or the daily beginning and ending odometer readings.

Vehicle logs should be prepared for each vehicle which include the date, odometer readings, and purpose of each trip.

- F. The Sheriff's Department boards prisoners for other political subdivisions. The county does not have written agreements with these entities regarding the housing rate to be paid or the services to be provided.

Section 432.070, RSMo 2000, requires the county to have all contracts in writing. Written agreements should be prepared with political subdivisions for services provided. The agreements should clearly specify the arrangements between parties for the services provided and be approved by the County Commission.

Conditions similar to Parts B. and C. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Ensure bank reconciliations are prepared on a monthly basis for each bank account and also ensure all receipts are posted to the cash control ledger on a timely basis. In addition, each account balance should be reconciled to an open items listing, and the Sheriff should attempt to investigate any unidentified monies or shortages.
- B.1. Issue prenumbered receipt slips for all monies received and reconcile the composition of receipts to the composition of bank deposits.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
3. Restrictively endorse checks and money orders immediately upon receipt.

- C. Maintain a complete inventory record of all seized property including information such as description, persons involved, current location, case number, and disposition of such property. In addition, periodic inventories of seized property should also be performed.
- D. Maintain a ticket issuance log listing the ticket number, date issued, violator's name, offense, and disposition.
- E. Maintain vehicle logs for each vehicle which include the date, odometer readings, and purpose of each trip in order to document appropriate use of all vehicles.
- F. And the County Commission enter into written agreements for the boarding of prisoners.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *The new bookkeeper will prepare bank reconciliations and reconcile the book balance to a listing of bonds held. I will investigate any differences in the account.*

B.1,

B.3,D

&F. These will be done.

B.2,

C&E. These are currently being done.

17. Prosecuting Attorney's Accounting Controls and Procedures
--

Weaknesses in the Prosecuting Attorney's office accounting controls and procedures include the following: receipt slips were not issued for some monies received, monies were not always deposited intact or in a timely manner, monthly listings of open items (liabilities) are not reconciled to the cash balance maintained in the Prosecuting Attorney's bank account, and an adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, has not been established.

The Prosecuting Attorney's office collected court-ordered restitution and bad check restitution and fees of approximately \$25,000 annually.

- A. The following concerns were noted regarding the Prosecuting Attorney's receipting procedures:

1. Receipt slips are not issued for some monies received, the numerical sequence of receipts is not accounted for, and the original copies of voided receipt slips are not maintained. In addition, it appears that the Prosecuting Attorney's former secretary sometimes backdated receipt slips to the date noted on the checks and money orders received. For example, a cash count conducted on December 27, 2004 revealed two money orders for which receipt slips had not been issued. The former secretary later issued receipt slips for the two money orders which were back dated to December 22 and December 23, 2004, (the date noted on each of the money orders).
2. Receipts are not always deposited intact or in a timely manner. Receipts are normally deposited once or twice per week. For example, a check from the Dade County Circuit Clerk for \$522 received on January 26, 2004 was not deposited until February 2, 2004.
3. Checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipt slips should be issued for all monies received immediately upon receipt and dated the day of receipt, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

- B. The Prosecuting Attorney has not established procedures to routinely follow up on old outstanding checks. At December 31, 2004, eight checks totaling \$89 had been outstanding for over one year, with two of these checks dating back to 2000.

These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payee cannot be located, the monies should be disposed of as provided by state law.

- C. Monthly listings of open items (liabilities) are not reconciled to the cash balance. As of December 31, 2004, the reconciled bank balance totaling \$4,532 exceeded the open items listing by \$859.

Monthly listings of liabilities should be reconciled to the cash balance to ensure accounting records are in balance and that sufficient cash is available for the payment of liabilities.

- D. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, has not been established. To ensure all bad checks turned over to the Prosecuting Attorney are properly handled, a log should be maintained listing each complaint and

its disposition. The log should contain information such as the complaint number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including date restitution was received and disbursed to the merchant, the date and criminal case in which charges were filed, or other disposition.

Conditions similar to Parts A., C., and D. were noted in the prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Issue receipt slips immediately for all monies received, deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- B. Attempt to resolve the old outstanding checks.
- C. Ensure that the monthly open items listing (liabilities) is reconciled to the cash balance on a monthly basis. Unidentified differences should be investigated and resolved.
- D. Maintain a complete listing of all bad checks filed and their disposition.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *My staff makes every attempt to issue receipts immediately and to restrictively endorse checks and money orders. However, if other duties so demand, such as preparing for court cases, these must take priority. In addition, when the secretary is off work for vacation or sick leave, the receipts may have to wait until she returns. We further attempt to make deposits on a timely manner, but once again, if there are other pressing duties, a trip to the bank may have to wait.*
- B. *Our duty is to the victims of crimes. We do not "resolve" outstanding checks until we are sure the victim cannot be located. As suggested by the auditors, if the checks are over one or two years old, we will turn them over in accordance with state law.*
- C. *The bank statements are reconciled by the secretary and then audited by me on a monthly basis. We will attempt to itemize all open items as recommended as time allows.*

We often have a defendant that has written numerous checks. Once prosecuted, the Court or the office of Probation and Parole sets up restitution payments. We retain all restitution payments until the full amount of restitution has been received. We then pay each victim in full. In the event restitution is not paid in full (i.e. the defendant is sentenced to jail or the Department of Corrections for violating probation), we then pro-rate the amounts received

to each victim. To do otherwise would mean paying one or two victims to the exclusion of others.

D. *We have set up a log listing each complaint and disposition.*

18. County Clerk Accounting Controls and Procedures
--

Receipts are not transmitted intact to the County Treasurer because cash is withheld to purchase postage, and controls over the County Clerk's facsimile stamp are not adequate. In addition, the County Clerk does not prepare bank reconciliations for the Election Services Account, and balances were not maintained in the checkbook register.

- A. Receipts are not transmitted intact to the County Treasurer because cash is withheld to purchase postage. The County Clerk collected receipts of approximately \$2,000 annually. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact monthly as required by Section 50.360, RSMo 2000. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.
- B. A facsimile signature stamp is maintained on a desk in the County Clerk's office, and is occasionally used by employees of the County Clerk's office to document the County Clerk's approval on various forms. The County Clerk indicated that his employees ask for his approval to use the stamp; however, he does not review the documents stamped. The use of the facsimile stamp and the unrestricted access to the stamp diminishes the controls intended by approval signatures. The County Clerk should evaluate the need for the stamp, and if he decides to continue the practice of using the facsimile stamp, controls over the stamp should be established.
- C. Bank reconciliations were not prepared for the Election Services Account and balances were not maintained in the checkbook register. The County Clerk has custody of the Election Services Fund which is used to supplement the costs of elections. The Election Services Fund balance at December 31, 2004 was \$15,000.

Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursement have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. Given the County Treasurer has established controls over other county funds, the County Clerk should consider turning this account over to the County Treasurer.

A condition similar to Part A. was noted in our prior report.

WE RECOMMEND the County Clerk:

- A. Transmit all monies to the County Treasurer intact monthly. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.
- B. Evaluate the need for the facsimile signature stamp, and if he decides to continue the practice of using the facsimile stamp, controls over the stamp should be established.
- C. Prepare monthly bank reconciliations and maintain checkbook registers or consider turning over control of the Election Services Fund to the County Treasurer.

AUDITEE'S RESPONSE

The County Clerk provided the following responses:

- A. *I will transmit receipts to the County Treasurer intact.*
- B. *I will restrict access.*
- C. *This has already been implemented.*

19. Public Administrator Accounting Controls and Procedures
--

Bank reconciliations were not performed, checks were not issued in numerical sequence or properly accounted for, and check registers were thrown away by the Public Administrator.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates, of the Probate Court. The Public Administrator handled approximately 17 estates, annually.

- A. Bank reconciliations were not performed for the estate reviewed. Bank reconciliations are necessary to ensure the accounting records are in agreement with the bank and that any errors are detected on a timely basis.
- B. Checks were not always issued in numerical sequence, and several check numbers were not recorded on the annual settlements or otherwise accounted for. The Public Administrator stated these checks were voided and not issued; however, the voided checks were not retained. In addition, some check numbers were recorded on an annual settlement incorrectly. For example, a check number recorded on the annual settlement was actually a missing check; however, another check was issued for an amount listed on the annual settlement for this missing check. The Public Administrator uses a local attorney to prepare the annual settlements, and the attorney prepares the annual settlements using bank statements and canceled checks.

Further, the Probate Court does not account for the numerical sequence of checks issued during their review of annual settlements to ensure that all checks have been reported or properly accounted for.

Annual settlements that include complete and accurate reports of estate transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected. In addition, all checks used should be listed on the annual settlement and the numerical sequence of checks accounted for properly. If a check is voided, this should be indicated and the voided check should be mutilated and retained.

- C. The Public Administrator disposes of each estate's check book register once the annual settlement is filed with the court. Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. In addition, Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

WE RECOMMEND the Public Administrator and Associate Circuit Judge:

- A. Prepare and retain monthly bank reconciliations for each estate.
- B. Prepare annual settlements using book records to ensure a complete and accurate account of all transactions is provided. If a check is voided, this should be indicated on the annual settlement and the check should be properly mutilated and retained. In addition, the Associate Circuit Judge should require the numerical sequence of checks issued be reviewed to ensure that all checks are accounted for adequately.
- C. Retain records in accordance with state law to provide assurance that all transactions are valid and proper.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following response:

- B. *The Probate Court does audit the settlements. No funds are transferred without proper accounting. The Probate Court does not prohibit the use of counter checks. Some estates are transferred to the Public Administrator and bills are immediately due. Requiring the Public Administrator to wait until the checks are printed delays the payment of bills necessary for the proper care of the Ward/Protectee. Those counter checks are properly accounted for. All check amounts shown on the settlements are verified through bank statements. No funds are unaccounted for.*

The former Public Administrator provided the following responses:

- A. I reconciled my records with the bank balances, but I failed to fill out the bank reconciliations on the back side of the bank statement.*
- B. My attorney prepared annual settlements. I gave them all the paperwork. I thought they were doing it correctly. The reason for some of the checks being out of sequence was because they were counter checks.*
- C. I did dispose of bank registers after each annual settlement was filed. I thought when the court approved the annual settlement, I could throw them away.*

20. Recorder of Deeds Accounting Controls and Procedures

Bank reconciliations are not always performed and completed monthly. For example, the December 2004 bank reconciliation had not been prepared as of February 9, 2005. The Recorder of Deeds subsequently performed the December bank reconciliation. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis.

WE RECOMMEND the Recorder of Deeds perform bank reconciliations monthly.

AUDITEE'S RESPONSE

I have closed the former Recorder of Deeds account and opened a new account. I am currently keeping the account reconciled.

21. County Assessor Accounting Controls and Procedures

The County Assessor's office accepts cash, checks, and money orders, and issues rediform receipt slips for monies received. The receipt slips do not always indicate the method of payment, the numerical sequence of receipt slips issued is not accounted for, and voided receipt slips are not always retained. In addition, receipts are not posted to her monthly report of fees until monies are transmitted to the County Treasurer each month, and a copy of her monthly report of fees is not filed with the County Commission.

To properly account for all receipts and ensure they are handled properly, official prenumbered receipt slips should be issued for all monies received, the method of payment received should be recorded and reconciled to the composition of monies transmitted to the County Treasurer, the numerical sequence of receipt slips should be accounted for properly, and all copies of voided receipt slips should be properly defaced and maintained. In addition, receipts should be posted to the monthly report of fees in a timely manner, and Section 50.370, RSMo 2000, requires county officials to file a monthly report of fees with the County Commission.

The County Assessor's office processed receipts for maps and photo copies of approximately \$1,000 annually. While the County Assessor does not collect large amounts of fees, control weaknesses such as these need to be improved.

WE RECOMMEND the County Assessor issue official prenumbered receipt slips for the monies collected, record the method of payment received, and reconcile the composition of monies collected to receipt slips and transmittals, account for the numerical sequence of receipt slips, and retain all copies of voided receipt slips. In addition, post all receipts to the monthly report of fees in a timely manner, and file the monthly report of fees with the County Commission in accordance with state law.

AUDITEE'S RESPONSE

The County Assessor indicated her office staff currently indicate the method of payment on the receipt slips, and she will order pre-numbered receipt slips so the receipt slips will continually be in numerical order. She is currently retaining all copies of voided receipts and recording monies received immediately, and will begin filing a monthly report with the County Clerk.

Follow-Up on Prior Audit Findings

DADE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dade County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Procedures

- A. Formal budgets were not prepared for various county funds.
- B. Actual expenditures exceeded budgeted amounts for several county funds.
- C. The approved budget documents for several smaller county funds did not always include beginning and ending cash amounts or other beginning and ending available resources.
- D. Minutes were not prepared for closed sessions of County Commission meetings, and it was not evident that the final disposition of matters discussed in closed session was made public.
- E. The County Commission did not list the specific reason for holding closed sessions on the agendas.

Recommendations:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds as required by state law.
- B. And the Health Center not authorize warrants in excess of budgeted expenditures.
- C. Ensure all available resources are reflected in the smaller county funds, including budgets prepared by elected officials.
- D. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed in closed meetings is made public as required by state law.
- E. Ensure the specific reason for the closed sessions is noted in the meeting agendas.

Status:

- A. Not implemented. See finding number 04-1.
- B. Partially implemented. Improvements were made by the county, and actual expenditures exceeded budgeted amounts in only four funds by minimal amounts. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. See MAR No. 10.

D&E. Implemented.

2. Expenditures

- A. The county did not always solicit or advertise bids nor was bid documentation always retained for various purchases.
- B. The county overpaid an engineering firm \$5,461 for engineering services for a bridge project because the county did not reconcile individual invoices to progress invoices submitted by the engineering firm.
- C. IRS Forms 1099-MISC were not issued as required.

Recommendations:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Immediately seek reimbursement of the \$5,461 overpayment.
- C. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

Status:

- A. Not implemented. See MAR No. 8.
- B. Not implemented. While the County Commission issued a letter dated February 4, 2002, to the engineering firm requesting the funds be reimbursed, the County Commission did not pursue any further collection efforts when the firm did

not respond. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Implemented.

3. Personnel Policies and Procedures

A. Centralized leave records were not maintained.

B. The county did not follow its own policy to advertise county employment opportunities.

C. Various county employees with access to money were not bonded.

Recommendations:

The County Commission:

A. Maintain centralized records of leave earned, used, and accumulated for all county employees.

B. Follow all policies indicated in the county comprehensive employee manual.

C. Consider obtaining adequate bond coverage for all employees with access to monies.

Status:

A-C. Implemented

4. General Fixed Assets

Procedures were not adequate to ensure fixed asset purchases were included in the general fixed asset records. In addition, new assets were not consistently numbered, tagged, or otherwise identified as county property.

Recommendation:

The County Commission establish a written policy to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR No. 15.

5. County Clerk

- A. The County Clerk did not maintain an account book with the Ex Officio County Collector.
- B. Additions were added to the tax books by the Township or Ex Officio County Collectors only when the taxes were paid.
- C. The County Clerk did not ensure the township road boards financial statements were prepared and published as required by state law.
- D.1. Receipt slips were not issued for some monies received, and some receipts were not posted to the monthly fee sheet.
- 2. Receipts were not transmitted to the County Treasurer in a timely manner.

Recommendations:

The County Clerk:

- A. Establish and maintain an account book of the Ex Officio County Collector's and township collector's transactions, and the County Commission make use of this account book to verify the Ex Officio County Collector's annual settlements.
- B. Prepare any additions to the tax books and charge the collectors with the additions at the time the additions are prepared.
- C. Prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file their detailed financial statements with the county and publish in a local newspaper in accordance with state law.
- D.1. Issue pre-numbered receipt slips for all monies received and reconcile the composition of the receipts to the composition of the transmittal to the County Treasurer. In addition, all receipts should be posted to the monthly fee sheet.
- 2. Transmit all monies to the County Treasurer intact monthly. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

Status:

A. Not implemented. See MAR No. 11.

B&

D.1. Implemented.

C. Partially implemented. Each township (except one) prepared and published a financial statement during the years ending December 31, 2004 and 2003. The township that failed to comply was referred to the Prosecuting Attorney by the County Clerk.

D.2. Partially implemented. The County Clerk transmits monies to the County Treasurer monthly; however, monies are still being withheld to purchase postage. See MAR No. 18.

6. Ex Officio County Collector

A. The Ex Officio County Collector used an incorrect average Proposition C ratio for school collections when computing commission and assessment fund withholdings from state assessed railroad and utility taxes.

B. Surtax collections were distributed using the wrong percentages.

Recommendations:

The Ex Officio County Collector:

A. Recalculate commissions and assessment withholding related to the various school districts and making correction for amounts improperly distributed to the General Revenue Fund and Assessment Fund. In addition, the Ex Officio County Collector needs to ensure future Proposition C Commissions are computed properly.

B. Calculate the percentages which should have been used for each of the two years ended February 28 (29), 2001 and 2000, and apply these percentages to the respective surtax collections. The newly calculated distributions should be compared to the actual distributions and adjustments made to future distributions.

Status:

A&B. Implemented.

7. Circuit Clerk and Ex Officio Recorder of Deeds

- A. The Circuit Clerk's office maintained several old bank accounts that were no longer utilized.
- B. The Ex Officio Recorder of Deeds was only turning over twenty-seven percent of the monthly interest earned on her account to the County Treasurer.

Recommendations:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Identify the monies held in the old bank accounts and disburse the monies so that the accounts can be closed.
- B. Ensure all of the interest earned on the Ex Officio Recorder of Deeds' bank account is remitted to the County Treasurer at least monthly.

Status:

A&B. Implemented.

8. Sheriff's Accounting Controls and Procedures

- A.1. Receipt slips were not issued for some monies received.
 - 2. Receipts were not deposited in a timely manner.
 - 3. Checks and money orders were not restrictively endorsed immediately upon receipt.
 - 4. Receipts were not posted to the cash control ledger in a timely manner.
- B. The Sheriff received commissions from calendar sales, and did not deposit these monies into a bank account or otherwise account for the monies.
- C. A complete log of seized property was not maintained, and periodic inventories of the property was not conducted.
- D. Fuel usage, recorded on mileage logs maintained by the Sheriff's office, was not reconciled to fuel purchased.

Recommendations:

The Sheriff:

- A.1. Issue pre-numbered receipt slips for all monies received and reconcile the composition of receipts to the composition of bank deposits.
- 2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- 3. Restrictively endorse checks and money orders immediately upon receipt.
- 4. Post all receipts to the cash control ledger on a timely basis.
- B. Turn over calendar monies to the County Treasurer as required by state law.
- C. Maintain a complete inventory record of all seized property including information such as a description, person involved, current location, case number, and disposition of such property. In addition, perform periodic inventories of seized property.
- D. Reconcile fuel usage to fuel purchased and investigate significant differences.

Status:

A.1-3
&C. Not implemented. See MAR No. 16.

A.4&
B. Implemented.

D. Not implemented. See MAR No. 8.

9. Prosecuting Attorney's Procedures and Controls

- A. Receipts were not always deposited in a timely manner.
- B. Monthly listings of open items (liabilities) were not reconciled to the cash balance.
- C. The employee responsible for receiving and depositing monies was not bonded.
- D. The bad check log was not updated in a timely manner for bad checks turned over to the Prosecuting Attorney for collection.
- E. Waivers of bad check fees were not approved and documented by the Prosecuting Attorney.

Recommendations:

The Prosecuting Attorney:

- A. Ensure receipts are deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure that the monthly open items listing (liabilities) is reconciled to the cash balance on a monthly basis. Unidentified differences should be investigated and resolved.
- C. Obtain bond coverage for the employees of her office.
- D. Maintain a complete listing of all bad checks filed and their disposition and ensure the listing is updated in a timely manner.
- E. Approve and document all waivers of bad check fees.

Status:

- A,B,
&D. Not implemented. See MAR No. 17.
- C. Not implemented. See MAR No. 12.
- E. Implemented.

10. Health Center's Accounting Controls and Procedures

- A. The health center's disbursements exceeded receipts, and its financial condition had declined.
- B. Budgets prepared by the health center were not accurate and complete, and cash balances reported to the board were inaccurate. In addition, receipts and disbursements included on the budgets contained numerous classification errors and were inaccurate.
- C.1. Receipt slips were not issued for some monies received.
 - 2. Monies received were not deposited intact and were not deposited in a timely manner.
- D. The health center did not adequately monitor the vacation and sick leave balances of employees.
- E. Additions of fixed assets were not recorded in the fixed asset records.

- F. The health center did not have a written depositary agreement with its depositary bank.
- G. The health center did not publish annual financial statements.

Recommendations:

The Health Center Board of Trustees:

- A. Take the necessary steps to improve the financial condition of the health center and develop a plan to seek additional revenue sources and reduce operation costs to maintain a balance sufficient to service health center operations.
- B. Ensure that the budget is prepared accurately to reflect the financial activity of the health center.
- C.1. Require that pre-numbered receipt slips to be issued for all monies received. In addition, the method of payment should be recorded on the receipt slips and the composition of receipts should be reconciled to deposits.
 - 2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Ensure accurate records of leave and compensatory time are maintained.
- E. Record all additions of fixed assets as they occur and ensure purchases are reconciled periodically to additions to the property records.
- F. Enter into a written depositary agreement with any bank which holds board monies.
- G. Publish annual information for the Health Center Fund in accordance with state law.

Status:

- A. Not implemented. See MAR No. 1.
- B&F. Not implemented. See MAR No. 2.
- C.1. Partially implemented. Receipt slips are issued for all monies received; however, the composition of receipt slips is not reconciled to the composition of amounts deposited. See MAR No. 2.
- C.2. Implemented.
- D. Not implemented. See MAR No. 3.

- E. Not implemented. See MAR No. 4.
- G. Not implemented. See finding number 04-1.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DADE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Dade was named after Francis L. Dade, a pioneer settler. Dade County is a township-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Greenfield.

Dade County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 115 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships and special road districts maintain approximately 586 miles of county roads.

The county's population was 7,383 in 1980 and 7,934 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	44.0	43.3	40.4	38.9	26.5 12.8
Personal property		19.5	20.6	19.9	20.2	10.6 6.1
Railroad and utilities		13.6	12.4	13.2	13.0	7.3 7.3
Total	\$	77.1	76.3	73.5	72.1	44.4 26.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dade County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.1200	.1300	.1200	.1400
Health Center Fund		.0998	.0998	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 23,631	22,721	21,991	21,620
General Revenue Fund	100,460	103,693	95,009	107,033
Road Funds	332,618	318,944	307,587	300,707
Assessment Fund	50,214	39,164	38,394	36,868
Health Center Fund	77,588	74,764	72,535	71,315
School districts	2,853,457	2,742,883	2,660,744	2,563,948
Library district	71,649	68,970	66,821	65,572
Ambulance district	69,815	67,296	65,270	64,012
Fire protection district	79,957	76,443	74,841	70,946
Townships	82,283	78,872	76,418	75,302
Hospital district	0	22	0	22
Nursing home district	182,120	176,655	174,408	169,102
Technical college district	18,626	17,641	16,894	17,579
Cities	22,415	21,296	21,191	19,499
County Clerk	0	107	0	716
County Employees' Retirement	9,156	7,699	5,437	6,700
Commissions and fees:				
Townships	35,822	35,342	34,857	33,856
General Revenue Fund	55,780	48,507	45,900	40,024
Total	\$ 4,065,591	3,901,019	3,778,297	3,664,821

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	91.4	90.5	91.4	92.2 %
Personal property	89.0	89.7	89.8	91.0
Railroad and utilities	100	100	100	100

Dade County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement	.0050	None	None	
911 Emergency Services	.0075	None	None	
Local Option Use		Fluctuates with local sales tax rate		

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Rex A. Wilkinson, Presiding Commissioner		22,645	22,665	19,952	19,952
William G. Marshall, Associate Commissioner		20,645	20,645	17,952	17,952
Franklin D. Heiskell, Associate Commissioner		20,646	20,645	17,952	17,952
Carolyn Kile, Recorder of Deeds (1)		31,280	31,280		
Larry W. McGuire, County Clerk		31,280	31,280	31,280	31,280
Randee Stemmons, Prosecuting Attorney		37,720	37,720	34,850	34,850
Gary Gabbert, Sheriff		35,880	35,880	35,880	35,880
Rod O'Conner, Treasurer and Ex Officio County Collector, year ended March 31,	31,280	31,280	31,280	31,280	
Mark A. White, County Coroner		8,740	8,740	8,740	8,740
Betty Ringgenburg, Public Administrator		13,500	13,500	13,500	13,500
Patty Maxwell, County Assessor (2), year ended August 31,		32,031	32,158	31,955	
Sharon Williams, County Assessor (3), year ended August 31,					31,500
Clark McLemore, County Surveyor (4)					

(1) Dade county voters approved separating the offices of the Recorder of Deeds and the Circuit Clerk in 2002. The newly elected Recorder of Deeds took office in January 2003.

(2) Includes \$751, \$878, and \$675 in annual compensation received from the state in 2004, 2003, and 2002, respectively.

(3) Includes \$900 annual compensation received.

(4) Compensation on a fee basis.

State-Paid Officials:

Brenda Adams, Circuit Clerk and Ex Officio Recorder of Deeds	47,850	47,300	47,300	47,300
David Munton, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill
Missouri State Auditor

July 2005

City of Houstonia, Missouri
Year Ended December 31, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Houstonia, Missouri.

Numerous recording, depositing, disbursing, and reporting errors were made and not detected in the city's accounting records during 2004. It appears the board's failure to adequately review the monthly financial statement and/or bank reconciliations contributed to these conditions. At December 31, 2004, the city's bank accounts and fund ledgers were in disagreement and the fund ledgers' and checkbook registers' balances were incorrect.

The city does not have a formal bidding policy. The decision of whether to solicit bids is made on an item-by-item basis. Only one bid was obtained for repair of the city well and chlorination control costing \$11,179. Also, bids were either not solicited or bid documentation was not retained for a mower totaling \$1,450, sewer line installation totaling \$1,020, or for various maintenance and repair services totaling over \$12,000. Additionally, the city did not always have formal written agreements with companies or individuals providing services to the city.

Of disbursements tested, vendor invoices or other supporting documentation were not properly obtained and/or retained for purchases totaling over \$1,400 in fiscal year 2004. The board does not review and approve invoices or other supporting documentation before payment is made. Although the minutes document a general reference that the financial report/disbursements are approved, a listing of all disbursements is not prepared to accompany the minutes. Also, the city has not established adequate procedures to ensure duplicate payments are not made, as invoices are not always marked paid.

The city does not periodically perform a formal review of the adequacy and reasonableness of its water and sewer rates. There is no documentation to support how the water and sewer fees were calculated or how much money is necessary to meet future repairs and replacement costs.

Also included in the report are recommendations related to accounting procedures, budgeting, planning and financial reporting, minutes, meetings, and city ordinances, payroll and personnel matters, and capital asset records.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF HOUSTONIA

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Houstonia, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Houstonia, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions

was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Houstonia, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 13, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Stacy Griffin-Lowery

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF HOUSTONIA
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Accounting Controls and Procedures
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The city needs to improve its accounting controls and procedures. The City Clerk's records contained many errors which were not detected and/or corrected, which resulted in inaccurate and incomplete financial reports. In addition, the petty cash fund is not operated on a imprest basis and bond coverage is not adequate.

One individual served as the City Clerk/City Treasurer for several months in 2004, while the City Collector served as City Clerk/City Treasurer in April 2004 and from October through December 2004. A new City Clerk was appointed in January 2005.

- A. The City Clerk is responsible for all record-keeping duties of the city, including duties which would normally be performed by a City Treasurer. The duties include billing utility (water, sewer, and trash) fees, monitoring delinquent utility accounts, receiving and depositing monies, maintaining payroll records, recording receipts and disbursements, preparing and distributing checks, and preparing monthly financial reports and bank reconciliations. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. Holding two of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent reviews should be established. The errors noted below may have been detected and corrected on a timely basis if an independent review had been performed.

- B. Numerous recording, depositing, disbursing, and reporting errors were made and not detected in the city's accounting records during 2004. It appears the board's failure to adequately review the monthly financial statement and/or bank reconciliations contributed to these conditions.

As a result, at December 31, 2004, the city's bank accounts and fund ledgers were in disagreement and the balances for the fund ledgers and checkbook registers were incorrect. Also, inaccurate financial statements and utility records were prepared during 2004.

The accounting records are manually prepared and include a checkbook register for each of the city's two bank accounts; a ledger for each city fund listing the individual receipts and disbursements for that fund; monthly financial statements listing the beginning and ending balance for each fund, with the receipts and disbursements for each fund; individual ledgers for each utility customer which lists monthly water usage and the amounts billed and paid for water, sewer, and garbage services; and billing statements for the utility services.

Errors identified in the accounting records include:

- Deposits were not always recorded in the checkbook registers.
- A balance in the checkbook registers was not always maintained.
- Deposits were not always recorded in the fund ledgers and/or recorded in the wrong fund ledger.
- Monies were not always recorded on deposit slips when deposited.
- Interest earned was not always properly allocated to the various funds.
- Numerous mathematical errors were made in the checkbook registers, fund ledgers, and utility records.
- Disbursements were not always correctly recorded in the fund ledgers.
- Disbursements were not always made by check.
- Monthly reconciliations of the bank balances to the accounting records were not performed in October through December 2004.
- A chart, which identifies usage and amount due by 1,000 gallons of water, was not used to calculate utility statements.
- Late charges were not consistently applied to overdue utility accounts.
- Payments for penalties and overpayments were not always recorded on the customer's utility record.

The city's monthly financial reports were not always complete or accurate because of the errors in the accounting records. Therefore, we reconciled the bank accounts to the accounting records at December 31, 2004 and made corrections as needed to the schedule presented in the History, Organization, and Statistical Information section of this report. Complete and accurate financial reports are necessary for the board to make informed decisions and provides a basis for monitoring financial activity.

All bank accounts should be reconciled to the accounting records on a monthly basis. A proper reconciliation helps ensure receipts and disbursements are properly handled and recorded, and that bank and book errors will be detected and corrected in a timely manner. All disbursements of city funds should be made by check and all monies received should be deposited in a city bank account and recorded in the city's accounting records. Additionally, using a chart which identifies the amount due per 1,000 gallons of water would help ensure customer's utility statements are mathematically correct and the citizens are properly billed.

- C. Receipts were not deposited intact or on a timely basis and cannot be readily reconciled to the daily receipt listing. Monies are generally deposited once a week. In addition, city officials indicated that varying amounts of cash are withheld from deposits and used as a petty cash/change fund. For example, from January 24 through February 10, 2005 receipts totaling \$2,134 were received for the General Fund; however, the deposit on February 10 totaled \$2,046. The remainder, \$88 was apparently withheld from the deposit for petty cash.

To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, all deposits should be made intact daily or when accumulated receipts exceed of \$100. Additionally, the recorded receipts should be reconciled to the composition of deposits.

- D. The petty cash fund is not operated on a imprest basis and is also used as a change fund. The fund is not reviewed by a person independent of the accounting process. As noted above, varying amounts of cash are withheld from deposits as needed to replenish the balance.

The petty cash fund should be operated on an imprest basis, meaning that cash and the invoices should always total the established balance, and checks issued to replenish the fund should equal the amount of invoices. Periodically, the fund should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect errors, and to prevent these monies from being misused. If a change fund is needed, it should be established and maintained at a constant amount.

- E. Bond coverage for city officials is not adequate. Only the City Clerk and City Collector are bonded. However, the mayor and one alderman are authorized to sign checks. The failure to bond all persons with access to assets exposes the city for risk of loss.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.

- B. Require the City Clerk to reconcile all bank accounts to the accounting records on a monthly basis and retain the documentation. The board should also ensure all disbursements are made by check, all monies received are deposited and recorded in the city's accounting record, and the financial reports are complete, accurate, and provide sufficient information to monitor financial activity. Additionally, the board should consider using a chart, which identifies the amount due per 1,000 gallons of water, when preparing utility statements.
- C. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100. The recorded receipts should be reconciled to the composition of deposits.
- D. Establish an imprest amount for the petty cash fund and ensure the fund is periodically counted and reconciled to the imprest balance by an independent person. If a change fund is needed, it should be established and maintained at a constant amount.
- E. Obtain adequate bond coverage for all persons with access to city funds.

AUDITEE'S RESPONSE

A,D

&E. We agree. We plan to implement these recommendations.

B&C. We agree. These recommendations have been implemented.

2.	Budgeting, Planning, and Financial Reporting
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Significant weaknesses were identified in the city's budgeting, planning, and financial reporting. Budgets are not prepared as required by state law, an annual maintenance plan for city streets is not prepared, and the city's financial report for the year ended December 31, 2004 was not prepared and submitted to the State Auditor's Office.

- A. The city does not prepare and adopt annual budgets in accordance with state law. Section 67.010, RSMo, requires the preparation of an annual budget which represents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding years.

- B. The city does not prepare an annual maintenance plan for city streets. In 2004, the city spent over \$34,000 for street maintenance and repair.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials to be needed, and other relevant information. The plan should be included in the budget message and be approved by the council. In addition, a public hearing should be held to obtain input from city residents.

- C. The city did not prepare and submit an annual financial report to the State Auditor's Office for the year ended December 31, 2004, as required by state law. The financial report for the year ended December 31, 2003 was filed with the State Auditor's Office in May 2004. The city's financial report is due by April 30, each year.

Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office. The board should ensure annual financial reports submitted to the State Auditor's Office accurately and completely reflect the financial activity and balances of the various city funds.

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Prepare an annual road maintenance plan as a part of the budget.
- C. Submit complete and accurate annual financial reports to the State Auditor's Office as required by state law.

AUDITEE'S RESPONSE

A&B. We agree. We plan to implement these recommendations.

C. We agree. We plan to complete the report as soon as possible.

3. Minutes, Meetings, and Ordinances

Numerous problems were noted with the city's procedures for conducting and documenting board meetings, providing public access to records, and establishing and maintaining ordinance records.

- A. Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the Mayor and City Clerk upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. Although city officials indicated that a tentative agenda is prepared and posted for each board meeting, many meeting agendas were not retained during the year ending December 31, 2004. In addition, the agendas retained did not always clearly indicate issues to be discussed at the board meetings. For example, the agenda for the August 2004 meeting did not indicate the appointment of a new mayor was scheduled; however, the board appointed a new mayor during the meeting. Also, during the January 2005 meeting, a lead ban ordinance was approved; however, the vote on this ordinance was not included on the tentative agenda for this meeting.

Section 610.020, RSMo, requires a tentative agenda and a meeting notice be posted for all open meetings of a public governmental body. The city should ensure that agendas are retained to document compliance with state law. In addition, the agendas should include sufficient detail about the issues to be discussed.

- C. Board minutes did not always include sufficient detail of matters discussed and action taken. For example, bid information is not always documented. In addition, the minutes do not always indicate that ordinances are introduced as a bill and read twice before approval.

Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted.

- D. The city showed no evidence on how the following subjects would allow for a closed meeting: discussions about city insurance, approving the mayor to co-sign checks, cost of business licenses, purchase of a new pump, and which employee would purchase office supplies. Also, open meeting minutes did not document the related vote to close the meeting and the specific reason for closing the meeting. In addition, decisions made in closed meetings are not recorded in the regular minutes or otherwise publicly posted.

Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues and requires certain matters discussed in closed meetings to be made public upon final disposition. Section 610.022, RSMo, requires a closed meeting, records, or vote be held only for the specific reasons announced publicly at an open session. In addition, public governmental bodies should not discuss

any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

The board should close meetings only for the specific topics allowed by state law and ensure the discussion is restricted to the specified topic(s). Also, the board should ensure the final disposition of certain matters discussed at closed meetings should be made public, as applicable.

- E. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. Section 610.026, RSMo, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- F. The city ordinances do not appear complete and up-to-date. Additionally, the city has not adopted ordinances needed to govern the city.

- 1. Many of the city ordinances appear old and outdated. In addition, the summary listing of ordinances passed and rescinded is not complete. For example, although the city no longer has police officers or a municipal court, the ordinances related to these functions have not been rescinded. Also, some ordinance numbers are missing from the summary list of ordinances, and older ordinances relating to water and sewer rates are not identified as repealed and replaced.

Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. An index of all ordinances passed and repealed by the city could help keep track of additions and changes made to city ordinances. A complete set of the original signed ordinances should be maintained at city hall.

- 2. Ordinances have not been adopted which are needed to govern the city. For example, the city does not have ordinances regarding personnel policies and procedures such as hiring practices or employee benefits. Also, the city allows some customers who live outside the city limits to receive water and sewer services for an additional monthly fee. But this practice has not been adopted by ordinance.

The city's policies, procedures, and practices should be set forth in the ordinances to give the taxpayers information on how the city is to be governed.

- G. The board does not hold public hearings on the city's proposed property tax rate and the rate is not set by ordinance. Rather, the city periodically holds an election to increase its tax rate. However, it appears this election provides for the maximum rate the city can levy.

Section 67.110.2, RSMo, requires each governing body to hold at least one public hearing prior to approval of the proposed tax rates at which citizens may be heard. This section also provides guidance on what information is to be included at the public hearing. Sections 94.190.3 and 94.210, RSMo, require the property tax rate be set annually by ordinance.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy.
- B. Ensure tentative agendas of all board meetings are posted and retained. In addition, the agendas should include sufficient detail about the issues to be discussed.
- C. Ensure minutes clearly document all business conducted.
- D. Ensure that only items allowed by state law are discussed in closed meetings. The board should also ensure minutes state the specific reasons for going into a closed meeting and that only the items specified are discussed in the closed meeting. Also, the board should ensure the final disposition of certain matters discussed at closed meetings is made public.
- E. Develop written policies regarding procedures to obtain access to, or copies of, public city records.
- F. Ensure a complete and up-to-date set of codified ordinances is maintained. This would include passing new ordinances where appropriate and required.
- G. Hold a public hearing on the proposed property tax rate and set the rate by ordinance, as required by state law.

AUDITEE'S RESPONSE

A-C. We agree. These recommendations have been implemented.

D-G. We agree. We plan to implement these recommendations.

4.**Disbursements**

The city does not have a formal bidding policy and formal written agreements were not prepared for some services. Also, vendor invoices or other supporting documentation were not obtained/retained for some disbursements and the board does not review and approve disbursements before payment is made. In addition, adequate procedures were not in place to prevent duplicate payments.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. For example, only one bid was obtained for large purchases such as for repair of the city well and chlorination control costing \$11,179 and property and liability insurance costing \$3,815. Also, bids were either not solicited or bid documentation was not retained for a mower totaling \$1,450, for installing a sewer line totaling \$1,020, for a water heater and chemical feed pump totaling \$939, or for various maintenance and repair services totaling over \$12,000. Additionally, requests for proposals were not prepared for the city's legal services, which totaled over \$800 in 2004.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. A formal policy could include when various approaches for bidding, such as the requirement to advertise for sealed bids, are appropriate. Whichever approach is used, complete documentation should be maintained of all bids received and reasons why the bid was selected.

- B. The city did not always have formal written agreements with companies or individuals providing services to the city, such as the various maintenance and repair services and legal services mentioned above.

The city should obtain formal written agreements, as needed, which specify the services to be rendered and the manner and amount of compensation to be paid. Furthermore, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

- C. For disbursements tested, vendor invoices or other supporting documentation were not properly obtained and/or retained for disbursements totaling over \$1,400 in fiscal year 2004. We contacted some vendors and determined these disbursements included the purchase of equipment parts, office supplies, rock, and labor on repairs.

All disbursements should be supported by paid receipts and/or vendor provided invoices to ensure the obligations were actually incurred and the disbursements

represent appropriate uses of public funds. The board should ensure adequate documentation is available prior to approval of the payment.

- D. The board does not review and approve invoices or other supporting documentation before payment is made. When an invoice/supporting documentation is received, the City Clerk prepares the check, the check is signed by the Mayor and a council member, and the City Clerk mails the check. Then, each month the board is given a financial report with a total amount expended for the month, which is approved by the board. However, as discussed in MAR finding number 1, the monthly financial report is not always accurate and complete.

Although the minutes document a general reference that the financial report/disbursements are approved, a listing of all disbursements is not prepared to accompany the minutes. In addition, invoices/supporting documentation are not provided to the board for their review; however, they are available upon request.

To adequately document the board's review and approval of all disbursements, a detailed list of checks should be prepared, signed or initialed by the aldermen to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the board or someone independent of the disbursement process before payment is made. Failure to properly review all invoices and supporting documentation, and to document authorizations, increases the possibility of inappropriate disbursements occurring.

- E. The city has not established adequate procedures to ensure duplicate payments are not made. Invoices are not always marked paid. On June 7, 2004, a check, totaling \$126, was written for supplies and 3 days later a second check was issued for the same purchase. To help prevent duplicate payments in the future, invoices should be marked paid after payment.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids or proposals.
- B. Obtain formal written agreements for services which specify the services to be rendered and the manner and amount of compensation to be paid, as applicable.
- C. Obtain and retain adequate supporting documentation, including invoices, for all disbursements made.
- D. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes. In addition, the board

should review and approve the disbursement of city funds prior to the disbursement being made.

- E. Require invoices to be marked paid after the payment.

AUDITEE'S RESPONSE

A&B. We agree. We plan to implement these recommendations.

C-E. We agree. These recommendations have been implemented.

5. Payroll and Personnel Matters

Employee compensation and the term of office for the City Clerk is not set by ordinance. In addition, the city does not withhold all applicable taxes on employee compensation, the allocation of the City Clerk's wages to the various city funds is not supported by documentation, and personnel files are not maintained for city employees.

- A. The city has not established an ordinance for employee compensation or the term of office for the City Clerk. The last ordinance approved by the board for employee compensation was in April 1991 and this ordinance does not reflect the current positions and wages for city employees. Section 79.270, RSMo, provides that city officials and employee salaries be set by ordinance and Section 79.320, RSMo, requires the City Clerk's duties and term of office be established by ordinance.

Establishing ordinances to set compensation rates and terms of office, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminates misunderstandings regarding the amount of pay each city official and employee receives. Also, Section 79.270, RSMo, provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law.

- B. Except for the City Clerk's compensation, the city did not withhold federal or state income taxes from compensation paid to the city employees. Furthermore, the city did not have employee withholding forms (W-4) on file for any city employee.

The Internal Revenue Service (IRS) requires employers to withhold and remit federal income taxes and ensure a form W-4 is completed by each employee. If an employee does not submit a W-4 then the city is to withhold federal taxes based upon a single person with no withholding. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes.

- C. The method of allocating the City Clerk's wage expenses to the city's funds is not supported by documentation. The City Clerk's wages are allocated 40 percent to the General Fund, 29 percent to both the Water Fund and Sewer Fund, and 2 percent to the Garbage Fund. But, there is no documentation to support how these percentages were determined.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user fees necessary to meet operating costs.

- D. Personnel files are not maintained for city employees. Personnel files should be maintained for each employee to provide documentation of personnel actions and to provide readily accessible work histories. In addition, personnel files should contain documentation of the board's authorization for the hiring of that employee, the pay rate at which the employee was hired, and any subsequent changes in pay rate.

WE RECOMMEND the Board of Aldermen:

- A. Establish the compensation of city officers and employees by ordinance. In addition, the duties and term of office for the City Clerk should be set by ordinance.
- B. Ensure payroll taxes are properly withheld and remitted for all wages paid and that all individuals receiving wages from the city have a properly completed W-4 on file.
- C. Ensure the City Clerk's wage expenses are properly allocated to the various funds and are supported by adequate documentation.
- D. Ensure complete personnel files are maintained for all city employees which include authorization for the employee's hiring, the initial pay rate and any subsequent increases, and any other personnel actions.

AUDITEE'S RESPONSE

A&C. We agree. We plan to implement these recommendations.

B&D. We agree. These recommendations have been implemented.

6. Water and Sewer Rates

The city does not periodically perform a formal review of the adequacy and reasonableness of its water and sewer rates. There is no documentation to support how

the water and sewer fees were calculated or how much money is necessary to meet future repair and replacement costs. The Water Fund financial records show a loss of almost \$3,800 for 2004, while the Sewer Fund records show a profit of over \$8,700.

Water and sewer fees are user charges which should cover the costs of providing the related service and maintaining the system, but the rates should not be set at a level which results in an excessive fund balance. The city should perform and document a detailed review of its water and sewer costs, including depreciation, and establish rates to cover the total costs of operations without generating excessive profits.

WE RECOMMEND the Board of Aldermen periodically review water and sewer rates to ensure sufficient revenues are generated to adequately maintain the systems without generating excessive profits.

AUDITEE'S RESPONSE

We agree. We plan to look into this situation.

7. Capital Asset Records

The city has not prepared and maintained permanent, detailed property records for its capital assets, including land, buildings, equipment, and furniture. In addition, property is not tagged for specific identification and an annual physical inventory of the property is not performed.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amounts of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all capital asset transactions, and ensure the accuracy of the recorded capital assets. Periodically, the city should take physical counts of its assets and compare to the detailed records.

WE RECOMMEND the Board of Aldermen maintain records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and compared to the detailed records.

AUDITEE'S RESPONSE

We agree. We plan to implement this recommendation.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF HOUSTONIA, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Houstonia is located in Pettis County. The city was incorporated in 1879 and is currently a fourth class city. The population of the city in 2000 was 275.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a four-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2004, are identified below. The Mayor and Board of Aldermen do not receive compensation.

Mayor and Board of Aldermen	Dates of Service During the Year Ended December 31, 2004		
Roger Hall, Mayor (1)	August 2004 to December 2004		
Robertta Nelson, Mayor (2)	April 2004 to July 2004		
Eva Nell Bratton, Mayor	January 2004 to March 2004		
Brenda Cramer, Alderwoman	January 2004 to December 2004		
Leveta Hopkins, Alderwoman (3)	January 2004 to December 2004		
Melvin Cramer, Alderman (4)	April 2004 to December 2004		
Eva Nell Bratton, Alderwoman (5)	April 2004 to December 2004		
Robertta Nelson, Alderwoman	January 2004 to March 2004		
Tresa Killion, Alderwoman	January 2004 to March 2004		
Other Principal Officials	Dates of Service During the Year Ended December 31, 2004		
Alma Sevier, City Collector (6)	April 2004 – December 2004	\$	5,328
Wilma McFail, City Clerk and City Collector	January 2004 – March 2004		
Jessica Bales, City Clerk	May to August 2004		

- (1) Mr. Hall was appointed Mayor in August 2004. Mr. Wallace Smiley was elected Mayor in April 2005.
- (2) Ms. Robertta Nelson was elected Mayor in April 2004 and resigned in July 2004.
- (3) Ms. Courtney March was elected in April 2005.
- (4) Ms. Allison Tuggle was elected in June 2005.

- (5) Mr. Randy Werneke was elected in April 2005.
- (6) Ms. Sevier served as City Clerk and City Collector in April 2004 and from September to December 2004. She resigned in January 2005 and Ms. Allison Tuggle was appointed City Collector. Ms. Reeca Arnold was elected City Collector in April 2005. Ms. Gayla Stuerke was appointed City Clerk in January 2005.

In addition to the officials identified above, the city employed two part-time employees on December 31, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$	601,792
Personal property		309,453
Total	\$	<u>911,245</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

		Rate
General Fund	\$	<u>1.00</u>

The city receives a portion (based on population) of a county-wide sales tax. The sales tax is to be used for street, sewer, water and storm water projects. The tax rate is \$.005 per \$1 of retail sales. This county-wide sales tax will expire in 2010.

A summary of the city's financial activity for the year ended December 31, 2004 follows.

					Water		
	General	Street	Water	Sewer	Garbage	Deposit	
RECEIPTS	Fund	Fund	Fund	Fund	Fund	Fund	Total
Property taxes	\$ 6,567	0	0	0	0	0	6,567
County sales tax	0	42,448	0	0	0	0	42,448
Motor fuel and motor vehicle taxes	0	11,445	0	0	0	0	11,445
Utility franchise taxes	10,160	0	0	0	0	0	10,160
Licenses, permits, and other taxes	24	0	0	0	0	0	24
Interest	327	134	341	345	65	0	1,212
Water, sewer, and trash collections	0	0	23,936	15,851	9,813	0	49,600
Water deposits	0	0	0	0	0	500	500
Insurance proceeds	0	0	9,524	0	0	0	9,524
Other	653	17	0	0	0	0	670
Total Receipts	17,731	54,044	33,801	16,196	9,878	500	132,150
DISBURSEMENTS							
Salaries and fringe benefits	6,668	643	6,041	3,958	250	0	17,560
Insurance and bonds	1,022	974	1,265	1,265	20	0	4,546
Telephone	531	0	0	0	0	0	531
Utilities	2,342	3,537	1,641	248	0	0	7,768
Trash service	0	0	0	0	9,800	0	9,800
Advertising	205	14	134	14	14	0	381
Postage	290	67	262	150	33	0	802
Bond payments - water	0	0	9,830	0	0	0	9,830
Maintenance and repairs	0	0	16,684	1,349	62	0	18,095
Supplies	1,086	185	694	108	29	0	2,102
Contract labor	584	34,375	391	38	0	0	35,388
Primacy fees	0	0	198	0	0	0	198
Water deposit refund	0	0	0	0	0	104	104
Other	2,013	1,876	444	319	91	96	4,839
Total Disbursements	14,741	41,671	37,584	7,449	10,299	200	111,944
Receipts Over (under) Disbursements	2,990	12,373	(3,783)	8,747	(421)	300	20,206
Cash Balance, January 1	38,629	8,641	29,065	24,100	3,797	1,400	105,632
Cash Balance, December 31	\$ 41,619	21,014	25,282	32,847	3,376	1,700	125,838



Claire McCaskill

Missouri State Auditor

July 2005

City of Branson West, Missouri

Year Ended September 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Branson West, Missouri.

Improvement is needed in the city's procurement of professional services. The City of Branson West has conducted at least five major projects in recent years requiring engineering services. While the City Administrator indicated that proposals were solicited for engineering services for all five projects, documentation was not maintained to identify the various proposals received and other individuals/firms considered for two of the five projects with engineering costs totaling \$482,000. The City Administrator previously worked for the engineering firm that received the contract on four of the five projects. Additionally, the city did not retain adequate documentation to identify the various proposals received for legal and accounting services totaling \$86,000 during the year ending September 30, 2004.

Supporting documentation was not retained or available for some expenditures, including credit card expenditures. The city did not always solicit bids in accordance with city ordinances. Bids were either not solicited or bid documentation was not retained for 22 of the 24 expenditures reviewed. Additionally, the city does not have written travel expense policies, and instances were noted where the city reimbursed employees for both fuel and mileage expenses for business travel.

The city has entered into a multi-year employment contract with the City Administrator that does not specify termination compensation, and contains automatic raises annually.

Building inspections and follow-up inspections are not always adequately documented in city permit files. In addition, the city does not have policies and procedures addressing when performance bonds should be required or how the dollar amount should be calculated.

The city has not formally reviewed the adequacy of water and sewer rates since 1997. The city's audited financial statements show an operating loss of approximately \$463,800 in the Water and Sewer Funds during the year ending September 30, 2003. To compensate for the operating loss funds were transferred from the general and capital improvement sales tax funds.

Also included in the report are recommendations related to restricted revenues, city vehicles, financial reporting, accounting controls, city ordinances, and the municipal division.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF BRANSON WEST

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Branson West, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Branson West. The city engaged Davis, Lynn, and Moots, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended September 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for 2003, as the 2004 audit had not been completed. The scope of our audit of the city included, but was not necessarily limited to, the year ended September 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Branson West.



Claire McCaskill
State Auditor

February 23, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF BRANSON WEST
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. City Expenditures

Improvement is needed with the city's procurement procedures. In addition, the city does not have written travel policies or documentation to support some expenditures. Further, the city has entered into a multi-year contract with the City Administrator that does not specify termination compensation. Policies addressing mileage and maintenance logs, vehicle usage, and fuel purchases need improvement and the general fixed asset list is not kept up to date.

A. The city does not have adequate procedures regarding the procurement of professional services, and could not adequately explain why they solicited proposals for only some professional services.

1. The city does not always solicit proposals or retain documentation of proposals for engineering services. The city has conducted at least five major projects in recent years requiring engineering services, including a utility relocation project, transportation study, road redesign project, airport assessment, and a sewage treatment upgrade for phosphorus removal. While the City Administrator indicated that proposals were solicited for all five projects, documentation was not maintained to identify the various proposals received and the other individuals/firms considered for two of the five projects, (the utility relocation and phosphorus removal project), with engineering costs totaling \$482,000. Additionally, the City Administrator previously worked for the engineering firm that received the contract on four of the five projects.

Adequate documentation should be maintained to identify any proposals received for professional services. Sections 8.285 to 8.291, RSMo 2000, provide that when obtaining engineering services, at least three highly qualified firms should be considered. The firms should be evaluated based on specified criteria and qualifications for the type of service required. The best proposal should be selected based on experience, type of service to be provided, and any other relevant information. Due to the previous relationship of the engineering firm and the City Administrator, it is even more imperative that the city solicit proposals for engineering services and retain documentation of those proposals.

2. According to city officials, proposals are requested for various other professional services such as legal and accounting services. However, adequate documentation was not maintained to identify the various proposals received by the city for contracts with two law firms and

an accounting firm totaling \$86,000 during the year ending September 30, 2004.

While professional services, such as attorneys and accountants, may not be subject to standard bidding procedures, the city should consider implementing a policy that requires proposals to be solicited for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the city to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, the city should maintain documentation indicating the basis for selection.

- B. Supporting documentation was not retained or available for some expenditures. Vendor invoices or other supporting documentation was not retained or available for 7 of the 55 expenditures we reviewed.

Additionally, credit card expenditures were not always supported by adequate documentation. The city has two credit cards for the Mayor and the City Administrator, and payments made on these were not always supported by individual credit card slips or supporting invoices. In addition, several expenditures for meals were not supported by a complete listing of all individuals whose meals were charged.

To ensure the validity and propriety of expenditures, all expenditures should be supported by paid receipts or vendor invoices which provide sufficient detail of goods or services being purchased. In addition, meal expenditures should be supported by adequate documentation of those receiving the meals.

- C. The city did not always solicit bids in accordance with city ordinances. Bids were either not solicited or bid documentation was not retained for 22 of the 24 expenditures we reviewed, including the following items:

<u>Item</u>	<u>Amount</u>
Property and liability insurance	\$23,555
Vehicles (two)	7,000
Water tower inspection and lights	6,753
Sludge hauling and sludge pump	5,675
Road materials	4,532
Vehicle body work	4,502
Treatment Plant chemicals	3,705

In addition, the city spends approximately \$9,000 annually in fuel purchases for city vehicles, but does not solicit bids for fuel prices. City ordinance section 1-15

indicates purchases in excess of \$5,000 shall be advertised for sealed bids from qualified vendors, and sealed bids shall be solicited in written form for purchases between \$2,000 and \$5,000. While city employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- D. The city does not have written travel expense policies. The city sometimes reimbursed employees for both fuel and mileage expenses for business travel. For example, in May 2004 the city reimbursed the court clerk \$35 for fuel in addition to paying \$123 for mileage (31 cents per mile for 397 miles) to attend a training seminar. Additionally, food reimbursements of \$43 paid to the court clerk for breakfast and dinner expenses for one day seemed excessive.

The purpose of a mileage reimbursement is to reimburse for use of the personal vehicle which includes fuel. Therefore, reimbursing for both mileage and fuel does not seem appropriate or necessary. In addition, to help ensure travel costs are adequately controlled, the city should consider establishing limits for daily meals. Without written, documented policies, the types of expenses that can be incurred and the extent of those expenses that will be paid by the city may not be known. The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner.

- E. The city has entered into a multi-year employment contract with the City Administrator that does not specify termination compensation, and contains automatic raises annually. The City Administrator's contract is for three years, and provides for a 2.75 percent salary increase annually. Problems can arise from the use of multi-year contracts. Should the Board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board may wish to reevaluate its practices regarding multi-year contracts.
- F. The City Clerk prepares a time sheet for each city employee, except the court clerk and police officers. She tracks employee hours worked on a calendar daily and completes the time sheet prior to payroll processing. These time sheets are not signed by the employee. Properly completed time sheets with the employee's signature are necessary to ensure that payroll expenditures are proper.
- G. Procedures for vehicle usage and fuel purchases need improvement.

- Mileage and maintenance logs are not maintained for city vehicles and equipment. The city owns 9 vehicles including 4 police cars, 4 utility vehicles and the city administrator's car, as well as a tractor and a backhoe. Further, city officials do not require individual receipts for fuel purchases identifying the vehicle for which fuel was purchased, the gallons purchased, or the cost per gallon. Without mileage and maintenance logs, the city cannot determine whether city vehicles are used solely for city business or ensure all vehicles are being utilized.
- The city does not have a written policy on the use of city vehicles for commuting purposes. The City Administrator, Treatment Plant Operator, and Chief of Police are assigned city vehicles which they use for traveling to and from their homes which are outside of the city limits. City officials indicated these employees are allowed to commute with city vehicles because they are on 24-hour call for emergency situations and as a result, the city considers it necessary that they take the vehicles home and excludes the commuting usage from compensation for tax purposes. However, the city has not determined the cost of this benefit and has not established a written policy addressing the proper use of city vehicles. As such, the city has no documentation that such city assets are being properly used.

Mileage and maintenance logs are necessary to document appropriate use of the vehicles and to monitor operation and maintenance costs. Logs should be maintained indicating the employee using the vehicle or equipment, the purpose and destination of the trip, the beginning and ending odometer readings, and the fuel, operation, and maintenance costs. The logs should also be reviewed by the board to ensure all mileage is recorded and that the vehicles are being properly utilized. To ensure payments for fuel are valid fuel receipts should be maintained and indicate the vehicle fueled, gallons purchased, and cost per gallon. Further, the city should review the necessity of providing vehicles for commuting purposes.

WE RECOMMEND the Board of Aldermen:

- A. Consider implementing a policy requiring periodic solicitation of proposals for professional services. In addition, maintain adequate documentation indicating the basis for selection.
- B. Require adequate supporting documentation for all expenditures.
- C. Ensure bids are solicited for purchases in accordance with the city ordinance. In addition, complete bid documentation should be retained.
- D. Develop written travel policies that are reasonable and allow all officials and employees to know what expenses can be incurred. In addition, discontinue the

practice of reimbursing employees for both mileage and gasoline for the use of personal vehicles.

- E. Reevaluate the practice of entering into multi-year contracts.
- F. Ensure all time sheets are prepared and signed by the employee.
- G. Maintain mileage and maintenance logs for all city vehicles and equipment and review the necessity of allowing employees to commute with city vehicles. In addition, fuel receipts should be maintained and indicate which vehicle is fueled, gallons purchased, and cost per gallon.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *Periodic solicitation of proposals for professional services is practiced. Documentation indicating the basis for selection will be improved.*
- B. *Expenditure documentation improvement has been implemented.*
- C. *Purchasing procedures will follow city ordinance, and documentation will be maintained.*
- D. *A travel policy will be executed.*
- E. *We will continue to evaluate multi-year contracts.*
- F&G. *These recommendations have been implemented.*

2. Building Codes

Building inspections and follow up inspections are not always adequately documented. In addition, the city does not have policies and procedures addressing when performance bonds should be required or how the dollar amount should be calculated.

- A. Building inspections and follow-up inspections are not always adequately documented in city permit files. Further, building permit files include varying information as some files include inspection sheets or correspondence with the builder/owner, while others have little or no documentation of inspections or correspondence.

The permit process begins with a builder/owner submitting a permit application and building plans to the city. The plans are reviewed and, if rejected, a letter with recommendations for corrections is sent to the builder/owner before final approval is given. Upon approval, the building permit is issued and the

building/owner is authorized to proceed with the construction. The city's building inspector performs a final inspection of the structure and an occupancy permit is issued indicating the structure is ready to be inhabited. The building permit application, inspections and any correspondence should be filed at city hall; however, the building inspector does not always maintain documentation of the inspections or contact with the builder/owner. As a result, the city does not always have a record of the various inspections performed, the deficiencies found, and that each building has met the required building codes.

To ensure buildings comply with the building codes and fire/life safety codes, all inspections and follow-up inspections should be adequately documented. Permit files should contain sufficient information to fully document the city's established procedures surrounding the entire inspection and permit process. Further, to ensure building permit files adequately document all activity, the city should consider implementing a log of building permit activities for each applicant.

- B. The city does not have written policies and procedures addressing when performance bonds should be required and how the dollar amount of the bond should be calculated. Section 803 of the city's building codes indicates that the developer shall post a performance bond acceptable to the Board of Alderman to guarantee the correction of all defects.

At January 31, 2005, the city was holding two performance bonds; a \$4,500 bond for a commercial project and a \$2,500 bond for a residential project. The November 2004 board minutes indicate a motion to impose the \$4,500 bond; however, board minutes do not address the \$2,500 bond. Additionally, the \$4,500 check received for the commercial bond was held by the city while construction was in progress, then returned to the builder upon completion of the project; however, the \$2,500 check received for the residential project was deposited into the city bank account. Further, there is no documentation to support how either bond amount was calculated.

Procedures have not been established to document the Board of Alderman's acceptance of performance bonds or to determine how the bond amount is calculated. To ensure all performance bonds are established equitably, procedures establishing the types of projects that will require a performance bond, bond amount calculation, and the disposition of the bond should be developed.

WE RECOMMEND the Board of Alderman:

- A. Initiate procedures to ensure the permit files contain all information concerning the application process, review process, and inspection process.
- B. Establish procedures to document the board's approval of performance bonds, how the bond amount is calculated, and the disposition of the bond.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *Procedures regarding the application process, review process, and inspection process will follow the adopted International Building Codes 2000. Documentation of this process will be improved.*
- B. *Performance bond procedures will be calculated and documented, and recorded in minutes of the Board of Aldermen meetings.*

3. Restricted Revenues

The city has not reviewed the adequacy of water and sewer rates since 1997, and documentation is not available to support the method of allocating wage and fringe benefit expenses among the various city funds.

- A. The city has not formally reviewed the adequacy of water and sewer rates since 1997 when revenue bonds were issued to build the new sewer treatment plant. The city's audited financial statements show an operating loss of approximately \$463,800 in the Water and Sewer Funds during the year ending September 30, 2003. To compensate for the operating loss and to subsidize the funds, \$240,000 and \$350,000 was transferred from the general and capital improvement sales tax funds, respectively. Similar transfers were made in prior years.

Water and sewer fees are user charges which should cover the cost of providing the related services. The city should perform periodic detailed reviews of the costs of providing these services and set rates appropriately. Documentation of this review should be retained to provide customers with the rationale behind the rates.

- B. The city pays wage and fringe benefit expenses from the water, sewer, transportation, and general funds; however, documentation is not available to support the method of allocation used. While preparing the annual budget, the City Administrator determines the percentage of employee wages to be paid monthly from each fund based on how much time he estimates the employee will work in those areas. However, there is no supporting documentation such as a time study, and employees are not required to submit detailed time sheets which may support the earlier estimates. As a result, there is less assurance that expenditures are properly allocated among the various funds benefiting from the expenditures and that restricted revenues are expended only for their intended purposes.

Allocation of expenses is necessary for the city to ensure the water and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services. Furthermore, the uses of certain funds, such as transportation sales taxes revenues, are limited by state law for specified purposes. Therefore, documentation and proper allocation of expenses is useful for both management and compliance purposes.

WE RECOMMEND the Board of Alderman:

- A. Establish water and sewer rates to cover the costs necessary to provide water and sewer services.
- B. Ensure all disbursements allocated to the various funds are reasonable and are supported by adequate documentation.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *Annual financial reports will continue to be submitted to the Board of Aldermen for review. A periodic rate study will be performed as determined by the Board of Aldermen.*
- B. *We have implemented this recommendation.*

4. Financial Reporting, Board Minutes, and Ordinances
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The city has not filed annual reports of financial activity with the State Auditor's office as required by state law, does not have adequate controls to ensure compliance with the Sunshine Law, does not always follow the water meter ordinance, and does not pass ordinances in accordance with state law.

- A. The city has not filed annual reports of financial activity with the State Auditor's office as required by state law. A report was submitted for the year ended September 30, 2002; however, reports were not filed for the years ended September 30, 2004 and 2003. Section 105.145, RSMo 2000, requires the city to file a financial report with the State Auditor's office annually.
- B. The city does not have adequate controls to ensure compliance with the Sunshine Law regarding information requested by the public. A log of public requests is not maintained and the city does not have documentation of how charges for copies are derived.

Section 610.023, RSMo, provides each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of

records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure the city is complying with state law, the city should document request information in a log to ensure requests are completed timely and all requests are adequately fulfilled.

- C. City ordinance 17-39 addressing water meters and multiple unit users is not consistently followed. The ordinance indicates "additional unit shall mean any separate family, separate business, separate premises, separate house or separate trailer obtaining water from any common lead-in service line serving another unit user". While the city requires separate meters for all homes, separate businesses within one structure (shopping center) are not required to have separate meters. The ordinance allows for the city to charge double the standard rate for businesses sharing one meter; however, the city only charges the standard rate.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be clear and consistently followed.

- D. Ordinances are not always passed in accordance with state law. Ordinances are read twice by title only prior to the board voting to pass the ordinance; however, it is not evident that copies of the proposed ordinance are made available to the public. Section 79.130 RSMo 2000, requires when enacting ordinances to ensure that each ordinance is read by title or in full twice prior to being passed and if read by title only, copies of the proposed ordinance shall be made available for public inspection prior to the time the bill is under consideration by the board.

WE RECOMMEND the Board of Alderman:

- A. Submit annual financial reports to the State Auditor's office as required by state law.
- B. Establish written policies and procedures regarding public access to city records and maintain a public request log to ensure the city is complying with the Sunshine Law.
- C. Ensure compliance with city ordinances relating to water meters.
- D. Ensure copies of proposed ordinances are made available to the public in accordance with state statute.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. The city will submit financial reports to the State Auditor's Office as required by state law.*
- B. A request log has been implemented.*
- C. The ordinance regarding multi-meter usage will be reviewed.*
- D. Proposed ordinances will be made available according to state statute.*

5. Cash Accounting Controls and Procedures

Deposits are not made on a timely basis, receipt slips are not issued for all monies received, and checks and money orders are not restrictively endorsed immediately upon receipt.

- A. General and utility account deposits are not made on a timely basis. Deposits are generally made twice a month and frequently exceed \$1,000. For example, on December 29, 2004, we counted utility monies on hand totaling \$10,048. The preceding deposit was made on December 21, 2004. Additionally, only one deposit was made to the general account in September 2004 totaling \$10,091.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted daily or when accumulated receipts exceed \$100.

- B. The city uses a one-write receipt ledger to record receipts. Although receipts received in the mail are recorded on the ledger, a receipt slip is not issued. Receipt slips are generally only issued for monies paid in person at city hall. Additionally, the composition of recorded receipts is not always reconciled to the composition of bank deposits. Small differences between cash received and cash deposited was noted during two cash counts performed in November and December 2004.

To ensure all receipts are accounted for properly receipt slips should be issued for all monies received and the composition of receipt slips should be reconciled to the composition of bank deposits.

- C. Checks and money orders received are not restrictively endorsed until the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Board of Aldermen:

- A. Require receipts to be deposited daily or when accumulated receipts exceed \$100.
- B. Require receipt slips to be issued for all monies received and reconcile the composition of the receipts to deposits.
- C. Ensure checks and money orders are restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following response:

A-C. *The city has taken steps to implement these recommendations.*

6. Municipal Division

Deposits are not made on a timely basis, checks and money orders are not restrictively endorsed immediately upon receipt, and monthly listings of open items (liabilities) are not prepared. In addition, accounts receivable records are not adequate to account for and collect amounts due to the court and bond forms are not prenumbered.

- A. Deposits are not made on a timely basis. For example, during September 2004 only four deposits were made with deposit totals ranging from \$447 to \$2,278. The Court Clerk indicated that approximately 70% of monies received is in the form of cash. Further, checks and money orders received are not restrictively endorsed until the deposit is prepared.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- B. The municipal division does not prepare monthly listings of open items (liabilities). The City Treasurer's general ledger has a bond open items balance; however, this is an accumulated balance and does not list the names of the defendant's bond monies that are currently being held. The Court Clerk attempted to prepare an open items listing as of September 30, 2004; however, the reconciled bank balance exceeded the open items listing by \$235.

A monthly listing of open items is necessary to ensure accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities. In addition, an attempt should be made to determine the proper disposition of these excess monies. For those monies which remain unclaimed,

Section 447.595, RSMo 2000, requires funds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- C. Accounts receivable records and procedures are not adequate to account for and collect amounts due to the court. The municipal division allows defendants to sign a payment plan agreement and pay fines and costs over a period of time. At September 30, 2004, municipal division records indicate approximately \$34,500 was due to the court. Instances were noted where the accounts receivable records were not updated for payments. For example, the accounts receivable listing showed \$600 due from one defendant; however, the case file indicated the defendant had paid in June 2002, over two years prior. To facilitate monitoring of amounts due to the division, and to provide information to the Municipal Judge, an accurate and complete accounts receivable listing is necessary.
- D. Bond forms are not prenumbered or sequentially numbered when used. To adequately safeguard bond receipts and reduce the risk of loss or misuse of funds, bond forms should be prenumbered or sequentially numbered when used, should indicate the method of payment, and the numerical sequence of the bond forms should be accounted for properly.

WE RECOMMEND the Municipal Division:

- A. Require receipts to be deposited daily or when accumulated receipts exceed \$100. In addition, ensure checks and money orders are restrictively endorsed immediately upon receipt.
- B. Prepare monthly listings of open items and reconcile the listing to monies held in trust. In addition, the municipal division should attempt to identify to whom the \$235 belongs and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.
- C. Establish adequate accounts receivable reporting and follow up procedures including an accurate accounts receivable listing.
- D. Require the use of prenumbered bond forms.

AUDITEE'S RESPONSE

The Municipal Court Clerk provided the following responses:

- A. *Deposits are now made on a daily basis unless a police officer or myself are unavailable to make the deposit. When this occurs the monies are placed in a fire proof safe and is deposited immediately the next day. The only person who has access to the safe is the*

Chief of Police and myself. At the time of the audit I did not endorse the back of the checks until deposit day. I now endorse the checks as they are received.

- B. The \$235 belongs to a subject in the Department of Corrections. Further bond procedures have been implemented as discussed in part D below. Also, once our new software is installed it will generate a monthly report on outstanding bonds.*
- C. The new software will provide better reports than our current software. As explained to the auditors, in 2002 some data was lost and no backups were available. Also, while I was on maternity leave no information was put into the data base system, so we only have docket sheets and payment agreements to show the receivable information. The system will produce a month-end report showing what is owed to the court and how much is received. I plan on putting all current active warrants, payment agreements, etc into the system.*
- D. Immediately after being advised of the risks of not having prenumbered bond forms, I removed these. I now correspond the bond form number with the bond receipt book (which is already prenumbered). The new procedures are as follows: When a subject is arrested and posts a cash bond the officer prepares a bond form and a receipt slip, and matches the numbers. If for some reason the officer voids a bond form or a bond receipt slip, they must void both items and turn both items into me. Once the officer receives the cash bond and all the paperwork is completed, it is placed into the cash bond box. Only the Chief of Police and myself have access to the cash bond box. Once I receive the bond money and the paperwork, I receipt the cash bond in my court ledger and place the monies in the bond deposit bag for immediate deposit. I input all the information from the bond form into the database. I also keep a hand written "Bond Book" which lists all the following information: name of subject, transaction date, bond amount, fine amount, refund amount, transfer amount. A copy of the bond form is placed in a binder which includes all the prenumbered bond forms. Once everything is completed I issue the proper checks to the appropriate parties.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF BRANSON WEST, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Branson West is located in Stone County. The city was incorporated in 1974 and is currently a fourth-class city. The population of the city in 2000 was 408.

The city government consists of a mayor and four-member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor and Board of Aldermen do not receive compensation. The Mayor, Board of Alderman, and other officials during the year ended September 30, 2004, are identified below.

<u>Mayor and Board of Alderman</u>	<u>Dates of Service During the Year Ended September 30, 2004</u>
John Rhodes, Mayor	October 2003 - September 2004
Phil Cottrell, Alderman	May 2004 – September 2004
Larry Oltjenbrun, Alderman	October 2003 - April 2004
Breck Wakefield, Alderman	October 2003 - September 2004
Steve Biggs, Alderman	May 2004 - September 2004
Nita Ayres, Alderwoman	October 2003 - April 2004
Nita Ayres, Alderwoman (1)	August 2004 - September 2004
Doug Booth, Alderman	October 2003 - July 2004

(1) Re-appointed when Alderman Booth resigned.

<u>Other Officials</u>	<u>Dates of Service During the Year Ended September 30, 2004</u>	<u>Compensation Paid for the Year Ended September 30, 2004</u>
Kenneth Smith, City Administrator	October 2003 - September 2004	\$ 69,612
Wynella Tilden, City Clerk	October 2003 - September 2004	26,010
Martin Eastwood, City Treasurer	October 2003 - September 2004	12,000
Amy Essary, Court Clerk	October 2003 - September 2004	23,647
Stephanie Drake, Utility Clerk	January 2004 - September 2004	11,656
Pamela Wright, Utility Clerk	October 2003	840
Allen Bush, Treatment Plant Operator	October 2003 - September 2004	36,050
John Turner, Chief of Police	October 2003 - September 2004	30,199

In addition to the officials identified above, the city employed 7 full-time employees and 1 part-time employee on September 30, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$	7,353,970
Personal property		1,186,812
Railroad and utility		236,689
Total	\$	<u>8,777,471</u>

The city has the following sales taxes; the rates are per \$1 of retail sales:

		Rate
General Fund	\$	<u>.010</u>
Capital improvement		.005
Transportation		.005



Claire McCaskill

Missouri State Auditor

July 2005

County Collector
Crawford County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

July 2005

We identified the following problems with the County Collector's office, during our audit of Crawford County, Missouri.

In conjunction with our required county audit, the State Auditor's Office reviewed the operations of the County Collector's office. Weaknesses in the internal control and record keeping procedures of the County Collector's office allowed missing monies of approximately \$335,000 to go undetected. Our prior audits of the County Collector's office noted similar weaknesses, however, there has been no significant action taken by the County Collector to remedy the conditions or implement the prior audit recommendations. The missing monies went undetected due to a lack of segregation and oversight as the County Collector is responsible for most receipting, disbursing, and reconciling duties. Information regarding these missing monies has been shared with law enforcement authorities. On July 7, 2005, Daniel Gladden resigned his position as Crawford County Collector.

A comparison of the June 30, 2005, reconciled bank balance to identified liabilities showed total liabilities exceeded the reconciled bank balance by \$333,398. The County Collector was not comparing his reconciled bank balance to liabilities, and subsequent month's collections were needed and being used to make the applicable month's distributions. As the shortage continued to increase, distributions were made less timely. In addition, financial activity from July 1 to July 7, 2005, indicated an additional shortage of \$1,820 increasing the total to \$335,218.

The shortage in the County Collector's account is primarily due to recorded tax receipts not being deposited. For the period March 1, 2003 to July 7, 2005, there were numerous days where deposits were less than the recorded tax receipts. Reconciliations of daily receipt records to deposits are not documented and the method of payment is not indicated on many paid tax receipts. Private car tax monies totaling \$148,478 have not been recorded or disbursed. The County Collector does not distribute taxes on a timely basis and his annual settlements were not accurate. Bank reconciliations are not prepared as of month end and procedures to account for partial payment receipts, to dispose of old outstanding checks, and to account for insufficient funds checks are not adequate. In addition, no depository agreement exists with the County Collector's depository bank.

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YELLOW SHEET

COUNTY COLLECTOR
CRAWFORD COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
County Collector
Crawford County, Missouri

We have audited the County Collector of Crawford County, Missouri. The scope of this audit included, but was not necessarily limited to, the period March 1, 2003 to July 7, 2005. The objectives of this audit were to:

1. Review the internal controls over the transactions of the County Collector.
2. Review compliance with certain legal provisions.
3. Determine the extent of any missing monies from the County Collector's office.

To accomplish these objectives, we reviewed bank statements, receipt records, daily and monthly abstract reports, monthly and annual settlements, and other pertinent documents, and interviewed various personnel of the County Collector's office as well as certain external parties. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
2. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The County Collector resigned effective July 7, 2005. Because Section 52.150, RSMo 2000, requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office, we added objectives to:

1. Determine the financial condition of the accounts of the office of the County Collector.
2. Determine the proper compensation that should have been paid to the former County Collector during the audit period and the compensation actually paid during such period.
3. File a report of our findings with the County Commission.

Section 52.150, RSMo, requires the County Commission to accept the state auditor's report and, if necessary, to take certain specific actions if the state auditor finds any monies owing to the county or the past County Collector.

The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector of Crawford County, Missouri.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the County Collector and was not subjected to the procedures applied in the audit of that office.



Claire McCaskill
State Auditor

July 11, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Keri Wright

EXECUTIVE SUMMARY

COUNTY COLLECTOR
CRAWFORD COUNTY, MISSOURI
EXECUTIVE SUMMARY

The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Crawford, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Weaknesses in the internal control and record keeping procedures of the County Collector's office allowed missing monies of approximately \$335,000 to go undetected.

These missing monies may have been detected on a more timely basis if internal controls as noted in the accompanying Management Advisory Report had been established. Our prior audits of the County Collector's office noted similar weaknesses in the internal control and record keeping procedures, however there has been no significant action taken by the County Collector to remedy the conditions or implement the prior audit recommendations.

The missing monies went undetected due to a lack of segregation and oversight as the County Collector is responsible for most receipting, disbursing, and reconciling duties. Information regarding these missing monies has been shared with law enforcement authorities. On July 7, 2005 Daniel Gladden resigned his position as Crawford County Collector.

MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

COUNTY COLLECTOR
CRAWFORD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28 (29), 2005 and 2004, property taxes and other monies totaling approximately \$10.2 and \$9.8 million, respectively were collected.

In conjunction with our county audit, the State Auditor's Office reviewed the operations of the County Collector's office. During this review missing monies were detected. Following are our comments regarding the missing monies and the related accounting controls and procedures.

1.	Missing Monies
-----------	-----------------------

A comparison of the June 30, 2005, reconciled bank balance to identified liabilities showed total liabilities exceeded the reconciled bank balance by \$333,398 as follows:

Reconciled bank balance	\$ 167,696
June 2005 tax collections	(181,380)
Undistributed surtax collections	(137,462)
Undistributed interest earnings	(15,134)
Undistributed private car tax monies	(148,478)
Due to Tax Maintenance Fund	(18,640)
Total liabilities	<u>(501,094)</u>
 Total liabilities over reconciled bank balance	 \$ <u><u>(333,398)</u></u>

In addition, financial activity from July 1 to July 7, 2005, indicated tax collections of \$27,645 were received. However, corresponding bank deposits (less refunds) for this time period totaled only \$25,825, increasing the shortage by \$1,820, to \$335,218.

As shown above, the reconciled bank balance as of June 30, 2005 was not sufficient to make the distributions of June 2005 tax collections even before taking into account other liabilities not yet distributed. The County Collector could not provide an explanation for the shortage and indicated that he was responsible for making the deposits.

The County Collector was not comparing his reconciled bank balance to liabilities, and subsequent month's collections were needed and being used to make the applicable month's distributions. As the shortage continued to increase, distributions were made less timely. August collections (less surtax) of \$112,071 were not disbursed until September 27, 2004, when two checks totaling \$29,878 written on the County Collector's Tax Maintenance Fund account were deposited. Subsequent to that August distribution, the check stub balance

maintained was only \$444, even though collection records show more than \$70,000 had been received by that time for September collections only.

Additionally, on June 30, 2005, the County Collector's Tax Maintenance Fund account was used to distribute \$18,640 in surtax collections to a city. Records for the Tax Maintenance Fund indicate these monies were to be repaid from the County Collector's account. There was no evidence that the County Collector had calculated the surtax distribution to determine the amounts to be paid, or that any other political subdivisions received any surtax collections.

The shortage in the County Collector's account is primarily due to recorded tax receipts not being deposited. For the period March 1, 2003 to July 7, 2005, there were numerous days where deposits were less than the recorded tax receipts. For example, on September 1, 2004, \$12,829 was recorded as being received; however, only \$12,289 was included in the corresponding bank deposits for that day, indicating a shortage of \$540.

The Deputy County Collector agrees the daily abstracted report of collections to the County Collector's notebook (daily receipts). The County Collector indicated he was responsible for agreeing the daily receipt total to what was deposited. As indicated above, this did not routinely happen. In addition, the County Collector was responsible for issuing all disbursements and reconciling the monthly bank statements. Any shortages should have been detected by performing these procedures.

Internal control weaknesses and poor record keeping systems, as discussed in Management Advisory Report (MAR) No. 2, allowed this shortage to occur and go undetected. Many of these internal control weaknesses were also noted in prior audits, however there was no apparent action by the County Collector to remedy the conditions or implement the prior audit recommendations.

WE RECOMMEND the County Commission take the necessary action to recover the missing monies and work with law enforcement authorities regarding any criminal prosecution.

AUDITEE'S RESPONSE

The County Commission responded as follows:

We agree to work with law enforcement and will insist that any necessary action be taken to recover the missing monies. We have questioned the County Collector through the years about distributing taxes as various political subdivisions have inquired of us about why distributions have not been made more timely. In the future, we will follow up with the new County Collector and ask for more information to ensure distributions are made timely.

We had previously asked for financial information (budgets) from the County Collector regarding the Tax Maintenance Fund but were not provided this information.

The County Collector's attorney responded as follows:

Thank you for the office conference wherein we reviewed the draft of the report on the County Collector of Crawford County. I will review the facts of the report with Mr. Gladden. At this time, we do not have a comment due to the criminal charges pending.

2. Accounting Controls and Procedures
--

Reconciliations of daily receipt records to deposits are not documented and the method of payment is not indicated on many paid tax receipts. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances. Private car tax monies totaling \$148,478 have not been recorded or disbursed. The County Collector does not distribute taxes on a timely basis and his annual settlements were not accurate. Bank reconciliations are not prepared as of month end and procedures to account for partial payment receipts, to dispose of old outstanding checks, and to account for insufficient funds checks are not adequate. In addition, no depository agreement exists with the County Collector's depository bank.

- A. The County Collector does not reconcile monies collected to paid tax receipts, daily abstracted report of collections, or deposits in the bank account. The County Collector records the total monies received each day in a notebook, which the Deputy County Collector then agrees to the daily abstracted report of collections. However, the County Collector does not attempt to reconcile the daily abstracted report of collections, the amounts recorded in the notebook, the actual paid tax receipts, and the deposits in the bank account.

While the County Collector indicated that reconciliations between the notebook and daily deposits are performed, these reconciliations are not documented. In addition, our comparison of daily deposits with daily receipt records indicated such reconciliations were apparently not occurring. As noted in MAR No. 1, shortages were detected for numerous days during the audit period in which the amounts deposited were less than the total receipts collected.

Furthermore, the method of payment (cash, check, and money order) is not consistently indicated on paid tax receipts. The County Collector indicated that his employees indicate the method of payment but he does not. By not indicating method of payment on all tax receipts, the County Collector cannot reconcile the composition of tax receipts to the composition of bank deposits. In addition, the County Collector is not depositing monies intact as cash refunds are given for overpayments of taxes, and personal checks of county employees are cashed by the County Collector.

Proper internal control procedures would include reconciling the paid tax receipts to the daily abstracted report of collections and to deposits in the bank account. Any differences should be fully investigated and explained on the reconciliation. In

addition, the method of payment should be indicated on all tax receipts and the composition of receipts should be reconciled to the composition of deposits. Without performing such reconciliations, the County Collector has no assurance that all monies received are deposited in the bank account or that all payments were properly recorded in the computer system. In addition, personal checks should not be cashed with official tax receipts and all disbursements should be made by check.

- B. The County Collector does not reconcile monthly listings of liabilities to cash balances. As a result, shortages in the County Collector's cash balance, as noted in MAR No. 1, were not detected. As of June 30, 2005, the reconciled bank balance was \$333,398 less than undistributed tax collections, surtax, interest, private car tax monies, and monies due to the Tax Maintenance Fund.

Current month's receipts are being used to make the previous month's distributions. Over time as the shortage continued to grow, current month's receipts were insufficient to cover the shortage. In addition, a review of book and bank balances consistently showed low balances after distributions were made. To ensure monthly distributions were made, distributions for surtax monies, interest monies, and even railroad and utilities monies were distributed several months late.

Monthly reconciliations of the cash balance to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

- C. Private car tax monies totaling \$148,478 were direct deposited to the County Collector's bank account in January 2005, 2004, 2003, and 2002 and deposited by check in April 2001. These monies were not reported as collections on a monthly report and were not subsequently disbursed in accordance with state law. In effect, these unrecorded deposited receipts were apparently used to replace other monies that were misappropriated. Private car tax monies represent taxes collected by the state on private railroad cars and remitted annually to the county. Section 137.1021, RSMo 2000, requires that seventy percent of the monies be disbursed to the school districts within the county and thirty percent be disbursed to the General Revenue Fund. As a result, \$103,935 should have been disbursed to the school districts and \$44,543 to the General Revenue Fund.

In addition to the monies received in these four years, private car tax monies may also have been paid to the County Collector in previous years. Activity prior to March 2001 (such as \$40,331 received in January 2001) should be reviewed to determine if additional private car tax monies were received and not appropriately disbursed.

- D. The County Collector does not distribute taxes on a timely basis. Section 139.210, RSMo 2000, requires all collections to be distributed to the political subdivisions by the fifteenth day of the following month.

Our review of the distributions made by the County Collector noted several instances of untimely distributions as follows.

	Year Ended February 28 (29),			
	2005		2004	
	Amount	Date Disbursed	Amount	Date Disbursed
December railroad and utility collections	\$875,581	May 3	\$857,879	March 24
Fiscal year surtax collections	151,942	Undistributed	143,384	June 22
Fiscal year interest earnings	12,232	Undistributed	13,027	April 7

The County Collector was not able to make these distributions in a more timely manner because the available cash balance in the County Collector's bank account was not sufficient to cover these and other liabilities.

In addition to being required by state law, timely distributions of property tax collections are important as most political subdivisions rely heavily on property tax revenues to fund their operations.

- E. The County Collector's annual settlements for the years ended February 28 (29), 2005, and 2004 were not accurate. Total collections and distributions were overstated and charges reported for delinquent utility taxes were not always accurate.

- 1) Total collections and distributions on the County Collector's annual settlements were overstated due to withholdings for the Assessment Fund and for commissions being reported twice.

The overstatement occurred because the amounts reported as distributions to the various political subdivisions included Assessment Fund and commission withholdings which are also reported separately. Thus, the amounts reported as distributed to political subdivisions were not accurate. The overstatement of distributions was not detected on the annual settlement because total collections and total charges were also overstated by the Assessment Fund and commission withholdings amounts.

- 2) Delinquent utility taxes were not accurately reported on the County Collector's annual settlement for tax year 2002 as \$19,729 should have been carried forward to the 2003 tax year as a charge for delinquent utility taxes. However, charges for delinquent utility taxes are only reported on subsequent

annual settlements if the delinquent utility taxes are collected. Delinquent utility taxes should be reported on the annual settlement until collected or otherwise resolved. As of February 28, 2005, delinquent utility taxes from tax year 2002 of \$14,020 still remain uncollected and not reported on the annual settlement.

The County Clerk's office is responsible for preparing and distributing the utility tax statements and was not aware that some 2002 utility taxes had not been paid and therefore, delinquent notices were not sent. Subsequently, the County Clerk contacted the companies with the delinquent 2002 utility taxes to ensure these amounts had not been paid.

Failure to adequately reconcile charges and credits on the annual settlement reduces the assurance that the County Collector has accounted for all charges presented. Additionally, the potential for loss to the county exists from inadequate monitoring of delinquent taxes.

Section 139.160, RSMo 2000, states that "...the collector shall ... settle his accounts of all monies received by him on account of taxes and other sources of revenue." By incorrectly reporting amounts on the annual settlement, the County Collector has not provided the County Commission with an accurate and complete settlement.

- 3) The County Clerk does not maintain an account book with the County Collector and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, the County Collector's settlements are not adequately reviewed and the errors indicated above went undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- F. The County Collector does not issue receipt slips for partial payments received or deposit partial payments into a bank account. Partial payments are accepted from taxpayers until the tax bill is fully paid, whereupon the monies are deposited and the taxes are marked as paid.

A cash count performed on May 11, 2005 identified \$4,390 (including \$1,153 in cash) in partial payments collected since February 2004 that had not been deposited. Partial payment monies received are maintained in separate envelopes for each taxpayer, attached to the tax statement, and kept in an unlocked drawer in the County Collector's office.

The practice of accepting partial payments, combined with the problems which presently exist, increase the opportunity of errors and the loss of funds. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, partial payments should be deposited in the County Collector's bank account and a separate record of each partial payment received should be maintained.

- G. The County Collector does prepare monthly bank reconciliations. However, procedures regarding bank reconciliations can be improved as follows.

- 1) Bank reconciliations are not prepared as of month end. Instead, the County Collector generally reconciles the bank balance to the checkbook balance as of the date the bank statement is received. The checkbook balance is often adjusted for reconciling items, however, no documentation or explanation is provided for these items. While the bank balance is reconciled to the checkbook balance, there is no assurance that the checkbook balance is accurate since no reconciliation to liabilities is performed as indicated in Part B above.

Bank reconciliations should be reconciled to month-end balances and reconciling items should be adequately documented. In addition, bank reconciliations should be reconciled to liabilities to ensure records are in balance and that sufficient cash is available to cover liabilities.

- 2) While the County Collector appears to follow up on outstanding checks in a timely manner, old outstanding checks are not being properly handled. After a check has been outstanding for a year, the County Collector attempts to contact the payee. If the County Collector is unable to contact the payee, the check will be voided and the check amount will be added back into the available cash balance. Generally, these checks were paid to various taxpayers for reimbursement of property tax overpayments.

The County Collector indicated he was not aware of the statutory provisions which require the monies from old outstanding checks to be turned over to unclaimed property. If payees cannot be located, the County Collector should

dispose of monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo 2000, provide for the disposition of unclaimed monies.

- 3) The County Collector does not have adequate procedures in place to ensure insufficient funds (NSF) checks are collected or added back to the tax books. When tax receipts are collected by the County Collector's office, the payments are posted to the computer system and the tax books. However, when subsequent notices of NSF checks are received, adjustments are not made to the computer system or to the tax books.

Restitution for NSF checks may not be received until several months after the tax receipt was initially collected and in some instances, restitution may not be received. As a result, monies are disbursed to the various political subdivisions even though the amounts may not have been actually received. In these instances, the County Collector needs to add the amounts back to the tax books and reduce future distributions to the political subdivisions for the amount of NSF checks remaining uncollected. As of June 30, 2005 records showed approximately \$9,000 of bad checks for which subsequent collection and deposit could not be determined. Following up on these bad checks may reduce the amount of the shortage indicated.

- H. The County Collector holds his funds at a different bank than the county's depository bank. Proposals for bank services are solicited by the County Commission. Based on the county's solicitation, the County Collector accepted the proposal of a different depository bank. However, the County Collector does not have a written depository agreement with his depository bank.

The County Collector should enter into a contract with his bank, outlining the terms agreed to and the services to be received. Such a contract may cover issues such as costs of checking accounts and safe deposit boxes, interest to be paid on checking accounts, and should include collateral securities required to be pledged.

Conditions A, B, E3, and H were noted in our prior report and there has been no significant action taken by the County Collector to remedy the conditions or implement the prior audit recommendations.

WE RECOMMEND the County Collector:

- A. Reconcile daily cash collections and the daily abstracted report of collections to the paid tax receipts and the deposits into the bank account. Additionally, the composition of receipts should be reconciled to the composition of deposits. Any differences should be investigated and explained on the reconciliation. In addition, the County Collector should also ensure the method of payment is indicated on all tax

receipts, ensure all disbursements are made by check, and should discontinue the practice of cashing personal checks.

- B. Prepare a listing of liabilities on a monthly basis and reconcile this listing to the reconciled bank balance.
- C. Ensure all private car tax monies received are disbursed in accordance with state law. In addition, activity prior to March 2001 should be reviewed to determine if additional private car tax monies were received that should be disbursed.
- D. Establish procedures to ensure distributions of all collections are made timely in accordance with state law.
- E. Prepare and file accurate annual settlements and ensure all amounts are correctly reported. In addition, the County Collector's office should work with the County Clerk's office to ensure all utility taxes are paid or delinquent notices are prepared when necessary. Also, the County Clerk should maintain an account book with the County Collector and the County Commission should consider using the account book to verify the annual settlements of the County Collector.
- F. Deposit all partial payments into the County Collector's bank account intact. Furthermore, the County Collector should reconsider the practice of accepting partial payments. If the decision is made to continue this practice, proper records should be maintained, such as a centralized record of receipts and receipt slips should be issued for all partial payments received.
- G.1. Prepare monthly bank reconciliations as of month end and ensure reconciling items are adequately reviewed and handled properly.
 - 2. Resolve all old outstanding checks in accordance with state law.
 - 3. Establish procedures to properly account for all uncollected NSF checks. Such checks should be added back to the tax books and adjusted from future distributions to the taxing authorities, as applicable.
- H. Enter into a written depository agreement with the depository bank.

AUDITEE'S RESPONSE

The County Commission responded as follows:

A-H. We will work with the new County Collector to implement these recommendations. In addition, regarding Part H, we were concerned the County Collector was not using the same bank as the county and was earning a lower interest rate. A new account for the County Collector's office has been opened at the county's depository bank.

The County Clerk responded as follows:

E. I agree with the recommendation but will need help with setting up an account book.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

COUNTY COLLECTOR
CRAWFORD COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo 2000, the term for which collectors are elected expires on the first Monday in March of the year in which they are required to make their last final settlement for the tax book collected by them. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29).

Daniel Gladden served as County Collector until July 7, 2005.

The County Collector received compensation of \$13,819 for the period March 1 to July 7, 2005. During the years ended February 28 (29), 2005, 2004, 2003, and 2002, the County Collector received compensation of \$38,156, \$38,004, \$38,027, and \$37,543, respectively. Compensation was in accordance with statutory provisions.

The following schedule reflects amounts from the records of the County Collector on the modified accrual basis. The schedule includes approximately \$187,000 of taxes that were collected, recorded, and not distributed, but the schedule does not include approximately \$148,000 in private car tax monies that were collected, and not recorded or distributed. In addition, the schedule does not include any of the operating costs of the County Collector's office. Operating costs are paid from the General Revenue Fund of the county.

Appendix

COUNTY COLLECTOR
CRAWFORD COUNTY, MISSOURI
SCHEDULE OF REVENUES AND EXPENDITURES

	Period March 1 to July 7, 2005	Year Ended February 28 (29),			
		2005	2004	2003	2002
REVENUES					
Property taxes	\$ 1,474,906	11,625,009	11,238,011	10,508,257	9,918,467
Interest	2,902	12,232	13,027	15,107	14,545
Other	2,485	19,991	19,378	15,710	11,493
Less Provision for Uncollectible Accounts	(764,443)	(1,474,906)	(1,439,764)	(1,416,413)	(1,214,804)
Total Revenues	715,850	10,182,326	9,830,652	9,122,661	8,729,701
EXPENDITURES					
State of Missouri	4,191	63,648	61,751	58,659	56,342
General Revenue Fund	11,929	197,437	185,832	181,275	162,523
Special Road and Bridge Fund	29,958	455,685	442,476	420,682	405,223
Assessment Fund	7,625	121,809	97,265	90,671	87,984
Senate Bill 40 Board Fund	13,327	200,172	194,663	184,932	178,498
Senior Citizens' Services Tax Fund	6,661	99,709	97,164	91,058	86,647
School districts	484,830	7,301,661	7,073,293	6,563,480	6,294,735
Library district	12,827	191,276	186,146	176,467	170,656
Ambulance districts	37,981	558,279	538,831	508,780	492,890
Fire protection districts	18,942	323,838	299,297	289,581	273,460
Junior College	17,897	270,907	279,062	265,674	250,090
Hospital	999	25,550	24,815	24,599	23,585
Cities	2,741	79,530	70,768	30,334	28,306
County Clerk	730	2,575	2,657	2,128	2,918
Tax Maintenance Fund	13,144	32,104	30,501	14,020	0
County Employees' Retirement	32,515	78,185	75,002	63,047	64,086
Commissions and fees:					
General Revenue Fund	19,553	179,961	171,129	157,274	151,758
Total Expenditures	715,850	10,182,326	9,830,652	9,122,661	8,729,701
REVENUES OVER (UNDER) EXPENDITURES	\$ 0	0	0	0	0



Claire McCaskill

Missouri State Auditor

July 2005

MAPLEWOOD-RICHMOND
HEIGHTS SCHOOL DISTRICT

Year Ended June 30, 2004



Office Of
Missouri State Auditor
Claire McCaskill

July 2005

The following problems were discovered as a result of an audit conducted by our office of the Maplewood-Richmond Heights School District.

The Maplewood-Richmond Heights school district does not have a formal written policy on the appropriate use of the district credit cards. Charges totaling \$211,572 were made on the district's five credit cards from July 2003 to December 2004. While purchases charged to the district credit card were primarily for travel, they also included miscellaneous items for the school including furniture, artwork, and landscaping purchase. In addition, the district paid approximately \$1,259 from July 2003 to December 2004 in sales tax on purchases made on the district credit cards.

Although the district requires the purpose of the meeting and individuals present be noted on meal receipts, we noted instances where this information was not provided. Local meals, some for more than one person, were paid by the district with no explanation of the business purpose or the reason why a meal was necessary and the individuals covered by the amount paid.

The district paid \$9,220 for the creation of a butterfly mobile for the middle school. Of this cost, \$1,500 was paid to the art teacher supervising the project as a stipend and the remaining \$7,720 was paid to a local artist who worked with the students in creating the mobile. The district did not have a signed written contract for this work, and although there was a written proposal from the artist detailing the work to be done, the estimated cost was only \$5,520. The bill for the project only indicated the final total cost and there was nothing to support the increase in the amount from the original proposal.

The district's tuition reimbursement policy allows for reimbursement of 50 percent of actual tuition costs up to \$1,000 per year. An administrative employee was paid \$17,849 for tuition for eight correspondence classes from July 2003 to December 2004 at Syracuse University in New York. Although the Board approved providing tuition support for the employee, they did not approve a total amount to be paid or document why it was necessary to attend that university.

The district has implemented a student activity program called Women Who Look Ahead. A budget was not prepared for this program and the district spent more than the donations received.

(over)

YELLOW SHEET

Some travel related professional development expenses appear questionable. The district's professional development policy does not specify who is permitted to attend professional development trips, the number of trips allowed per year, or which trips are required or recommended for various staff positions. During the year ended June 30, 2004, over 40 employees of the district attended seven different out of state conferences, with at least three employees attending more than one out of state trip during the year. For example, during November 2003, the district incurred expenses exceeding \$14,000 for ten employees to attend a three day professional development conference in Las Vegas, Nevada. Also during November 2003, six district employees, including one employee who also attended the conference in Las Vegas, attended a professional development conference in Dallas, Texas at a total cost of \$4,782.

The district uses a travel advance process in which the employee receives prior approval for a trip and is given an advance of up to 80 percent of anticipated meal and incidental expenses prior to their departure. We noted several cash advances exceeded the expenses actually incurred by the employees and reimbursements to the district were not made in a timely manner. It appears the estimates used to determine the advance amount were excessive.

Although state law does not require a more comprehensive bid policy for school districts, Maplewood-Richmond Heights current bidding procedures could be made more effective by adopting a policy with a lower dollar amount. For example, the district paid \$24,663 for landscaping plants and related purchases for the new elementary schools which were not bid. Additionally, the district purchased furniture exceeding \$11,000 for the high school study hall and \$8,300 for the teachers' lounge and other school areas. These items were not bid and some of the items purchased appeared excessive in price. Although the district indicated they compared the prices they paid for the plants to the price listing on the original bid and compared the furniture to other vendors, there was no documentation of this being performed.

The district did not adequately monitor the progress of the middle school construction project and change orders were made without district approval. Change orders totaling \$395,000 were made, however, the district agreed to pay for only \$248,764 and disputed the remaining amount because the contractor made the changes without proper authorization.

The district did not maintain adequate records of disposed property when it closed two schools. The district had no record indicating what property was at these schools and what was disposed of at the surplus sale.

The audit report also includes some other matters related to budgetary procedures and financial reporting, general fixed assets records and procedures, and cellular telephones upon which the school district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

MAPLEWOOD-RICHMOND HEIGHTS SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
Maplewood-Richmond Heights School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Maplewood-Richmond Heights School District. The district engaged Schowalter and Jabouri, Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended June 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended June 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Maplewood-Richmond Heights School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 20, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Heather M. Thompson, CPA
Audit Staff:	Steven J. Re, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MAPLEWOOD-RICHMOND HEIGHTS SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Expenditures
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Controls and procedures over district disbursements need improvement. The district does not have a written credit card policy and receipts for local meals do not always indicate the reason for the meeting and the individuals attending. Problems were noted with expenditures for a butterfly mobile. In addition, the reasons for exceptions to the tuition reimbursement policy are not adequately documented and a student program was not budgeted and spent more than it received in donations.

- A. Charges totaling \$211,572 were made on the district's five credit cards from July 2003 to December 2004. The district does not have a formal written policy on the appropriate use of the district credit cards. While purchases charged to the district credit card were primarily for travel (meals, motel, car rental, and gasoline); they also included miscellaneous items for the school including furniture, artwork, and landscaping purchases. During our review of credit card statements, we noted some items charged were not bid and did not always contain adequate supporting documentation. Concerns regarding these purchases are noted in MAR 3.

A policy which defines levels of purchase authorization, sets limits on what may be purchased and dollar amounts, and approval requirements for various purchases decreases the possibility of unauthorized purchases occurring. A formal policy could include procedures for use of district credit cards including, but not limited to, allowable purchases, maximum dollar limit of purchases, permitted users, required supporting documentation, and approval procedures.

In addition, the district paid approximately \$1,259 from July 2003 to December 2004 in sales tax on purchases made on the district credit cards. Political subdivisions are exempt from paying sales tax.

- B. The district frequently provides food at various meetings involving district personnel. The district does not track the amounts spent on these items annually because the costs of providing food are charged to various budgets and are not separately identified. The district was unable to provide the total amount of food purchased by the district for this time period; however, based on the vendor payment list provided by the district and the credit card statements, we determined the total amount of district funds spent on food and catering expenses was over \$68,000 from July 2003 to December 2004.

Although the district requires the purpose of the meeting and the individuals present be noted on the receipt, we noted instances where this information was not

provided. Local meals, some for more than one person, were paid by the district with no explanation of the business purpose or the reason why a meal was necessary and the individuals covered by the amounts paid. Examples noted included amounts for \$122, \$144, \$126, and several smaller amounts at local restaurants which did not include any supporting documentation detailing the meeting, the individuals included, or why it was necessary to provide a meal. Many additional meal charges only indicated the name of the group having the meal.

Without detailed supporting documentation including the purpose and list of individuals attending, the district cannot determine if the expenditures were reasonable and necessary uses of public funds.

- C. The district paid \$9,220 for the creation of a butterfly mobile for the middle school. Of this cost, \$1,500 was paid to the art teacher supervising the project as a stipend and the remaining \$7,720 was paid to a local artist who worked with the students in creating the mobile. The district did not have a signed written contract for this work. Although the district had a written proposal from the artist detailing the work to be done, her estimated cost was only \$5,520 including materials of \$1,110 and labor of \$4,410. The district paid the artist \$1,360 for supplies three months prior to completion of the project. In addition, the final bill for the project only indicated the final total cost. There was nothing to support the increase in the amount from the original proposal. The superintendent indicated information concerning the detail on the hours worked was provided at the time of payment; however, this information was not documented at the district. A written contract signed by both parties is necessary to specify the duties and responsibilities of both parties including any up front payments, the hourly rate, and the total cost. A detailed billing is necessary to adequately document the amount paid. Section 432.070, RSMo, requires contracts for political subdivisions be in writing.
- D. Although the district allows exceptions to its tuition reimbursement policy, the reasons for the exceptions are not formally documented and approved by the Board. The district's tuition reimbursement policy allows for reimbursement of 50 percent of actual tuition costs up to \$1,000 per year. In fiscal year 2004, the district spent over \$51,000 for tuition reimbursement.

An administrative employee was paid \$17,849 for tuition for eight correspondence classes from July 2003 to December 2004 at Syracuse University in New York. Although the Board approved providing tuition support for the employee, the Board did not approve a total amount to be paid or why it was necessary to attend that university. In addition, the district reimbursed \$2,699 in travel expenses including rental car, gasoline, and hotel expenses during the summers of 2004 and 2003 for this individual to attend classes. The superintendent indicated the higher tuition was justified because the employee's salary was lower than comparable positions in other St. Louis area districts.

Additional payments to teachers and administrators totaling \$6,183 were also paid over the \$1,000 policy limit. For example, \$3,990 was paid for tuition for one teacher during the year ended June 30, 2004. The superintendent indicated this payment was authorized above the policy amount so the teacher could become certified to fill an open position at the middle school; however, there was no written documentation indicating the reason the tuition was approved above the policy limit.

The district should maintain written documentation and approval to any exceptions to the policy.

- E. The district has implemented a student activity program called Women Who Look Ahead (WWLA). A budget was not prepared for this program and the district spent more than the donations received. The district received donations totaling \$3,500 during the year ended June 30, 2004; however, program expenditures exceeded revenues by \$4,580 for the same time period causing the district to subsidize the program with General Revenue funds. Expenditures related to this program include trips to the theatre and restaurants and various program materials. Such subsidies are not provided to other student activity programs.

To control costs and ensure the district does not provide a subsidy for the WWLA program, the district should prepare a budget for the WWLA program and limit the amount of expenditures to the revenues received.

WE RECOMMEND the School Board:

- A. Establish a policy to limit the use of credit cards. In addition, the district should discontinue paying sales tax on purchases.
- B. Track district expenditures for food purchases and ensure all meal receipts include the purpose of the meeting or the reason why a meal was necessary and the individuals present.
- C. Enter into written contracts, signed by the parties involved, specifying the services to be rendered and the manner and amount of compensation to be paid. In addition, detailed billings showing dates and hours worked should be obtained.
- D. Document the reasons for any exceptions to the tuition reimbursement policy and the approval of the exceptions.
- E. Ensure a budget is prepared for the WWLA program and evaluate any subsidy provided compared to other student activity programs.

AUDITEE'S RESPONSE

- A. *The auditor's office identified no instances of inappropriate or improper use of credit cards.*

The district follows recommendations from the Missouri School Board Association and the Missouri Association of School Business Officials regarding district credit cards/procurement cards. The use of credit cards/procurement cards saves the district approximately \$60-\$120 per purchase order. (as per RPMG Research Corporation's 2003 Purchasing Card Benchmark Survey). It is estimated that the district saved approximate \$40,000 during the time period audited by reducing the labor and material of the processing of numerous purchase orders, cutting of checks, use of postage, and reconciliation of checks through the bank. Additionally, the district receives a rebate on all purchases through procurement cards. Only five MRH central office administrators have access to district cards, and all purchases are consistent with the budgetary authority invested in the individual. All credit card receipts are collected and attached to the monthly bills and reconciled with the statement prior to submission to the business office.

MSBA has an addendum to the MSBA Policy Purchasing, Policy DJF which MRH may adopt this summer. The district has implemented procedures to insure that no sales tax is attached to purchases.

- B. *The district does track food expenditures, but it does so by budget categories. The \$68,000 identified by the auditors actually draws from several budget categories over an 18-month period. Furthermore, the \$68,000 includes \$9,000 from the food service program (cafeteria), and over \$7,300 expended for student events, supplies for home economics, and parent meetings. Approximately \$4,400 was reimbursed to the district from the Missouri School Board Association when a regional meeting was held on district premises.*

In reality, the district budgets between \$22,000 and \$25,000 per year for events such as the opening day for staff, employee recognition night, and for snacks and meals served to teachers when they are doing committee work in the afternoon, evening or on Saturday. The district has a written procedure that clearly outlines when food is to be served and the amount per person that can be expended. Teachers are not paid for these activities. Instead, the district provides light snacks (or meals if committees work into the evening) to facilitate district work.

MRH did list on the receipts the committees that were meeting for this time period but will in the future implement a sign in sheet at each meeting that serves a meal indicating the committee meeting and the people that are working on the committee.

- C. *The district does have a practice of entering into written contracts for various services in compliance with state law. It is the district's position that the example used by the auditor meets the written contract requirement. The district received a \$4,600 grant*

from the Missouri Arts Council for the creation of a butterfly mobile as a project involving gifted middle school arts students. Additionally a \$1,000 donation was received from an individual and \$800 from the Kiwanis Club to fund the project. The total cost to the district for this project was \$2,820. The district received a signed proposal from the artist as well as a signed grant proposal to the Missouri Arts Council. The district also received from the artist a detailed listing of hours completed for this project.

- D. The district does document the reasons for exceptions to the tuition reimbursement policy. The district has a tuition reimbursement procedure for certified staff members, including administrators. Tuition funds are placed in an account (PER Staff Tuition Reimburse) and monitored to ensure that administration knows at all times exactly how much has been spent on tuition. The procedure allows the superintendent to budget increased reimbursement for special circumstances, including administrative compensation and teacher certification. The district does follow its tuition reimbursement procedure.*

In the specific example of the administrative employee's tuition mentioned in the MAR, the tuition support was presented to and approved by the Board of Education at the time the employee's salary was discussed. The support was contingent upon her agreeing to stay with the district for a period of three years; otherwise, she is required to reimburse the district for this support. When approving this tuition support, the Board specifically considered the fact that the tuition support and increased salary combined still placed her compensation below the median in St. Louis County.

- E. As part of the MRH High School's focus on personalized service, Women Who Look Ahead, an adult mentoring group for teen girls who might profit from an adult mentor, was begun four years ago. Each girl in WWLA is assigned a staff member in the district who meets with her weekly and monitors her attendance and academic performance as well as helps her problem-solve any issues that might stand in the way of a successful high school experience. Mentors provide a weekly breakfast for the girls and monthly meetings as well as two or three outings to cultural events. Girls who are successful in meeting the academic standards set by the group are taken out to eat at a celebration dinner that is held once a year. Last year the number of girls involved jumped from 28 to 46 so the donations did not cover all of the supplies but next year a district account has been established for the women's mentoring program as well as a men's mentoring program that will be implemented.*

AUDITOR'S COMMENT

- A. While use of a credit card may save money over the normal purchasing process, it does not eliminate the need for adequate policies, pre-approvals, controls and reviews over the purchases.*

- C. The total cost included in the written proposal did not agree to the final bill. In addition, the detailed listing of hours referred to by the district was obtained by the district by fax in April 2005.
- D. The board minutes do not clearly document approval by the board of the total amount paid for the administrative employee's tuition and related travel or why Syracuse University was necessary.

2. District Travel

According to the district's amended Annual Secretary of the Board Report (ASBR) dated May 3, 2005, the district spent approximately \$83,200 for travel related expenses during fiscal year 2004. Of this amount, expenses totaling over \$79,400 related to professional development. Travel expenditures include lodging, meals, gasoline, and rental cars charged to the district's credit card; reimbursements to employees for mileage, meals, lodging and other travel expenses; and direct payments to motels, rental car companies, and airlines. The following concerns relating to travel expenditures were noted:

- A. Some travel related professional development expenses appear questionable. The state requires the district spend one percent of school foundation formula expenditures or \$3,379 on professional development. In addition, the average amount reported on the ASBRs as total travel expenditures in districts of similar size and location was approximately \$75,000 during this same time period. The district's professional development policy does not specify who is permitted to attend professional development trips, the number of trips allowed per year, or which trips are required or recommended for various staff positions. During the year ended June 30, 2004, over forty employees of the district attended seven different out of state conferences including trips to Las Vegas, Nevada; Dallas, Texas; Sacramento and San Francisco, California; Portland, Oregon; Chicago, Illinois; and Denver, Colorado. In addition, at least three employees attended more than one out of state trip during the year.

During November 2003, the district incurred expenses exceeding \$14,000 for ten employees to attend a three day professional development conference in Las Vegas, Nevada. Also during November 2003, six district employees, including one employee who also attended the conference in Las Vegas, attended a professional development conference in Dallas, Texas at a total cost of \$4,782.

To ensure public funds are spent wisely, travel expenses paid by the district should be necessary and reasonable for conducting district business and limits should be established relating to these trips.

- B. In addition to paying expenses through a reimbursement policy, the district also uses a travel advance process in which the employee receives prior approval for a trip and is given an advance of up to 80 percent of anticipated meal and incidental

expenses prior to their departure. Upon returning, the employee is to submit all receipts documenting their actual expenses incurred. Any unused advance is to be returned to the district, or if expenses are incurred in excess of the advance, the employee is reimbursed.

During our review, we noted several cash advances exceeded the expenses actually incurred by the employees and reimbursements to the district were not made in a timely manner. It appears the estimates used to determine the advance amount were excessive.

The use of travel advances creates administrative problems due to the time requirements to follow-up with individuals who have not turned in their documentation. The use of a travel reimbursement policy, in which major travel expenses (such as hotel, airfare and conference registration fees) are paid directly by the district and meal expenses are capped at a set amount and are reimbursed upon submission of an expense claim, would provide for better controls.

WE RECOMMEND the School Board:

- A. Establish a professional development policy that specifies who is permitted to attend professional development trips and the number of trips allowed per year.
- B. Consider eliminating the use of cash advances.

AUDITEE'S RESPONSE

- A. *The district's professional development plan focuses resources on the needs of students and the goals of the district. The MSIP Review Team cited MRH's plan as exemplary. The Board takes great pride in allocating resources to professional development and is supported by the community in this endeavor.*

The MAR indicates that the average amount spent in districts of similar size and location is just slightly less than what MRH spends on professional development. MRH is committed to professional development and believes that participation should be based on individual, department, student, and district needs. Teachers often need to participate in content area conferences and workshops, as well as instructional design and pedagogical workshops. For example, a math teacher might need to attend a conference or workshop focused on mathematics and attend a seminar on the Understanding by Design curriculum design process.

Where conferences are held is entirely up to the sponsoring organization. The locations mentioned in the MAR hosted the National Social Studies Conference (Chicago), the Apple Distinguished Educator Workshop (San Francisco), Power School Training (Sacramento/Folsom, CA), Systems Thinking Conference (Portland, OR), Reading is a Multi-Subject Curriculum (Dallas, TX), and Teaching for Understanding (Las Vegas, NV).

The district does not believe that it is the best interest of the students of MRH to develop a policy that restricts staff from participating in learning activities based on the number of trips they have attended or the location of the conference.

- B. *MRH's travel procedures include payment directly to vendors for major expenses, such as hotel, airfare, and conference registration fees. The district believes that it is important for teachers to be supported with cash advances when they are traveling for the other expenses that are involved. The district has meal reimbursement limits and does require that teachers submit receipts and an expense claim form. However, the district will tighten procedures regarding documentation and reimbursement and review the procedures with all staff members.*

3. Bidding Procedures

The district has a policy requiring competitive bidding for construction related purchases only of \$12,500 or more and does not require competitive bidding for items less than this amount. In addition, bids were not always solicited. The district also did not obtain competitive requests for proposals for all professional services and written contracts were not always prepared specifying the arrangements between applicable parties.

- A. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy with a lower dollar limit. The current policy states that a formal bidding process be used for projected expenditures of \$12,500 or greater for construction projects, as required by Section 177.086, RSMo. However, the policy does not require bidding for non-construction items and does not indicate the types of bidding that can be done to ensure the district receives the best economical value on its purchases for amounts less than \$12,500. Although state law does not require a more comprehensive bid policy for school districts, state law does require bidding for the state and various other local governments at levels as low as \$3,000.

The district paid \$24,663 for landscaping plants and related purchases for the new elementary school which were not bid. Bids were originally obtained from vendors for landscaping services including plants and installation for the new elementary school; however, the district decided not to use the bids received and, instead the plants were purchased from other vendors and installed by the district.

The district purchased furniture exceeding \$11,000 for the high school study hall and \$8,300 for the teachers' lounge and other school areas. These items were not bid and some of the items purchased appeared excessive in price including two chairs at \$825 each.

Although the district indicated they compared the prices they paid for the plants to the prices listed on the original bid and the furniture to other vendors, there was

no documentation of this being performed. Without formal bidding, there is no evidence the district received the lowest price and best service.

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for purchases under \$12,500. Bids could be handled by telephone quotation, sealed bids or advertised sealed bids. Different approaches may be appropriate, depending on the dollar amount of the purchase.

- B. The district sometimes did not solicit requests for proposals for professional services. The district paid \$50,771 to a law firm for legal services, \$15,972 to a CPA firm for accounting services, and \$12,000 to an individual for grant writing services for the year ended June 30, 2004. The district also paid \$20,977 and \$38,021 to multiple vendors for copying and catering services, respectively, for the same time period. In addition, the district did not enter into written agreements for the legal, copying, and catering services.

Soliciting proposals for professional services helps provide a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities, and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

WE RECOMMEND the School Board:

- A. Adopt a more comprehensive bid policy which requires bidding and establishes bidding requirements for purchases less than \$12,500.
- B. Adopt a policy addressing the selection of all professional services, and periodically solicit proposals for the selection of these service providers. In addition, the district should enter into written contracts with all applicable parties which clearly define the work to be performed and the compensation to be paid or benefits to be received.

AUDITEE'S RESPONSE

- A. *MRH fully complied with state law regarding bid procedures. The auditor found no examples of MRH violating state law. The state policy during the relevant period stated that a formal bidding process be used for projected expenditures of \$12,500 or greater for construction projects, as required by Section 177.086, RSMo (This has subsequently*

increased to \$15,000). This is the policy that has been implemented at MRH. A review of other St. Louis County school districts indicates that the majority of them have the same bidding practices.

Formal bids were accepted from several vendors for landscaping the new elementary school. The lowest bid was \$86,903. A decision was made to purchase the landscaping plants and related purchases from other vendors and complete the work with in-house staff. The cost of the landscaping plants and related purchases was \$24,663. MRH compared the prices of plants purchased to the per-price costing on the lowest formal bid received to make sure the cost was below this cost. In fact, the school district saved \$62,240 by price shopping and doing the work in-house.

Cooperative School District offers a program that provides bulk purchasing discounts for furniture and other items. Whenever the district purchases furniture, it compares prices with CSD prices and purchases at the lowest price available. All furniture purchases have been made consistent with this procedure.

- B. State law does not require bidding for professional services. MRH does compare prices among vendors. This comparison indicates that MRH's audit, legal, and catering services are reasonable compared to other county districts. The district will consider bidding in the future.*

4. Construction Project

The district spent over the budgeted amount on the new middle school project. In addition, the district did not monitor the progress of the construction projects and many changes were made without district approval. In April 2001, voters approved a bond issue totaling \$12 million for the purpose of constructing, furnishing, and equipping a new elementary school; renovating, furnishing, and equipping the high school to include a new middle school therein; renovating and air conditioning the high school/middle school and early childhood center; and improving technology resources in the district.

In May 2001, the district contracted with a construction manager and an architectural firm to design the renovations for the new middle school project and help oversee the construction at an estimated cost of \$2,508,434. Of this amount, \$1,415,088 was budgeted for the general contractor. The final amount paid to the contractor was \$1,677,661 or \$262,573 over the budgeted amount.

Numerous amendments or change orders to the original contract totaling over \$395,000 were made and submitted to the district by the general contractor. There was no documentation to indicate the board adequately monitored the progress of the project. Although the contract with the general contractor indicated change orders were to be approved by the district, the architect, and the construction manager, there was no documentation of board approval for the majority of the change orders. The superintendent indicated changes were performed by the contractor without authorization

by the appropriate parties. As a result, the district agreed to pay for only \$248,764 of the change orders submitted and disputed the remaining amount. After further discussion and litigation with the contractor, an agreement was reached and a portion of the disputed amount was paid by the district to settle the claim.

The Board should strictly monitor the progress of construction projects and obtain bids or prepare change orders for all significant changes to construction contracts to ensure any additional expenditures represent valid and appropriate costs to the district. Board approval of the change orders should be documented in the board meeting minutes.

WE RECOMMEND the School Board strictly monitor the progress of construction projects. In addition, change orders should be prepared and approved by the School Board in compliance with applicable contracts and documentation of the approval should be retained.

AUDITEE'S RESPONSE

The district recognizes the issues that arose with the middle school renovations and has implemented new procedures for subsequent projects, including the new elementary school. MRH also hired a different construction manager because of experiencing a number of problems with the construction manager and contractor for the middle school.

The new elementary school was completed on time and within budget.

5.

Budgetary Procedures Financial Reporting

Problems were noted concerning the district's budget and financial reporting procedures.

- A. Historically, the school district has amended its budget at year-end to ensure expenditures do not exceed the budget. However, the district does not amend the budget before expenditures are incurred. The following budget amendment was made by the school board on June 30, 2004 for the fiscal year 2004 budget:

<u>Fund</u>	<u>Original Budget</u>	<u>Actual Expenditures</u>	<u>Amended Budget</u>
General	\$5,102,795	\$5,401,451	\$5,439,703
Revenue			

It appears the amendment was made for statutory compliance only and circumvents the intended use of the budget as a management tool. The district monitors the budget on a monthly basis and it appears they were aware of the need to amend the budget as early as January 2004. The district should amend the budget before it incurs the expenditures.

The budget process provides a means to allocate financial resources in advance. Failure to adhere to the expenditure limits imposed by the budgets weakens the

effectiveness of this process. Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

- B. Expenditures totaling over \$51,000 which should have been coded to tuition expenses were incorrectly coded to travel expenses on the district's Annual Secretary of the Board Report (ASBR) submitted to the Missouri Department of Elementary and Secondary Education (DESE) for the year ended June 30, 2004. The district discovered this error as a result of our audit, corrections were made, and a revised ASBR was submitted to DESE on May 3, 2005.

To establish consistency and accountability among school districts, the DESE provides districts with financial recording guidelines in the *Missouri Financial Accounting Manual*. The DESE has established account codes to track revenues, expenditures, and other transactions. The DESE account code structure is designed as a means of efficient recordkeeping as well as a basic management tool. It also allows comparability of financial transactions among districts. Without consistent adherence to the DESE account code guidelines, the district's financial reports do not properly reflect the financial transactions of the district.

WE RECOMMEND the School Board:

- A. Ensure amendments are made to the budget prior to incurring the expenditure.
- B. Require the DESE guidelines be followed when posting district transactions to ensure that financial reports are accurate and complete.

AUDITEE'S RESPONSE

- A. *Historically, the school district has amended its budget to ensure expenditures do not exceed the budget. The majority of the budget amendment was the addition of grant expenditures which were offset with an addition to revenues for these grants. The district will ensure budget amendments are done in a timely manner.*
- B. *The district mistakenly coded tuition reimbursement to travel for several years on the ASBR. The error has been corrected.*

6. General Fixed Assets Records and Procedures

The district does not maintain adequate records of district property. In addition, the district did not maintain adequate records of disposed property when two schools were closed.

- A. The district does not maintain a fixed asset list that includes all assets owned and does not have procedures in place to reconcile fixed asset purchases to additions to a fixed asset list. In addition, the district does not perform a physical inventory and does not tag or otherwise identify the fixed assets as property of the district.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate fixed asset records are necessary to ensure better internal control over district property and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of the property in the records and limit the potential for personal use of school district assets.

- B. The district did not maintain adequate records regarding the sale of surplus property. The district closed two elementary schools at the end of the 2003-2004 school year and held a surplus sale to dispose of the items remaining including classroom furniture and equipment. A total of \$7,513 was received at this sale; however, since fixed assets are not inventoried, the district was unable to determine the value of the assets sold. In addition, the district did not maintain a listing of the actual items sold in the sale. The district disposed of furniture and consumables from approximately 36 classrooms during the sale.

The district should ensure property sales are properly handled and fully documented. Proper and complete information should be maintained to ensure the district receives fair value for the assets.

WE RECOMMEND the School Board:

- A. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. The School Board should require additions to the fixed asset list be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of Maplewood-Richmond Heights School District" are attached to district property and equipment.
- B. Ensure adequate and complete documentation is maintained for all surplus sales.

AUDITEE'S RESPONSE

- A. *The district maintains a current inventory of all computers, laptops, printers, smartboards, and projectors and a checkout system is in place for laptops that accounts for their location. Also, the district does have a physical inventory list of all other furniture and equipment at each school. MRH intends to implement a fixed asset process beginning in the next fiscal year by phasing in inventory in stages.*

B. *MRH has implemented new procedures for recording the sale of surplus goods.*

7. Cellular Telephones

The district does not have adequate controls for cellular telephone use. The district paid approximately \$27,000 to their cellular phone service provider during the year ended June 30, 2004 for 43 telephones which are utilized by administrators, supervisors, and district personnel. District policy indicates cell phones are only to be used for district business and are to be reviewed by the chief financial officer on a monthly basis.

We noted some users exceeded the airtime provided in their plans. The district paid overage charges totaling \$2,710 or approximately ten percent of the total during this time period. During one month 17 of 41 users spent over the original plan amount and overage charges exceeded \$350. Although the district indicated the billings were reviewed, no follow up action was taken to determine if any personal calls were made or if any personal calls contributed to the users exceeding the airtime limits.

It appears that overall phone costs could be reduced if users adhered to district policy and airtime usage plans. Usage of cellular phones should be monitored to ensure it is necessary and for district business only.

WE RECOMMEND the School Board ensure cellular phones are used only for district business and billings are reviewed for reasonableness in compliance with district policy. In addition, the district should evaluate the usage of cellular phones and increase or decrease the number of phones and/or airtime plans, as necessary.

AUDITEE'S RESPONSE

During the fiscal year 2003-2004, the district received a reimbursement from the E-Rate federal grant of \$15,280 for the Nextel phones which offset the original expenditures of \$27,000. Also, in October 2004, the district changed to a shared-minutes plan and eliminated all overage charges. MRH will continue to receive E-Rate reimbursements up to 80 percent of cost in the future. A review procedure has been implemented that involves the examination of monthly cellular phone bills, the production of a monthly report, and immediate follow-up with staff.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MAPLEWOOD-RICHMOND HEIGHTS SCHOOL DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Maplewood-Richmond Heights School District is located in St. Louis County, Missouri and covers 2.7 square miles in Maplewood and part of Richmond Heights.

The district operates a senior high school (grades 9-12), a middle school (grades 7-8), an elementary school (grades 2-6), and an Early Childhood Center (grades Pre-K-1). Enrollment was 1,013 for the 2003-2004 school year. The district employed approximately 204 full- and part-time employees, including 14 administrators, 125 teachers, and 65 support staff.

The Maplewood-Richmond Heights School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board during the year ended June 30, 2004, were:

School Board	Dates of Service During the Year Ended June 30, 2004
Mark Livingston, President	July 2003-June 2004
Cindy Blankenship, Vice President	July 2003-June 2004
Nelson Mitten, Treasurer	July 2003-June 2004
Barbara O'Sullivan, Secretary	July 2003-June 2004
Sherry Montford, Member	July 2003-June 2004
Vivian McBride, Member	July 2003-June 2004
Reverend Nathaniel Malone II, Member	July 2003-June 2004

The district's other principal officials during the year ended June 30, 2004, are identified below. The compensation of these officials is established by the school board.

Other Principal Officials	Dates of Service During the Year Ended June 30, 2004	Compensation Paid for the Year Ended June 30, 2004
Linda Henke, Superintendent (1)	July 2003-June 2004	\$ 131,300
Catherine Von Hatten, Assistant Superintendent	July 2003-June 2004	108,100
Kay Lesley, Chief Financial Officer	September 2003-June 2004	56,580
Cynthia Fields, Chief Financial Officer (2)	July 2003	13,309

Beth Rowland, Director of Buildings and Grounds	July 2003-June 2004	55,120
Natasha Webster, Director of Communications	July 2003-June 2004	46,800
S. Patrick McEvoy, High School Principal	July 2003-June 2004	96,096
Charles Pearson, Middle School Principal	July 2003-June 2004	90,300
Vicki Hardy, Elementary School Principal	July 2003-June 2004	75,691
Cynthia Hebenstreit, Early Childhood Center Principal	July 2003-June 2004	77,910

- (1) In addition to this base salary, the district paid \$4,968 for automobile lease costs for the Superintendent and also contributed \$1,000 to a tax-sheltered annuity in her name.
- (2) Resigned July 2003. Her final pay included pay for 32 days of accrued leave.

Assessed valuations and tax rates for 2004 and 2003 were as follows:

	<u>2004</u>	<u>2003</u>
Assessed valuation	\$ <u>183,169,930</u>	<u>190,521,837</u>
Tax rates:		
Operating Funds		
Residential	\$ 4.3690	3.5543
Agricultural	0.0000	0.0000
Commercial	4.5617	3.8715
Personal	4.4525	3.8636
Debt service	1.0300	0.8280



Claire McCaskill

Missouri State Auditor

July 2005

ADMINISTRATION

Review of Article X
Sections 16 Through 24
Constitution of Missouri

Year Ended June 30, 2004



Office Of
Missouri State Auditor
Claire McCaskill

July 2005

The following is a review conducted by our office of Article X, Sections 16 through 24, Constitution of Missouri.

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The State Auditor's Office performs a review of the state's compliance with the provisions of the Hancock Amendment to verify the accuracy of the revenue limit computation performed by the Office of Administration, Division of Budget and Planning (OA-BP). The auditor's review agreed with the OA-BP that no refund is due to taxpayers for the year ended June 30, 2004.

Total state revenue was calculated at \$7.7 billion, while the refund threshold was calculated at \$9.2 billion, which means state revenue was under the revenue limit by \$1.5 billion for the year ended June 30, 2004.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Michael Keathley Commissioner
Office of Administration
Jefferson City, MO 65102

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2004, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2003. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenues.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our methodology to accomplish these objectives included discussions with personnel of the Office of Administration, Division of Budget and Planning, inspecting relevant records and reports compiled by that office, and reviewing reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits are fairly stated in all material respects.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Constitution of Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 6, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
Audit Staff:	Frank Verslues
	Jeffrey Wilson

EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2004, 2003, 2002, 2001, and 2000. The results of our review determined that for the year ended June 30, 2004, TSR was approximately \$1.5 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2004.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

On November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee to gaming riverboats is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats is included in TSR.

The State Auditor's Office (SAO) and the Office of Administration, Division of Budget and Planning (OA-BP) did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43(b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in TSR.

This decision related to the use of Conservation Fund monies for making refunds under the Hancock Amendment. The General Assembly appropriated a total of approximately \$6 million from the Conservation Fund to be used to pay for refunds due to taxpayers under the Hancock Amendment for fiscal years 1995 and 1996. The Conservation Federation filed suit declaring that moneys in the Conservation Fund may not be used to make these refunds and that the sales tax proceeds are not includable in TSR. The Supreme Court ruled that Article IV, Section 43(b) requires that conservation funds be expended for conservation purposes as specified in that section and using these funds to pay for Hancock refunds is, therefore, unconstitutional.

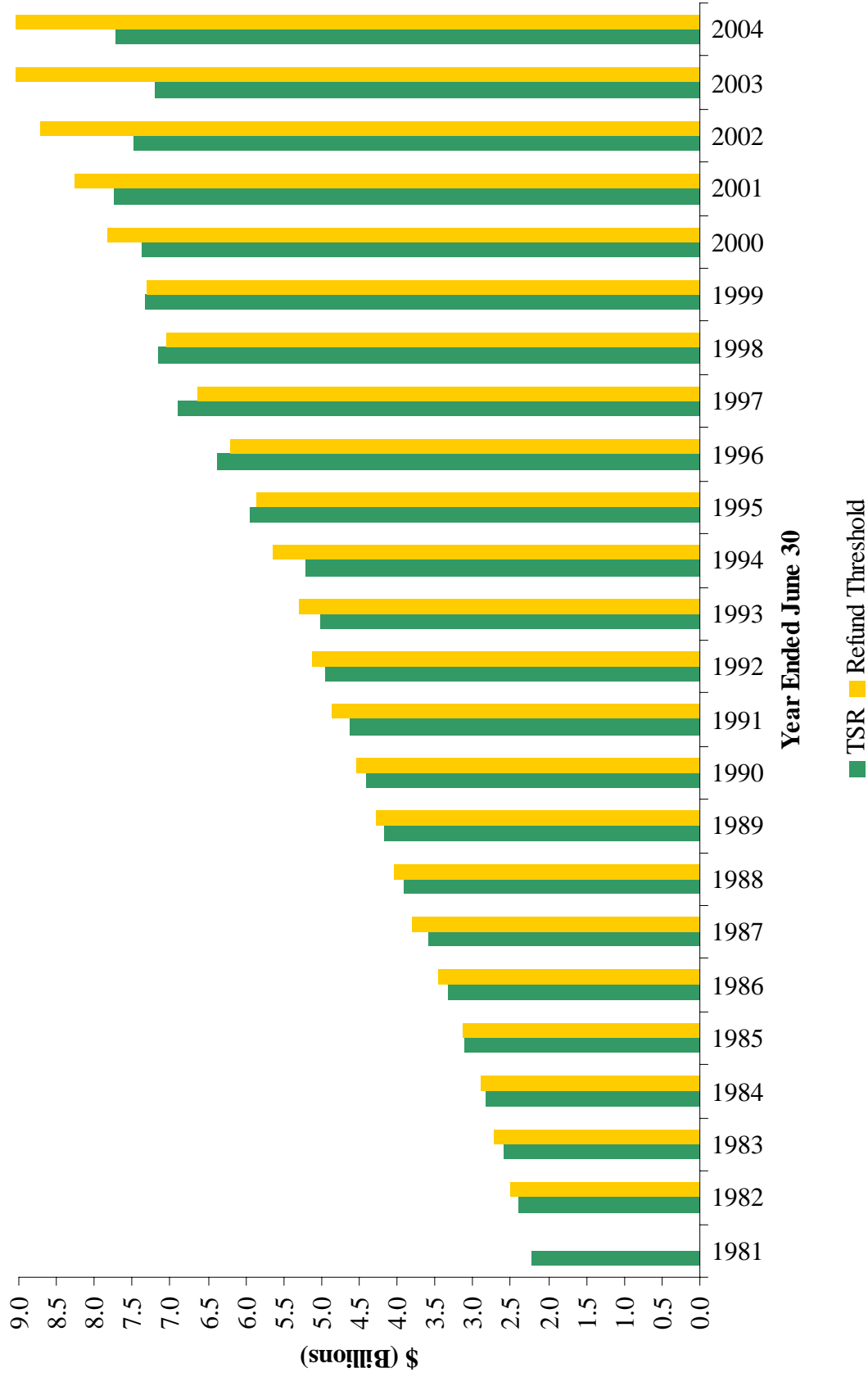
This decision also related to whether the conservation sales tax should be included in TSR. The Supreme Court noted that the conservation sales tax imposed by Section 42(a) was enacted by a vote of the people in 1976, which was four years before the Hancock Amendment was approved. However, Section 43(b) was adopted contemporaneously with the Hancock Amendment and, therefore, went into effect after the Hancock Amendment's baseline period for TSR, which was fiscal year 1981. Thus, this case presents the unique situation that a tax was approved by the voters prior to the Hancock Amendment, but the voter-approved (indeed voter mandated) spending of that revenue was approved after the Hancock Amendment's initial tax and spending ceiling was calculated.

Since the state had already paid refunds to taxpayers for fiscal years 1995, 1996, and 1997, the state has decided not to recalculate TSR for those years. However, for fiscal year 1998, the state has excluded the conservation sales tax (and related interest earnings) from TSR in accordance with the Supreme Court decision. In addition, the state will not pay any refunds (for prior years or future years) from the Conservation Fund.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation

sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation, while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. Starting in fiscal year 2001, the OA-BP has included certain tax credits in the calculation of total state revenue.

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUE VERSUS REFUND THRESHOLD



EXHIBITS

Exhibit A

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI
SUMMARY OF TOTAL STATE REVENUE AND REFUND CALCULATIONS
(IN MILLIONS)

	Year Ended June 30,				
	2000	2001	2002	2003	2004
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 15,871.29	17,360.76	18,127.97	18,347.05	18,893.99
Less excluded revenue	(7,442.20)	(8,632.31)	(9,541.77)	(9,904.25)	(10,050.55)
Less expenditure refunds	(1,057.35)	(1,066.85)	(1,165.04)	(1,252.34)	(1,126.23)
Add refundable tax credits	0.00	78.04	67.19	10.07	4.07
TSR	\$ 7,371.74	7,739.64	7,488.35	7,200.53	7,721.28

REVENUE LIMIT AND REFUND THRESHOLD

Missouri personal income	\$ 136,754.00	144,389.00	152,448.00	159,093.00	161,648.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	7,712.24	8,142.82	8,597.30	8,972.05	9,116.14
Judicial article amendment	39.70	43.52	43.52	43.52	43.52
Revenue limit	7,751.94	8,186.34	8,640.82	9,015.57	9,159.66
1 percent adjustment	77.52	81.86	86.41	90.16	91.60
Refund threshold	\$ 7,829.46	8,268.20	8,727.23	9,105.73	9,251.26

REFUND CALCULATION

TSR	\$ 7,371.74	7,739.64	7,488.35	7,200.53	7,721.28
Less refund threshold	7,829.46	8,268.20	8,727.23	9,105.73	9,251.26
Over (Under) Threshold	(457.72)	(528.56)	(1,238.88)	(1,905.20)	(1,529.98)
1 percent adjustment	0.00	0.00	0.00	0.00	0.00
Refund	\$ 0.00	0.00	0.00	0.00	0.00

See the accompanying Notes to the Exhibits.

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
1001	Sales and use tax	\$ 1,711,735,812	1,732,305,234	1,736,714,171	1,737,612,158	1,821,777,954
1003	(l) Parks sales and use tax	34,747,135	35,230,980	36,220,266	35,939,862	37,391,971
1005	(k) Soil and water sales and use tax	34,746,972	35,230,984	36,220,270	35,947,537	37,394,824
1007	General revenue reimbursements - local sales and use tax	2,579,696	3,010,856	1,835,145	1,838,920	1,952,122
1009	Motor vehicle sales tax	212,131,664	201,434,995	224,606,585	210,455,391	215,078,975
1011	(u) Conservation sales and use tax	86,885,502	88,085,276	90,545,178	89,855,329	93,488,139
1013	(f) Proposition C sales and use tax	682,981,580	689,313,928	707,412,040	702,831,412	731,735,057
1015	Sales and use taxes paid under protest	1,650,756	153,582	450,179	304,292	6,034,772
1022	Individual income tax	4,276,499,738	4,594,876,638	4,470,625,351	4,392,707,326	4,579,484,729
1024	Individual income taxes paid under protest	1,315	(293,191)	81,600	42,353	55,591
1026	Corporate income tax	443,212,366	365,348,758	448,568,753	366,848,435	329,596,001
1028	Corporate income taxes paid under protest	(284,067)	562,689	456,457	1,451	-
1033	County foreign insurance tax	146,759,514	139,319,912	160,589,220	157,209,442	162,129,552
1037	Worker's compensation insurance tax	19,082,046	3,633,190	2,221,514	18,558,537	45,780,130
1039	Worker's compensation insurance tax - second injury	36,035,166	40,002,911	41,202,150	43,490,045	73,637,324
1041	Excess lines of insurance tax	7,871,619	9,724,620	12,516,253	19,545,210	23,300,865
1049	Heavy beer tax	8,045,753	8,002,425	8,139,919	8,162,402	8,287,133
1051	Light beer tax	106,295	106,174	87,955	52,013	43,970
1053	Liquor tax	14,256,263	14,853,871	14,623,630	14,914,429	15,792,060
1055	Wine tax	2,930,608	2,949,469	3,056,127	3,679,658	3,902,201
1057	Cigarette tax	103,356,006	99,428,258	97,272,540	97,945,955	98,815,335
1059	Tobacco product tax	8,649,933	8,723,561	9,545,626	10,204,096	10,837,459
1060	Motor vehicle fuel tax	386,297,792	381,494,352	387,710,815	394,517,707	407,048,241
1060	(g) Motor vehicle fuel tax	169,035,971	163,583,904	165,590,555	168,030,100	173,258,962
1060	(p) Motor vehicle fuel tax	150,023,029	145,184,278	146,965,204	149,130,374	153,771,103
1062	Special fuel non-gas tax	2,617,137	1,393,208	1,177,761	2,431,054	1,829,636
1064	Aviation fuel tax	599,279	479,395	429,032	549,406	409,621
1070	Corporation franchise tax	78,165,764	71,862,773	20,753,109	70,265,700	91,387,675
1073	Estate tax	132,700,434	156,818,846	136,954,962	81,496,285	75,115,067
1074	(q) Bingo tax	3,849,044	3,514,132	3,187,204	3,209,784	2,909,716
1076	(r) Gaming commission gross receipts tax	178,423,987	187,786,857	217,286,247	234,237,771	251,587,273
1080	Real and personal property tax	16,062,211	17,630,096	18,640,204	18,888,626	19,450,597
1082	Delinquent real and personal property tax	2,368,166	1,788,078	2,347,829	2,601,540	3,312,254
1084	Hazardous waste tax	2,191,446	3,237,913	3,547,403	3,363,038	3,367,830
1088	Nursing facility reimbursement allowance	6,643,749	8,904,840	9,641,756	9,314,474	9,833,951
1089	Pharmacy reimbursement allowance	-	-	-	15,320,294	17,131,990
1090	Federal reimbursement allowance	11,914,000	16,871,529	7,939,464	13,566,447	15,134,996
1092	Payments in lieu of taxes	300,000	300,000	175,000	-	-
1093	Athletic events tax	280,226	120,127	151,771	57,801	95,742
1095	Surcharges	-	207,500	606,134	695,555	766,956
1097	Agency collected sales taxes	106,626	109,032	457,602	415,473	435,451
1099	Other taxes	174,489	127,947	67,313	64,944	90,237
1100	Professional licenses or permits	14,899,229	20,801,980	20,114,035	20,593,036	26,304,410
1102	Recreational licenses or permits	3,982,073	3,769,226	4,111,095	4,198,718	4,435,398
1104	All-terrain vehicle licenses or permits	124	250	536	852	118

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Type of Revenue	Year Ended June 30,				
		2000	2001	2002	2003	2004
1114	Salesman licenses or permits	3,402,585	3,835,926	4,469,430	3,209,485	225,190
1116	Vehicle and boat manufacturer and dealer licenses	905,896	911,535	911,210	923,960	973,838
1118	Liquor licenses or permits	3,666,225	3,670,395	4,383,474	3,799,292	3,877,954
1120	Gaming commission licenses	2,195,634	1,804,602	1,792,626	2,216,175	1,873,125
1122	Beer licenses or permits	12,997	12,256	11,966	11,038	8,849
1124	Motor carrier licenses	2,836,180	2,789,015	2,600,105	2,503,702	2,516,988
1126	Hunting and fishing licenses and commission permits	27,337,935	27,139,361	27,584,035	28,407,143	29,224,056
1127	Hunting and fishing special tags	1,315,350	1,232,849	1,130,411	1,321,864	1,126,188
1128	Hazardous waste transporter licenses	402,725	367,565	346,030	281,820	286,091
1130	Water pollution control permits	2,136,218	2,622,026	3,839,546	3,987,010	4,318,335
1132	Overdimension/overweight permits	4,828,860	4,493,852	4,625,179	4,454,546	4,913,789
1134	Merchant licenses	811,482	983,772	873,699	996,908	1,044,668
1136	Tobacco licenses	22,700	23,900	27,300	24,500	25,300
1138	Temporary licenses	1,175	1,600	925	675	742
1140	Duplicate plates	1,477	1,278	1,177	1,802	1,865
1149	Other licenses and permits	2,359,154	2,462,292	2,337,885	3,365,225	3,703,824
1150	Lobbyist registration fees	1,760	2,310	2,260	2,130	1,340
1152	Motorboat fees	5,550,804	5,495,087	5,854,312	5,781,775	6,812,398
1154	Narcotics and dangerous drugs fees	678,240	670,267	509,416	1,024,210	805,479
1156	Occupational boards exam fees - individual exam fees	131,032	448,657	742,937	711,368	879,392
1160	Non-motor fuel decal fees	520,725	162,590	152,485	135,790	115,455
1162	Filing fees	14,471,503	14,368,725	14,711,378	14,289,774	20,980,420
1163	Certifying/authenticating fees	-	-	-	-	726,665
1164	Transfer fees	30,272	23,384	22,854	24,328	21,547
1169	Other registration fees	11,219,536	12,592,642	12,140,319	12,464,041	7,213,300
1174	Asbestos fees	259,101	251,264	261,965	251,871	247,992
1178	Milk control fees	55,451	87,729	39,565	52,507	100,087
1180	Home health care license fees	132,600	127,200	113,400	120,000	121,350
1182	Nursing home license fees	147,267	131,977	140,044	146,683	135,174
1184	Title V emissions fees	4,522,691	6,410,168	6,704,597	7,926,714	8,663,826
1185	Emission fees/non Title V facilities	1,116,242	496,654	445,920	368,441	368,492
1186	Boarding home license fees	743,567	715,364	715,855	725,487	712,583
1188	Public utilities fees	21,432,233	20,572,444	19,126,770	19,702,341	19,990,103
1190	Hospital license fees	90,528	90,225	84,122	94,152	86,032
1192	Grain warehouse license fees	36,295	35,465	36,288	33,687	33,964
1194	Missouri primacy fees	2,496,191	2,485,763	2,374,641	2,666,930	2,639,033
1196	Underground storage tank annual participation fees	1,233,560	1,170,584	1,255,623	1,234,514	597,671
1198	Transport load fees	14,352,974	13,841,740	16,834,815	22,803,622	23,904,017
1200	Storage tank registration fees	260,059	269,535	56,310	46,205	215,545
1202	Tourist cabin permit fees	142,685	146,067	230,025	190,954	195,510
1206	Solid waste disposal fees	9,490,126	9,687,293	11,737,917	10,998,242	11,012,418
1208	New tire fees	1,968,304	2,010,702	2,044,605	2,241,714	1,623,688
1210	Ground water protection fees	524,281	474,974	441,978	444,101	543,966
1214	Insurance regulatory fees, renewals and purchasing groups	1,907,337	1,952,584	1,862,781	1,829,238	1,787,206
1216	Air conservation commission permit fees	313,418	252,357	283,085	463,279	472,619
1218	Bingo license fees	71,890	74,525	71,905	69,820	62,277
1220	Lab fees	1,514,785	1,374,311	1,355,954	1,800,967	2,461,317

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
1222	Program administration fees	813,724	771,929	674,018	768,707	726,810
1223	Confined animal feed operation indemnity fees	40,321	50,641	44,649	33,486	64,619
1224	Railroad assessments	705,384	664,373	1,076,878	539,513	654,101
1227	Enhanced vehicle emission inspection fees	375,241	1,821,791	1,666,518	1,707,770	1,706,183
1229	Beverage inspection fees	430,452	452,694	444,998	55,556	-
1233	Grain warehouse inspection fees	1,456,065	1,485,938	1,590,763	1,616,019	1,573,755
1235	Milk inspection fees	1,530,402	1,420,596	1,377,533	1,366,630	1,383,077
1237	Ice cream products inspection fees	32,845	21,180	22,517	39,460	27,280
1239	Mine inspection fees	91,251	77,508	68,324	74,486	75,953
1241	Mobile home and recreational vehicle inspection fees	288,790	266,188	377,812	428,085	654,744
1243	Oil inspection fees	2,422,783	2,400,864	2,415,488	2,164,079	2,567,947
1249	Other inspection fees	918,601	1,060,908	1,042,563	1,197,621	1,302,603
1250	Collection fees	24,176,296	16,887,480	17,166,793	17,941,164	18,813,734
1250	(c) Collection fees - Fund 880	-	-	-	7,149	-
1252	Admission fees	982,328	928,247	1,036,032	1,191,555	1,292,168
1252	(r) Admission fees - Riverboat gambling	49,206,860	46,984,700	48,607,527	51,061,261	52,561,952
1254	State auditor fees	743,699	777,268	746,288	991,184	840,199
1260	Grade crossing safety fees	757,852	1,441,440	1,206,302	1,204,109	1,215,990
1262	Loan administration fees	1,963,020	2,156,065	2,700,281	2,624,013	3,145,252
1262	(c) Loan administration fees - Fund 881	197,293	208,357	9,165	-	-
1264	Court fees	18,863,188	17,630,909	17,665,443	17,478,866	20,538,094
1266	Financial institutions examination fees	6,764,447	6,639,892	6,537,159	6,476,118	6,990,259
1268	Consumer finance license fees	677,700	625,100	720,525	793,125	875,325
1270	Transcript fees	141,467	125,225	148,507	170,160	147,137
1274	Marketing development fees	196,742	331,838	244,854	185,869	181,565
1276	Miscellaneous insurance fees	594,567	615,158	570,580	647,075	669,215
1278	Gaming commission administrative income	2,174	4,455	3,319	3,762	3,648
1279	(a) Lottery commission fees	195,279	246,300	309,450	338,073	290,689
1280	Motor vehicle inspection sticker fees	4,013,513	3,777,264	4,267,409	4,412,638	4,457,993
1282	Logo sign advertising fees	3,241,796	3,399,742	3,494,840	3,545,681	3,805,960
1284	Public defender fees	918,393	885,419	820,470	1,142,491	1,456,724
1286	Witness fees	3,915	5,451	6,008	4,304	8,060
1286	(a) Witness fees - Fund 657	-	-	-	40	-
1288	County recorders fees	8,011,015	7,815,444	12,647,575	11,423,587	11,038,590
1290	Training or conference fees	25,003	49,414	36,773	40,290	40,537
1294	Electronic monitoring fee	801,843	1,287,591	1,346,871	1,493,475	1,634,176
1298	Substance abuse offender program fees	1,756,647	1,736,251	1,817,839	1,924,812	3,642,414
1302	Criminal records check fees	3,317,577	3,602,868	4,107,926	4,344,223	4,116,455
1303	Other fees	3,311,554	4,953,977	5,676,537	5,720,090	6,526,807
1303	(c) Other fees -Fund 880	3,660	-	-	-	-
1305	(h) Bond sales proceeds	40,024,065	286,102,087	413,049,331	398,337,310	262,829,539
1310	Land sales	1,330,053	2,490,321	3,590,127	2,027,355	4,755,543
1312	Sales of natural resources products	3,040,229	2,420,275	2,281,434	2,698,580	2,878,772
1314	Sales of agriculture products	1,793,736	1,768,337	1,555,108	1,416,064	1,667,391
1316	Manufactured product sales	12,203,435	14,266,711	7,107,259	5,404,285	8,276,056
1318	Information sales	3,672,650	3,770,665	3,577,403	3,361,956	3,343,120
1320	Souvenir sales	620,200	687,074	729,830	620,334	617,851
1322	Surplus property sales - State	3,924,703	4,645,129	5,785,741	1,650,166	2,345,583
1322	(a) Surplus property sales - State - Lottery Fund 657	137,302	110,726	98,098	-	-
1322	(aa) Surplus property sales - State - Fund 710	573,282	1,148,683	1,179,903	787,350	1,088,245

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
1322	(c) Surplus property sales - State - Fund 880	-	-	14,063	-	-
1324	Surplus property sales - Federal	1,953,910	2,430,759	2,870,157	2,318,658	2,037,258
1324	(c) Surplus property sales - Federal - Fund 880	-	210	-	-	-
1326	Unclaimed Property Sales	-	-	-	3,796	350
1328	Sales of fixed assets - control	6,703,573	5,748,170	5,195,082	7,368,247	6,405,790
1330	Vital records sales	1,281,566	1,220,807	1,219,613	1,244,136	1,200,507
1332	(a) Lottery ticket sales	278,290,515	256,549,705	282,517,043	310,793,243	366,115,206
1334	Cafeteria sales	685,678	716,482	1,083,947	680,970	720,508
1338	Other sales	215,465	199,983	288,147	460,178	618,051
1340	Gain on sale of fixed assets	-	-	342	15,411	-
1342	Supply sales	-	-	107	797	637
1401	Land rentals/leases	5,226	-	2,166	1,066	1,066
1403	State facilities rentals/leases	679,339	881,705	910,889	786,443	915,819
1404	Parking rentals/leases	123,796	83,948	87,105	80,831	75,793
1405	Concessions and recreational rentals/leases	2,497,975	2,443,321	2,346,366	2,286,164	2,093,605
1407	Housing/building rentals/leases	377,587	352,936	345,124	327,344	271,249
1409	Other leases and rentals	1,516,822	1,228,246	1,512,930	1,285,740	1,161,489
1414	(e) Medicare	8,692,048	9,430,293	7,780,676	10,023,586	7,891,969
1416	(e) Medicare - community based	406,508	430,198	-	-	-
1418	(e) Medicaid	62,838,731	65,415,461	84,837,220	113,715,423	116,247,130
1420	(e) Medicaid - community based	62,380,747	52,083,505	52,544,520	55,460,400	29,086,883
1422	Private Payments	6,919,977	7,728,151	7,619,066	8,012,154	7,643,629
1424	Insurance payments	1,759,775	2,268,896	2,550,849	2,832,410	2,483,663
1426	Other payments	900,723	446,888	564,806	225,715	164,919
1434	Institutional support fees	55,980	30,527	39,093	55,357	171,780
1436	Room and care	13,155,285	15,344,355	15,998,636	18,807,181	20,559,387
1438	Fleet services operations/maintenance	-	8,384	409	-	-
1442	Mail/freight services	-	1,100	290	1,170	2,555
1444	Telephone billing	-	-	-	-	698
1446	Printing service	-	42,792	62,928	81,288	99,901
1448	Computer services	-	3,321	43,359	1,850	1,673
1450	Administration services	-	-	-	-	3,025
1452	Flight Operations Services	-	-	-	29,352	-
1501	Private donations	3,950,259	5,259,549	2,492,123	4,233,004	3,494,597
1502	Other governmental entity donations	24,852	134,865	-	-	29,000
1507	(e) Nasao (airport inspections)	22,102	-	-	-	-
1510	(e) US Department of Agriculture	560,196,906	295,168,578	330,201,447	298,793,799	315,309,213
1512	(e) US Department of Defense	2,106,505	1,691,666	2,298,922	2,347,401	2,556,350
1514	(e) US Department of Housing and Urban Development	50,354,645	48,660,402	41,806,127	36,536,630	39,383,092
1516	(e) US Department of Interior	17,245,212	15,829,317	18,902,443	15,353,170	18,635,222
1518	(e) US Department of Justice	10,751,283	3,828,766	7,728,788	7,866,985	23,534,299
1520	(e) US Department of Labor	25,814,992	80,665,476	81,124,949	71,641,936	73,958,806
1522	(e) US Department of Education	365,963,223	426,076,140	454,924,801	521,034,164	567,929,279
1522	(c) US Department of Education - Fund 626	17,638,453	-	-	-	-
1522	(c) US Department of Education - Fund 880	-	4,335,597	4,999,860	6,100,044	7,008,260
1522	(c) US Department of Education - Fund 881	-	22,349,908	28,331,940	22,923,277	21,146,522
1524	(e) US Department of Transportation	652,918,051	630,676,395	830,459,784	785,228,408	727,496,377
1526	(e) National Foundation for the Arts and Humanities	3,686,964	3,299,112	3,246,308	4,148,758	3,693,442
1528	(e) US Veterans Administration	32,052,514	16,319,105	25,762,073	43,965,656	28,976,671

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
1530	(e) US Environmental Protection Agency	50,826,223	77,684,564	73,043,437	99,863,990	92,846,554
1532	(e) US Department Of Energy	5,917,842	5,743,072	6,867,744	6,786,185	6,657,746
1534	(e) Federal Emergency Management Agency	11,331,901	9,514,458	23,743,625	62,257,331	30,750,178
1536	(e) US Department of Health and Human Services	3,064,483,249	3,619,855,729	3,973,851,735	4,274,976,158	4,400,831,476
1538	(e) National and Community Services	76,600	-	37,589,655	-	8,722
1540	(e) US Social Security Administration	31,178,359	30,589,459	145,185	35,035,237	35,120,494
1542	(e) National Archives and Records	-	-	-	105,355	2,000
1544	(e) Elections Assistance Commission	-	-	-	17,348,011	44,914,650
1546	(e) US Department of Treasury	-	-	-	95,136,209	95,183,169
1549	(e) Miscellaneous federal revenues	21,281,830	24,209,426	28,218,828	70,907,767	170,523,112
1551	County mental health programs	5,527,382	5,671,302	7,117,257	8,396,216	7,915,368
1560	(e) Federal pass-through grants	37,845,336	41,039,012	45,245,956	37,229,036	32,910,930
1601	Time deposits interest	16,251,174	23,742,120	20,112,963	7,168,428	3,746,600
1601	(f) Time deposits interest - Fund 688	297,972	555,168	448,257	174,813	97,299
1601	(a) Time deposits interest - Fund 657	151,656	234,614	161,921	48,965	23,981
1601	(k) Time deposits interest - Fund 614	93,797	214,095	202,029	76,599	41,312
1601	(l) Time deposits interest - Fund 613	109,228	174,164	115,693	38,686	17,757
1601	(b) Time deposits interest - Fund 905	11,087	22,809	20,567	10,321	5,937
1601	(q) Time deposits interest - Fund 289	51,108	73,302	54,577	20,226	9,344
1601	(r) Time deposits interest - Fund 285	51,477	97,493	90,929	38,369	19,958
1601	(d) Time deposits interest - Fund 963	3,274	267	146	63	37
1601	(u) Time deposits interest - Fund 609	130,222	223,097	113,270	64,936	39,631
1601	(c) Time deposits interest - Fund 851	98,161	252,778	265,935	52,142	3,157
1601	(c) Time deposits interest - Fund 626	113,341	-	-	-	-
1601	(c) Time deposits interest - Fund 880	42,929	93,765	67,365	28,579	23,770
1601	(c) Time deposits interest - Fund 881	125,307	372,424	241,818	79,161	39,279
1603	U.S./agency securities interest	147,044,390	134,160,656	79,952,145	54,142,188	43,022,691
1603	(f) U.S./agency securities interest - Fund 688	2,493,607	2,582,509	1,522,193	1,105,802	816,747
1603	(a) U.S./agency securities interest - Fund 657	1,192,799	1,080,553	515,992	296,293	200,741
1603	(k) U.S./agency securities interest - Fund 614	752,798	905,365	643,417	469,100	340,616
1603	(l) U.S./agency securities interest - Fund 613	868,255	775,212	373,358	236,966	147,844
1603	(b) U.S./agency securities interest - Fund 905	87,364	97,539	64,539	63,683	48,999
1603	(q) U.S./agency securities interest - Fund 289	404,104	325,033	172,788	122,984	77,495
1603	(r) U.S./agency securities interest - Fund 285	408,618	456,993	301,157	229,696	166,287
1603	(d) U.S./agency securities interest - Fund 963	28,571	2,619	1,772	1,697	1,615
1603	(u) U.S./agency securities interest - Fund 609	1,053,614	951,098	453,080	404,320	325,892
1603	(c) U.S./agency securities interest - Fund 851	758,800	1,062,792	831,658	277,254	26,518
1603	(c) U.S./agency securities interest - Fund 626	752,182	-	-	-	-
1603	(c) U.S./agency securities interest - Fund 880	367,772	402,657	214,027	179,544	193,633
1603	(c) U.S./agency securities interest - Fund 881	1,131,246	1,654,049	774,507	480,589	326,989
1605	Other investment interest	-	222,288	1,069,324	1,051,329	525,665
1610	Interest on loans	729,476	539,282	662,489	834,899	1,068,022
1612	Interest Federal	-	-	-	-	643
1614	Interest on receivables	44,466	52,499	51,657	58,011	56,302
1615	Interest on receivables - control	-	59	-	-	-
1616	Interest on settlements	40,772	383,918	13,635	122,645	47,983
1618	Other interest	462,973	1,868,339	1,949,877	1,307,512	1,071,386
1618	(c) Other interest - Fund 880	118,318	108,323	34,784	11,202	-
1621	Penalties	12,967,821	12,352,397	14,727,271	17,737,789	17,547,145
1622	Penalties - control	-	-	160,000	-	-
1624	Settlements	571,324	424,508	2,907,001	858,540	1,993,625
1624	(a) Settlements - Lottery Fund 657	-	-	32,361	-	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
1626	Court awards	1,726,800	1,934,990	1,446,864	1,346,078	2,039,930
1626	(a) Court awards - Fund 657	60	-	-	-	-
1628	Insufficient funds charges	4,313	5,930	7,055	5,168	10,609
1628	(a) Insufficient funds charges - Fund 657	-	-	-	20	-
1629	Insufficient funds charges - control	-	-	21	-	-
1634	Estates	611,436	1,083,195	811,820	329,323	1,028
1636	Unclaimed properties	22,358,117	45,077,183	30,994,590	38,583,756	76,804,125
1700	(i) Salary refunds - federal	557,642	554,591	628,973	607,207	464,856
1701	(i) Salary refunds - state	26,484	38,613	59,128	48,677	79,988
1702	(i) Salary refunds - local/other	19,307	34,586	37,240	28,205	23,047
1703	(i) General relief pension refunds	3,249,761	4,201,496	4,045,153	4,021,572	2,830,777
1704	(i) Blind pension refunds	16,373	3,537	3,402	11,659	73,105
1706	(i) Dependent children pension refunds	561,846	832,675	663,789	426,750	376,190
1715	(i) Day care refunds	106,914	74,957	113,434	119,927	61,322
1717	(i) Medicare - Medicaid refunds	136,935,781	165,727,710	186,014,638	212,955,744	250,677,523
1719	(i) Cost in criminal cases refunds	234,418	215,732	227,989	270,948	342,290
1721	(i) Vendor refunds - federal	699,732	1,118,740	1,897,512	1,473,246	1,043,953
1722	(i) Vendor refunds - state	558,052	3,276,007	752,848	1,288,711	1,003,623
1722	(a) Vendor refunds - state - Lottery Fund 657	-	-	4,531	1,870	6,130
1723	(i) Vendor refunds - local/other	72,613	94,418	354,303	235,601	387,345
1723	(c) Vendor refunds - local/other - Fund 880	-	286	360	-	-
1724	(i) Political subdivision refunds	143,011	70,992	80,574	-	359,837
1725	(i) Excess court payment refunds	852,927	4,189,214	1,845,533	1,717,352	1,573,649
1727	(i) School refunds	11,844,955	5,216,923	6,318,969	5,587,349	6,048,847
1728	(i) Scholarship refunds	-	95	-	143,902	252,530
1728	(c) Scholarship refunds - Fund 881	-	-	-	-	216
1729	(i) Audit findings - federal	7,698	4,259	232,392	223,038	144,227
1730	(i) Audit findings - state	15,421	9,199	105,802	56,428	198,436
1731	(i) Audit findings - local/other	729,638	20,011	15,721	6,093	21,462
1732	(i) Utility refunds	18,184	41,610	18,716	7,166	12,383
1733	(i) Fuel tax refunds	170,120	576,386	199,071	251,078	325,004
1737	(i) Other refunds	4,561,764	5,035,856	2,833,793	2,987,825	4,013,975
1737	(a) Other refunds - Lottery Fund 657	-	98	-	-	-
1737	(c) Other refunds - Fund 880	23,345,997	20,686,829	-	5,321	322
1737	(c) Other refunds - Fund 881	-	2,439,370	29,354,812	8,761,805	8,675
1806	(w) Recovery costs	15,033,232	349,175,348	187,032,686	181,232,299	163,653,275
1806	(a) Recovery costs - Lottery Fund 657	1,514	105	-	5,504	667
1806	(bb) Intergovernmental transfer program	-	268,558,021	366,225,540	144,251,000	30,326,961
1808	Deposit of surplus property funds	609,879	620,614	395,011	588,116	910,773
1808	(a) Deposit of surplus property - Fund 657	-	-	-	51,091	20,467
1808	(c) Deposit of surplus property -Fund 626	-	-	-	95	-
1808	(c) Deposit of surplus property - Fund 880	-	-	-	-	397
1808	(c) Deposit of surplus property - Fund 881	-	-	-	-	4,350
1811	(z) Local match	925,017	1,477,834	1,494,703	925,923	2,147,704
1812	(x) Cost reimbursements - federal	2,015,773	1,160,857	867,680	1,258,193	281,369
1813	(x) Cost reimbursements - state	16,532,344	14,381,969	21,148,451	35,642,920	24,503,507
1813	Cost reimbursements - state (included)	7,087,444	6,261,180	6,575,082	6,638,598	7,038,004
1814	(x) Cost reimbursements - local/other	130,645,961	108,467,767	108,270,236	122,389,750	131,365,650
1814	Cost reimbursements - local/other - Lottery					
1814	(a) Fund 657	885	-	-	-	-
1814	Cost reimbursements - local/other - Guaranty					
1814	(c) Agency Operating Fund 880	-	-	-	991	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
	Cost reimbursements - local/other Alternative					
1814 (b)	Care Trust Fund 905	3,351	-	-	-	-
1816	Bond account	2,557,222	2,627,652	4,252,343	5,740,905	6,676,769
1818 (v)	Employee expense reimbursement - federal	4,281	-	500	100	112
1819 (v)	Employee expense reimbursement - state	5	3,021	3,745	2,380	2,816
1820 (v)	Employee expense reimbursement - local/other	25	1,210	628	4	-
1821 (v)	Employee personal expense reimbursement	24,372	20,433	48,084	17,634	20,740
1821 (c)	Employee personal expense reimbursement - Fund 880	-	-	-	34	-
1821 (r)	Employee personal expense reimbursement Riverboat Gaming	3,186	-	-	-	-
1822 (n)	Outlawed checks	8,592,553	7,936,688	6,490,071	5,369,639	9,391,724
1822 (a)	Outlawed checks - Lottery Fund 657	3,142	2,383	5,056	-	-
1822 (b)	Outlawed checks - Alternative Care Trust Fund 905	4,256	6,081	12,348	3,598	17,439
1822 (c)	Outlawed checks - Fund 880	-	155	-	-	-
1822 (c)	Outlawed checks - Fund 881	-	-	-	-	3,184
1824 (y)	Canceled checks	1,263,769	871,889	828,552	5,509,977	4,151,727
1824 (a)	Canceled checks - Lottery Fund 657	387	31,965	-	-	38
1824 (b)	Canceled checks - Alternative Care Trust Fund 905	553	1,622	5,369	1,030	173
1824 (c)	Canceled checks - Fund 880	-	-	1,050	-	-
1824 (q)	Canceled checks - Bingo Fund 289	-	-	122	-	-
1824 (r)	Canceled checks - Riverboat Gaming	556	-	-	-	-
1826 (m)	Redeposit of investments principal	12,145,706	657,712	1,334,300	751,921	1,850,020
1828 (o)	Redeposit of loan principal	13,287,525	15,149,671	82,912,767	29,525,552	96,777,971
1830	Telephone commissions	11,469,797	5,943,277	2,579,215	1,939,388	2,951,377
1832	Commission on sales	51,954	35,803	89,641	51,746	36,385
1834	Rebates	5,448	5,238	33,964	1,593,777	3,248,923
1834 (a)	Rebates - Lottery Fund 657	-	-	45	16	46
1834 (cc)	Rebates - WIC	-	-	-	28,832,678	32,459,831
1836	Housing and maintenance receipts	3,479	1,363	15,283	40,315	44,144
1838	Loan defaults	513,145	328,041	255,479	267,384	222,620
1840 (t)	Loan proceeds	13,249,721	22,606,398	20,150,508	24,244,308	10,268,507
1842 (o)	Loan repayment	6,166,999	602,914	54,691	82,059	83,583
1842 (c)	Loan repayment - Fund 880	-	-	-	-	801
1842 (c)	Loan repayment - Fund 881	-	-	-	22,586,729	29,430,674
1843 (o)	Loans receivable contra account	129,835	2,617,947	2,686,402	6,589,491	5,367,701
1844	Insurance proceeds	2,617	5,091	63,308	42,945	3,148
1846	Capital credits/dividends	29,944	30,657	33,906	59,896	44,721
1848	Recycling receipts	27,945	44,219	119,446	43,785	76,608
1850	Forfeitures	1,512,074	3,033,329	1,837,745	2,201,018	2,437,245
1852	Overpayments	1,539,353	5,068,247	5,874,156	6,287,933	4,345,745
1852 (c)	Overpayments - Fund 880	827	-	311	3,889	-
1856 (e)	Other miscellaneous receipts - federal	61,106,244	5,393,704	6,826,201	4,093,602	2,774,771
1856 (c)	Other miscellaneous receipts - federal	1,737,862	-	-	-	-
1858	Other miscellaneous receipts - state	1,617,468	1,434,587	3,398,319	2,764,572	12,010,358
1858 (a)	Other miscellaneous receipts - state - Lottery Fund 657	44,229	397,578	1,545	3,280	7,403
1858 (b)	Other miscellaneous receipts - state - Alternative Care Trust Fund 905	8,199,272	8,729,355	11,032,949	11,188,245	10,964,014
1858 (c)	Other miscellaneous receipts - Fund 880	-	-	8	-	-
1858 (c)	Other miscellaneous receipts - Fund 881	-	-	129	-	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
1860	Other miscellaneous receipts - local/other	1,627,330	2,396,445	1,991,068	1,271,171	1,749,384
1860 (a)	Other miscellaneous receipts - local/other - Lottery Fund 657	-	1,514,553	271,627	2,837,258	-
1860 (c)	Other miscellaneous receipts - local/other - Fund 880	128,014	4,988	7,261	-	30
1860 (c)	Other miscellaneous receipts - local/other - Fund 881			80	-	-
1862	Fees for copying public records	152,086	185,997	195,672	181,177	515,415
1862 (a)	Fees for copying public records - Lottery Fund 657	313	75	141	257	173
1866	Federal share of grantee sales	110,794	106,075	99,370	238,952	232,667
1868	Receivable overpayment - federal	-	-	-	31	130
1870	Receivable overpayment - state	220,516	96,719	43,338	42,606	3,159
1872	Receivable overpayment - local	-	-	9	33	127
6001 (j)	Supply sales	67,530	93,937	12,043	-	-
6002 (j)	Open records fees	-	6,089	13,822	6,492	9,389
6003 (j)	Fleet services operations/maintenance	721,178	875,272	962,764	933,189	998,046
6005 (j)	Fleet services replacement	1,636,100	2,384,772	437,036	541,945	2,171,486
6006 (j)	Criminal records check fees	-	-	-	-	1,035,216
6007 (j)	Mail/freight services	621,835	687,637	686,679	600,956	567,986
6009 (j)	Telephone billing	39,848,893	39,520,463	36,047,039	33,408,199	32,136,693
6011 (j)	Printing service	7,393,887	9,052,467	6,791,086	5,829,079	5,954,992
6013 (j)	Reimbursement/recovery cost	8,974,728	19,654,466	17,576,615	13,965,380	22,719,299
6013 (a)	Reimbursement/recovery cost - Lottery Fund	434	-	-	-	-
6015 (j)	Leased facility	8,879,871	4,097,501	2,434,435	3,563,491	3,453,059
6017 (j)	Sale of material, supplies, and services	925,324	1,334,035	1,367,801	1,024,985	1,136,437
6019 (j)	Training	904,425	1,437,495	1,339,632	957,246	1,129,212
6021 (j)	Computer services	28,938,164	26,720,271	23,894,805	26,125,428	23,342,866
6023 (j)	Administration services	275,080	1,168,731	3,505,263	1,311,389	1,069,786
6025 (j)	Flight operations services	475,376	616,370	457,041	373,308	463,883
6027 (j)	Sale of manufactured products	15,998,275	19,835,607	18,684,997	25,388,280	22,003,644
6029 (j)	Interagency receipts	11,491,580	22,398,199	22,948,344	20,853,813	17,651,535
6029 (c)	Interagency receipts - Fund 851	-	-	-	-	457
6029 (c)	Interagency receipts - Fund 880	473,094	1,618,169	1,707,624	950,619	1,096,663
6029 (c)	Interagency receipts - Fund 881	-	-	137,312	258,321	105,950
6030 (j)	Sampling &/or Analysis	-	-	-	-	24,130
6031 (s)	Redeposit of state funds	6,562,452	1,486,316	7,011,492	49,253	3,241
6032 (j)	Deposit of unclaimed property	467	-	185	3,722	312
6033 (j)	Permits	-	43,550	83,014	72,596	52,670
6034 (j)	Registration fees	-	11,200	15,516	24,885	23,784
6035 (j)	Taxes	-	-	16	173,958	2,283,087
6036 (j)	Transcript fees	-	-	-	-	3,937
Total revenues		\$ 15,871,288,352	17,360,765,801	18,127,966,208	18,347,052,703	18,893,988,141

Fund Exclusions:

(a) Lottery - Fund 657	280,018,514	260,168,655	283,917,810	314,375,910	366,665,541
(b) Alternative Care Trust Fund - Fund 905	8,305,883	8,857,406	11,135,772	11,266,877	11,036,562
(c) Student Loan Funds 626, 851, 880, and 881	47,033,257	55,590,657	66,994,069	62,706,745	59,419,847
(d) Pansey-Johnson-Travis Memorial State Gardens Trust - Fund 963	31,845	2,886	1,918	1,760	1,652

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2000	2001	2002	2003	2004
	Revenue Source Exclusions:					
(e)	Federal funds	5,139,478,016	5,463,603,838	6,137,150,379	6,669,855,197	6,867,222,534
(f)	Proposition C sales and use tax/interest	685,773,159	692,451,605	709,382,490	704,112,027	732,649,103
(g)	Proposition A gas tax and license fee increases	173,983,508	168,620,787	170,708,961	173,084,326	178,223,865
(h)	Bond sales	40,024,065	286,102,087	413,049,331	398,337,310	262,829,539
(i)	Refunds	161,382,638	191,337,607	206,448,980	232,468,478	270,314,372
(j)	Interagency sales and receipts	127,152,714	149,938,062	137,258,133	135,158,341	138,231,448
(k)	Soil and water sales and use tax/interest	35,593,567	36,350,444	37,065,716	36,493,236	37,776,751
(l)	Parks sales and use tax/interest	35,724,618	36,180,356	36,709,317	36,215,514	37,557,571
(m)	Redeposit of investment principal	12,145,706	657,712	1,334,300	751,921	1,850,020
(n)	Outlawed checks	8,592,553	7,936,688	6,490,071	5,369,639	9,391,724
(o)	Redeposit of loan principal	19,584,358	18,370,532	85,653,860	36,197,102	102,229,254
(p)	Amendment 8 motor fuel tax to local governments	150,023,029	145,184,278	146,965,204	149,130,374	153,771,103
(q)	Bingo	4,304,256	3,912,467	3,414,691	3,352,994	2,996,554
(r)	Riverboat gambling	228,094,683	235,326,043	266,285,860	285,567,097	304,335,470
(s)	Redeposit of state funds	6,562,452	1,486,316	7,011,492	49,253	3,241
(t)	Loan proceeds	13,249,721	22,606,398	20,150,508	24,244,308	10,268,507
(u)	Conservation sales and use tax/interest	88,069,338	89,259,471	91,111,528	90,324,585	93,853,662
(v)	State employee expense account reimbursement	28,683	24,664	52,957	20,118	23,669
(w)	Recovery costs	15,033,232	349,175,348	187,032,686	181,232,299	163,653,275
(x)	Cost reimbursements	149,194,077	124,010,593	130,286,367	159,290,863	156,150,526
(y)	Canceled checks	1,263,769	871,889	828,552	5,509,977	4,151,727
(z)	Local match	925,017	1,477,834	1,494,703	925,923	2,147,704
(aa)	Proceeds of surplus property sales (Fund 710)	573,282	1,148,683	1,179,903	787,350	1,088,245
(bb)	Intergovernmental transfer program	-	268,558,021	366,225,540	144,251,000	30,326,961
(cc)	Department of Health WIC Rebates	-	-	-	28,832,678	32,459,831
	CMIA Interest payment to the federal government	1,857,633	2,273,825	1,883,460	881,304	726,910
	Agency remitted sales tax	134,708	367,471	455,808	448,461	456,704
	Abandoned funds claim payments	8,058,274	10,460,281	14,090,452	13,011,897	18,739,655
	Federal Interest	-	-	-	-	643
	Coding Errors	-	-	-	-	97
	Total exclusions	\$ 7,442,196,555	8,632,312,904	9,541,770,818	9,904,254,864	10,050,554,267
	Total revenues after exclusions	8,429,091,797	8,728,452,897	8,586,195,390	8,442,797,839	8,843,433,874
	Less expenditure refunds (Exhibit C)	(1,057,348,498)	(1,066,848,289)	(1,165,035,805)	(1,252,342,575)	(1,126,226,599)
	Add refundable tax credits:					
	Pharmaceutical	-	75,816,984	63,686,262	3,764,259	524,527
	Business facility	-	1,483,509	53,267	2,881,728	23,992
	Enterprise zone	-	733,949	210,268	204,766	123,464
	Brownfield jobs and investment	-	4,360	-	-	-
	BUILD	-	-	1,237,548	1,222,799	2,336,876
	Strategic initiative investment income	-	-	2,000,000	2,000,000	1,065,718
	Higher Education Scholarship Fund	-	-	-	4,532	-
	Total State Revenue	\$ 7,371,743,299	7,739,643,410	7,488,346,930	7,200,533,348	7,721,281,852

See the accompanying Notes to the Exhibits.

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,				
		2000	2001	2002	2003	2004
	SAM II Expenditure Refunds:					
3200	Bond refunds	\$ 2,290,015	1,704,132	2,362,690	2,134,818	2,290,607
3206	Deposit and escrow refunds	35,014	180,613	39,506	30,245	127,838
3209	Tax Increment Financing	-	-	300	-	-
3215	Debt offset refunds	4,783,451	6,613,007	6,503,824	9,013,469	6,582,994
3218	Motor vehicle license fee refunds	824,338	997,810	1,266,043	822,388	1,137,842
3221	Driver's license fee refunds	131,228	115,466	95,060	81,611	77,982
3224	Lottery refunds	-	-	-	-	-
3227	License and permit fee refunds	37,502	60,554	145,279	133,055	84,732
3230	Registration fee refunds	35,869	34,000	48,932	32,881	7,622
3233	Regulatory fee refunds	27,097	18,699	40,860	58,540	45,944
3236	Inspection fee refunds	82,817	45,521	39,997	41,255	40,532
3239	Miscellaneous fee refunds	529,580	236,658	289,610	227,735	294,700
3242	Sales refunds	10,333	8,866	11,447	23,452	27,829
3245	Lease and rentals refunds	-	4,341	1,181	831	1,858
3248	Medical services refunds	110,460	1,214,171	444,748	1,754,840	1,876,972
3251	Contributions refunds	-	31	2,084	-	-
3254	Federal refunds	551,070	150,671	113,100	108,307	529,557
3257	Penalty and court award refunds	163,510	2,915	2,717	11,281	38,456
3260	Interagency billing refunds	7	1,040	-	-	150
3261	Receivable overpayment refunds	20,470	18,192	31,424	23,058	141,205
3266	Missouri consolidated check off refunds	114,102	115,917	124,171	134,732	124,184
3267	Deferred revenue refunds	923,124	1,921,736	2,098,000	3,191,677	1,753,349
3268	Liability account refunds	-	37	-	-	-
3269	Other refunds	2,935,374	2,716,548	2,812,240	43,296,930	1,778,662
3272	Sales and use tax protested refunds	310,862	303,503	10,713,486	114,220	391,490
3281	County foreign insurance tax refunds	11,815,313	9,266,473	9,730,261	38,961,200	24,125,058
3287	Worker's compensation insurance tax refunds	1,171,372	1,669,902	526,203	339,757	1,685,755
3290	Worker's compensation second injury insurance tax refunds	498,879	149,025	700,725	505,253	9,944
3293	Cigarette tax refunds	62,268	38,834	362,140	39,043	141,494
3296	Tobacco products tax refunds	3,346	1,147	1,066	1,031	9,302
3299	Aviation fuel tax refunds	11,780	15,012	157,965	57,536	52,827
3302	Local use tax refunds	802,972	1,088,202	-	-	-
3305	Special fuel (non-gas) tax refunds	27,578,946	28,073,426	24,090,962	24,444,448	25,536,357
3308	Fuel tax refunds	14,487,597	16,149,402	9,416,120	9,620,045	9,611,080
3311	Sales tax refunds	-	-	35	164	5
3314	Food tax exemption refund	-	68,640	647	-	85,626
3317	General sales and use tax refunds	58,164,070	52,010,496	55,499,871	61,234,948	59,927,094
3326	Motor vehicle sales tax refunds	4,313,818	4,717,383	4,484,684	4,519,185	4,721,452
3329	Motor vehicle use tax refunds	1,055,465	1,054,069	900,698	868,913	961,458
3332	Conservation Sales Tax Refunds	-	-	-	-	-
3335	Boat tax refunds	8,913	7,069	7,879	5,436	6,645
3338	Individual tax refunds	605,213,858	606,892,031	705,921,126	771,972,675	763,201,964
3341	Senior citizens tax refunds	56,623,024	101,523,061	85,901,461	97,180,379	95,237,087
3342	Pharmaceutical tax refunds	64,769,058	75,816,984	63,686,262	3,737,102	524,527
3344	Corporation tax refunds	189,693,766	138,494,719	159,407,259	171,098,592	116,499,019
3347	Franchise tax refunds	1,773,529	9,870,716	14,133,414	3,467,003	460,301
3350	Inheritance tax refunds	2,904,538	3,195,179	2,845,993	3,054,540	5,458,449
3356	Other tax refunds	8,550	282,091	74,335	-	616,650
	Total SAM II Expenditure Refunds	\$ 1,054,877,285	1,066,848,289	1,165,035,805	1,252,342,575	1,126,226,599

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF EXPENDITURE REFUNDS

Object Code Description		Year Ended June 30,				
		2000	2001	2002	2003	2004
SAM Expenditure Refunds (Lapse Period)						
2530	Expense and equipment miscellaneous refund	378,671	-	-	-	-
2905	Sales tax refund	612,264	-	-	-	-
2906	Local use tax refunds	(16,772)	-	-	-	-
2910	Motor vehicle sales tax refunds	(2)	-	-	-	-
2930	Individual tax refunds	(43,872)	-	-	-	-
2935	Senior citizens tax refunds	-	-	-	-	-
2940	Corporation tax refunds	(228,990)	-	-	-	-
2945	Franchise tax refunds	98,506	-	-	-	-
2950	Regular fuel tax refunds	16,075	-	-	-	-
2970	Drivers license fee refunds	2,273	-	-	-	-
2975	Other tax refunds	1,497,136	-	-	-	-
2980	Miscellaneous refunds	155,924	-	-	-	-
Total SAM Expenditure Refunds		2,471,213	-	-	-	-
Total Expenditure Refunds		\$ 1,057,348,498	1,066,848,289	1,165,035,805	1,252,342,575	1,126,226,599

NOTES TO THE EXHIBITS

REVIEW OF ARTICLE X, SECTION 16 THROUGH 24
CONSTITUTION OF MISSOURI
NOTES TO THE EXHIBITS

1. The state implemented a new accounting system (SAM II) beginning with fiscal year 2000. The coding structure (chart of accounts) was significantly changed under SAM II. As a result, revenue and expenditure refunds by type for fiscal years prior to SAM II are not comparable with SAM II information. As a result, revenues and expenditure refunds by type are not presented for years prior to fiscal year 2000.
2. Expenditure refunds are excluded from total state revenue on the cash basis of accounting, which means all refunds paid from July 1 through June 30. Expenditure refunds for fiscal year 2000 include those paid from the state's new accounting system (SAM II) starting on July 1, 1999 and ending June 30, 2000, and refunds paid from the old accounting system (SAM) during the lapse period of fiscal year 1999 (July 1, 1999 through August 31, 1999).

BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 20XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}}$ x	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 20XX or Average MPI for three CYs preceding FY 20XX.
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The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows (dollar amounts are in billions):

$$\frac{\$2,232.204096}{\$ 39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo 2000, which was effective on July 1, 1981. In past years, the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. However, the Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

A. Lottery

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

B. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo 2000. The Division of Family Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

C. State Guaranty Student Loan Funds

Federal legislation in August 1997 made changes in the accounting required for federal education loans. Starting in state fiscal year 1998, the federal government considers all monies in these funds as property of the federal government. As a result, the state excludes these funds held in trust for the federal government.

D. Pansey Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

E. Federal Funds

Article X, Section 17 specifically excludes federal funds.

F. Proposition C Sales and Use Tax\Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

G. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

H. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

I. Refunds

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

J. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

**K. Soil and Water Sales and Use Tax\Interest
and**

L. Parks Sales and Use Tax\Interest

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

M. Redeposit of Investment Principal

The redeposit of investment principal is excluded.

N. Outlawed Checks

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

O. Redeposit of Loan Principal

Redeposits of loan principal are excluded.

P. Amendment 8 Motor Fuel Tax to Local Governments

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that

beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

Q. Bingo

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo 2000 requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

R. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee that is remitted to the "home dock city or county" is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

S. Redeposit of State Funds

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

T. Loan Proceeds

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

U. Conservation Sales and Use Tax/Interest

Pursuant to the Supreme Court decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

V. State Employee Expense Reimbursement

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc. for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

W. Recovery Costs

Monies received from others for costs incurred by the state or to be incurred by the state are excluded.

X. Cost Reimbursements

Monies received from other governments for reimbursements of costs incurred by the state are excluded.

Regarding items W. and X., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.

Y. Canceled Checks

Receipts derived from the redeposit of state checks that have been canceled are excluded.

Z. Local Match

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

AA. Proceeds of Surplus Property Sales

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then they are disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

BB. Intergovernmental Transfer Program

Starting in fiscal year 2001, the state participated in the Medicaid intergovernmental transfer (IGT) program. Under the IGT program the state was able to receive additional federal Medicaid matching funds based on enhanced payments to some government operated health care providers. The state made the enhanced payments to the providers and, after the state claimed the federal matching funds, the providers returned the enhanced payments to the state. Because these funds were simply returned to the state, similar to a refund, they are excluded from TSR.

CC. WIC Rebates

The Department of Health and Senior Services (DHSS) issues checks for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to program participants who redeem the checks for formula at participating grocery stores. The WIC checks are processed through the Federal Reserve System and the WIC program is charged for the check presented. The DHSS records the redeemed WIC checks and sends a monthly invoice to Mead Johnson who then rebates the federal monies to the state.

Cash Management Improvement Act

The state has to enter into an agreement with the federal government which governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Abandoned Funds Claim Payments

Under Section 447.543, RSMo 2000, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Expenditure Refunds

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

Tobacco Master Settlement Agreement Proceeds

The OA-BP has excluded \$142,829,966 received from tobacco companies during fiscal year 2004. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001, which totaled \$338,230,653 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001. The settlement agreement did not require a payment for 1999. Fiscal years 2002 and 2003 payments were \$172,679,543 and \$166,895,179, respectively. The amounts received were coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, "*all monies received from others for costs incurred or to be incurred by the state.*" The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. In our audit for 2001, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs from past years prior to 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our 2001 report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost.

A study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970 through 2007 and an estimate of state employee health care

costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received.

Compliance with Article X, Section 18 (e)

Article X, Section 18 (e) imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. For fiscal year 2004, the OA-BP calculated these limits at \$75.6 million for the Missouri Personal Income amount and \$74.9 million for the one percent of total state revenues amount.

For fiscal year 2004, the OA-BP has determined the net tax and fee increases passed by the legislature totaled \$240.6 million, which exceeds limits noted above. Of this amount \$236.3 million is related to House Bill 1268, Second Regular Session, 92nd General Assembly (HB 1268), which provides an employer assessment for the payment of principal, interest, and administrative expenses related to credit instruments or financial agreements issued to provide a method of providing funds for the payment of unemployment benefits, or maintaining an adequate fund balance in the unemployment compensation fund. OA-BP indicated no bonds were issued for this purpose. According to OA-BP, compliance with the limit imposed by Article X, Section 18 (e) is ultimately to be determined by gauging the actual new annual revenues that result from new taxes and fees. OA-BP concluded that absent such assessments, the amount of taxes and fees resulting from legislation enacted in fiscal year 2004 appears well below the Article X, Section 18 (e) limit. Article X, Section 18 (e)4. provides, "Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective". As a result, it appears the state complied with Article X, Section 18 (e).

APPENDIX

ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

- (1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.

(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual

returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e).1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after the effective date of this section that increase the rate of any existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this

section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations. Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivision shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).



Claire McCaskill

Missouri State Auditor

June 2005

DEPARTMENT OF PUBLIC SAFETY

Office of the Director



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Office of the Director.

The Department of Defense (DOD) Logistical Support 1033 Program makes excess military property available to state and local law enforcement agencies, through the Department of Public Safety – Office of the Director (DPS-OD). The equipment can be obtained at no acquisition cost for use in counter-drug, counter-terrorism, and officer safety activities with over 260 law enforcement agencies participating.

The DPS-OD does not perform on-site monitoring visits to ensure the equipment obtained under the DOD program is being used for the purpose intended. The DPS-OD's equipment tracking system became incompatible with the federal Law Enforcement Support Office (LESO) online information system in October 2003 and the DPS-OD has not corrected this incompatibility. It is difficult for the DPS-OD to create complete inventory listings of DOD 1033 Program equipment by law enforcement agency for use during the monitoring process. A similar condition was also noted in our prior report.

The DPS-OD implemented or partially implemented the remaining audit findings from our previous report dated August 2002.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mark James, Director
Department of Public Safety
Jefferson City, MO 65102

We have audited the Department of Public Safety, Office of the Director. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the agency; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the agency.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Office of the Director.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 11, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

Department of Defense Logistical Support Program

The Department of Defense (DOD) Logistical Support 1033 Program makes excess military property available to state and local law enforcement agencies, through the Department of Public Safety-Office of the Director (DPS-OD). The equipment can be obtained at no acquisition cost for use in counter-drug, counter-terrorism, and officer safety activities. Over 260 law enforcement agencies have participated and received property since the program's inception.

The DPS-OD does not perform on-site monitoring visits to ensure the equipment obtained under the DOD program is being used for the purpose intended. The DPS-OD indicated that due to staffing constraints and the fact their equipment tracking program has not been fully operational, they have been unable to perform any monitoring. The DPS-OD's equipment tracking system became incompatible with the federal Law Enforcement Support Office (LESO) online information system when LESO performed an update in October 2003. Currently, the DPS-OD has not corrected this incompatibility and it is difficult for the DPS-OD to create complete inventory listings of DOD 1033 Program equipment by law enforcement agency for use during the monitoring process.

To ensure the equipment is used for the intended purpose, formal on-site monitoring procedures should be performed and documented on a regular basis. To enhance its ability to perform such monitoring procedures, the DPS-OD should correct the current incompatibility between its equipment tracking system and the LESO online system.

A similar condition was also noted in our prior report.

WE AGAIN RECOMMEND the DPS-OD ensure formal on-site monitoring procedures are performed and documented on a regular basis. In addition, the DPS-OD should correct the incompatibility between its equipment tracking system and the LESO online system.

AUDITEE'S RESPONSE

We concur. The Office of the Director has already started reviewing monitoring procedures for the DOD program. Additionally, we are in the process of identifying the programming problems that exist between our equipment tracking system and the LESO online system. Once the problems have been identified, we will take the necessary steps to get them resolved.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF PUBLIC SAFETY – OFFICE OF THE DIRECTOR
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Public Safety – Office of the Director (DPS-OD) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2001.

The prior recommendation which has not been implemented, but is considered significant, is repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the Department of Public Safety – Office of the Director should consider implementing this recommendation.

1. Monitoring and Reporting of Grants

- A. During our review of the various grants administered by the DPS-OD, we noted that monitoring visits were not performed and reports were not submitted by the contractors of various grants.
- B. The DPS-OD had not established a performance measurement system to periodically evaluate the results or outcomes of the various grant programs they administer.

Recommendation:

- A. Perform formal on-site monitoring procedures of all grant contracts on a regular basis and document the results of this monitoring. In addition, the DPS-OD should ensure reports are submitted as required by contract guidelines.
- B. Establish a performance measurement system to periodically evaluate the results or outcomes of the various grant programs.

Status:

A&B. Implemented

2. Expenditures

- A. The DPS-OD had sponsored Community Mobilization and Partnership conferences. During our review of the conferences, we noted expenditures totaling \$22,300 which appeared to be excessive and unnecessary.
- B. Bids were not always solicited by the DPS-OD for various conference expenses including meals and refreshments, audio equipment rental, and lodging.

- C. Multi-jurisdictional task forces could receive up to 16 percent of their annual Narcotics Control Assistance Programs (NCAP) award in advance for initial operating costs. The DPS-OD did not require the task forces to submit expenditure reports for these advances to document how the funds were spent until the end of the funding period.
- D. Fourteen invoices reviewed were not supported by a purchase requisition.
- E. The DPS-OD approved payment of some invoices without adequate supporting documentation.
- F. The DPS-OD and the Department of Mental Health over funded the salary of a Leadership through Education and Advocacy for the Deaf (LEAD) Institute legal advocate position by approximately \$7,000.

Recommendation:

- A. Review expenditures for future conferences and ensure the costs of the conferences are reasonable and necessary.
- B. Solicit bids for all purchases in accordance with state law.
- C. Require documentation to support the expenditure of all cash advances.
- D. Ensure purchase requisitions are prepared and properly approved prior to purchases of goods and services.
- E. Require adequate documentation for all expenditures. In addition, when meals are provided, supporting documentation should include a list of all individuals who received meals.
- F. Review future LEAD Institute contracts to ensure over funding of positions does not occur. In addition, the DPS-OD should consider recouping amounts over funded to the LEAD Institute.

Status:

A-F. Implemented.

3. Peace Officer Standards and Training Fees

- A. The DPS-OD had not established procedures to ensure that the POST program receives all POST fees assessed and collected by the courts. In addition, no procedures existed to identify courts not properly remitting POST fees to the DPS-OD.

- B. During our review of POST fees remitted to the DPS-OD from five courts, we noted that the DPS-OD posted numerous receipts from each of the courts to eight law enforcement agencies' accounts in error.

Recommendation:

- A. Establish procedures to monitor payments being made by the courts and follow up with the courts when POST fees are not remitted on a regular basis.
- B. Establish procedures to properly record all POST fees collected from the courts and accurately distribute these collections to the applicable law enforcement agencies. In addition, the DPS-OD should seek reimbursement of the overpayments noted above and properly distribute to the applicable parties.

Status:

- A. Implemented.
- B. Partially implemented. While the DPS-OD has established procedures to properly record all POST fees collected from the courts and accurately distribute these collections to the applicable law enforcement agencies, the \$500 overpayment to the Joplin Police Department has not been corrected. While not repeated in the current MAR, our recommendation remains as stated above.

4. Department of Defense Logistical Support Program

The Department of Defense (DOD) Logistical Support 1033 Program makes excess military property available to state and local law enforcement agencies, through the DPS-OD.

- A. The DPS-OD did not perform on-site monitoring visits to ensure the equipment obtained under the DOD program is being used for the purpose intended.
- B. The DPS-OD had not performed reconciliations of the equipment obtained by law enforcement agencies through the DOD program.

Recommendation:

- A. Ensure formal on-site monitoring procedures are performed and documented on a regular basis.
- B. Perform annual documented reconciliations of the equipment obtained by law enforcement agencies through the DOD program.

Status:

- A. Not implemented. See MAR.

- B. Partially implemented. While the DPS-OD currently performs documented reconciliations of the equipment obtained by law enforcement agencies through the DOD program, the overall effectiveness of such procedures are limited because the DPS-OD's equipment tracking system has not been maintained on an up-to-date basis. See MAR.

5. Loaned Equipment

The DPS-OD administers the Law Enforcement Equipment Program (LEEP) and the Community Oriented Policing Equipment Association (COPEA) which provides law enforcement agencies with equipment such as laptop computers, printers, and bicycles on a loan basis.

- A. The DPS-OD did not perform on-site monitoring visits to ensure the equipment obtained under the LEEP and the COPEA program is being used for the purpose intended.
- B. The DPS-OD did not retain documentation of any of the required quarterly LEEP reports received from the ten law enforcement agencies reviewed. Seven of the ten law enforcement agencies reviewed did not always submit a COPEA semi-annual status report, and the remaining three agencies did not submit the COPEA semi annual status reports in a timely manner.

Recommendation:

- A. Ensure formal on-site monitoring procedures are performed and documented on a regular basis for the LEEP and the COPEA programs.
- B. Receive and retain quarterly and semi-annual reports for all LEEP and COPEA equipment on a timely basis in compliance with state guidelines.

Status:

No longer applicable. The DPS-OD discontinued the LEEP and COPEA programs during fiscal year 2002.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Public Safety, established by the "Omnibus State Reorganization Act of 1974," is responsible for coordinating statewide law enforcement for the purpose of ensuring a safe environment for Missouri citizens. The department's mission is to provide a safe and secure environment for all individuals, through efficient and effective law enforcement, national defense, disaster preparedness, service to veterans, and education.

The Department of Public Safety is organized into nine separate divisions: Office of the Director; Missouri Gaming Commission; Missouri State Highway Patrol; Missouri State Water Patrol; Division of Alcohol and Tobacco Control; Division of Fire Safety; Missouri National Guard (Office of the Adjutant General); State Emergency Management Agency; and the Veterans' Commission. In August 1993, the Missouri Capitol Police was transferred from the Office of Administration to the Department of Public Safety. In August, 2003, the Division of Highway Safety was merged by Executive Order from the Department of Public Safety into the Missouri Department of Transportation. Governor Holden created the Missouri Office of Homeland Security on September 26, 2001. The Office reported directly to the governor and was charged to assist the governor in leading Missouri's response to the disaster of September 11, 2001. In February 2005, Governor Blunt appointed Michael Chapman as Deputy Director of the Department of Public Safety. In that role, Mr. Chapman will also oversee the State's homeland security efforts, thus effectively merging Homeland Security functions into the Department of Public Safety.

The director of the Department of Public Safety is responsible for developing public safety programs, police officer training and certification, and providing legislative guidance on law enforcement issues. Additionally, the director is responsible for overseeing distribution of federal funds through grants for narcotics, victims' assistance, and juvenile justice.

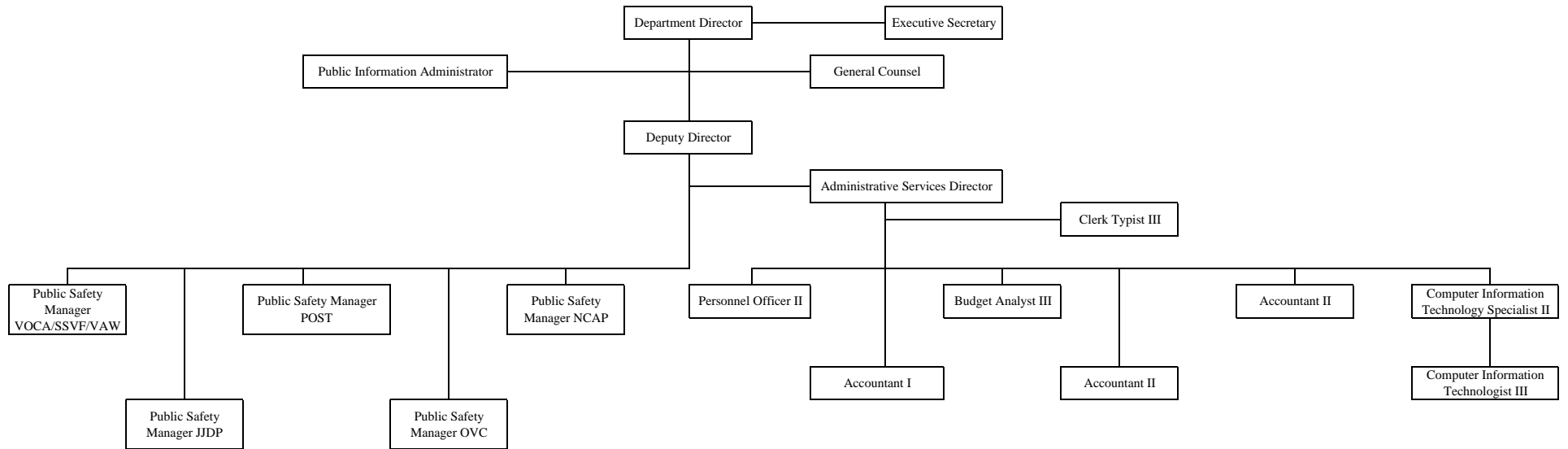
The Department of Public Safety manages the police training and certification program as established by state law and by the rules and regulations of Missouri's Peace Officer Standards and Training Commission as specified in Chapter 590, RSMo. No board member of the commission shall receive any compensation for the performance of his official duties. At June 30, 2004, the members of the commission were as follows:

<u>Member</u>	<u>Term Expires</u>
Lt. Londell Jamerson, II	October 3, 2006
Chief Laura R. Webster	October 3, 2005
Sheriff Dennis D. Martin	October 3, 2004
Sheriff Richard L. Hill	October 3, 2005
Mark Byington	October 3, 2006
Sheriff Gary F. Toelke	October 3, 2005
Rev. David P. Ballenger	October 3, 2005

Charles Jackson served as Director from June 2001 until February 2005. In March 2005, Mark James was appointed Director and is presently serving in that capacity.

An organization chart follows.

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Years Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE						
Office of the Director personal service	\$ 991,511	818,306	173,205	1,136,890	902,416	234,474
Funding for local government/school district partnership programs	0	0	0	600,000	95,483	504,517
Regional Crime Labs	230,000	230,000	0	380,000	351,026	28,974
Office of the Director expense and equipment	325,842	255,367	70,475	494,363	127,793	366,570
Total General Revenue Fund-State	1,547,353	1,303,673	243,680	2,611,253	1,476,718	1,134,535
DEPARTMENT OF PUBLIC SAFETY - JAIBG FUND						
Juvenile Justice Accountability Incentive Block Grant program	6,419,607	4,820,217	1,599,390	6,419,607	5,128,259	1,291,348
Office of the Director personal service	39,467	38,669	798	39,251	39,237	14
Office of the Director expense and equipment	15,820	11,974	3,846	15,820	3,950	11,870
Total Department of Public Safety - JAIBG Fund	6,474,894	4,870,860	1,604,034	6,474,678	5,171,446	1,303,232
FACILITIES MAINTENANCE RESERVE FUND						
Operational maintenance and repairs for state-owned facilities	185,889	179,861	6,028	185,889	159,696	26,193
Total Facilities Maintenance Reserve Fund	185,889	179,861	6,028	185,889	159,696	26,193

Appendix A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Years Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
DEPARTMENT OF PUBLIC SAFETY FUND						
Narcotics Control Assistance program	11,000,000	7,273,395	3,726,605	11,000,000	7,069,528	3,930,472
Victims of Crime program	9,000,000	7,242,057	1,757,943	9,000,000	6,712,275	2,287,725
Juvenile Justice Delinquency Prevention program	2,500,000	1,704,273	795,727	2,500,000	1,942,071	557,929
Office of the Director expense and equipment	222,774	63,507	159,267	193,774	35,023	158,751
Violence Against Women program	3,200,000	2,371,788	828,212	3,200,000	2,079,490	1,120,510
Juvenile Justice Challenge Grant program	350,000	193,734	156,266	350,000	115,247	234,753
Local Law Enforcement Block Grant program	800,000	775,652	24,348	800,000	799,405	595
Residential Substance Abuse Treatment program	1,227,000	1,227,000	0	1,227,000	956,972	270,028
Office of the Director personal service	349,914	302,905	47,009	333,254	248,857	84,397
National Forensic Sciences Improvement Act program	515,226	77,500	437,726	0	0	0
Total Department Public Safety Fund	29,164,914	21,231,811	7,933,103	28,604,028	19,958,868	8,645,160
MISSOURI CRIME PREVENTION INFORMATION AND PROGRAMMING FUND						
Office of the Director expense and equipment	50,000	910	49,090	50,000	1,410	48,590
Total Missouri Crime Prevention Information And Programming Fund	50,000	910	49,090	50,000	1,410	48,590
PEACE OFFICER STANDARDS AND TRAINING COMMISSION FUND						
POST Training	1,500,000	1,277,825	222,175	1,500,000	1,267,415	232,585
Total Peace Officer Standards And Training Commission Fund	1,500,000	1,277,825	222,175	1,500,000	1,267,415	232,585

Appendix A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Years Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
STATE FORENSIC LABORATORY FUND						
State Forensic Labs	266,000	184,693	81,307	266,000	248,845	17,155
Total State Forensic Laboratory Fund	266,000	184,693	81,307	266,000	248,845	17,155
SERVICES TO VICTIMS FUND						
State Services to Victims	3,700,000	2,314,730	1,385,270	3,700,000	3,136,507	563,493
Total Services To Victims Fund	3,700,000	2,314,730	1,385,270	3,700,000	3,136,507	563,493
CRIME VICTIMS COMPENSATION FUND						
Office of the Director expense and equipment	657,828	389,952	267,876	206,073	11,680	194,393
State Services to Victims	50,000	49,744	256	50,000	39,913	10,087
Office of the Director personal service	226,612	108,104	118,508	226,396	67,839	158,557
Total Crime Victims Compensation Fund	934,440	547,800	386,640	482,469	119,432	363,037
Total All Funds	\$ 43,823,490	31,912,163	11,911,327	43,874,317	31,540,337	12,333,980

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2004	2003
Office of the Director -		
Personal Service	\$ 59,490	191,720
Expense and Equipment	33,350	366,570
Funding for local government/school		
district partnership programs	0	504,516
Regional Crime Labs	0	28,950
	\$ 92,840	1,091,756

Appendix B

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE DIRECTOR

COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2004	2003
Salaries and wages	\$ 1,267,984	1,258,348
Travel, in-state	20,263	20,037
Travel, out-of-state	34,662	17,456
Fuel and utilities	5,554	6,875
Supplies	70,347	50,193
Professional development	23,438	20,190
Communication services and supplies	43,398	41,054
Professional services	56,606	23,505
Housekeeping and janitorial services	877	397
Maintenance and repair services	28,951	29,976
Computer equipment	76,589	28,732
Motorized equipment	5,500	0
Office equipment	28,705	362
Other equipment	0	2,024
Property and improvements	180,006	159,718
Equipment rental and leases	2,250	1,565
Miscellaneous expenses	4,429	2,761
Program distributions	30,062,604	29,877,144
Total Expenditures	\$ 31,912,163	31,540,337



Claire McCaskill

Missouri State Auditor

June 2005

MEDICAID

Follow Up on Prescription Drug Oversight



Improvements made since last audit on oversight of Medicaid prescription drugs, but some recipients still misuse services more than a year without detection

This audit followed up prior recommendations to a 2002 audit which showed the state had inadequate controls over its Medicaid prescription drug program. Since 2002, Medicaid drug costs have doubled to \$1.2 billion. This report specifically analyzed if new policies or procedures detected recipients possibly abusing the system and restricted the narcotic amounts regularly received by a recipient. The state program, run by the Department of Social Services - Division of Medical Services, has the ability to "lock-in" a potentially abusing recipient, which restricts the recipients to one prescriber and/or one pharmacy to obtain prescriptions. The lock-in program is meant to curb doctor-shopping practices to obtain excessive amounts of certain controlled substances.

New procedures are steps to curbing Oxycontin® abuse

In March 2003, division officials added computer controls requiring recipients to have certain diagnoses before approving Oxycontin® prescriptions. In addition, new controls will also deny Oxycontin® claims exceeding a recommended dosage for a 24-hour period. In April 2002, auditors reported division officials did not have procedures to restrict recipients visiting multiple physicians to obtain painkillers - specifically Oxycontin® - which is an increasingly abused drug. (See page 4)

Some recipients abused plan for years without detection

Auditors again found recipients who abused the program for a year or more without detection. Division policy allows a recipient to use four or more pharmacies and five or more physicians to obtain prescriptions before they are targeted as a potential system abuser. Auditors found division staff did not review a quarterly list of potential abuses until the data was 6 to 12 months old. One recipient visited from 5 to 16 doctors per quarter over a 21-month period. (See page 7)

Recipients not restricted if they only see multiple doctors

Auditors found division officials do not restrict recipients who obtain drugs from multiple prescribers, but just one pharmacy. Instead, division officials said they restrict recipients who do both - visit multiple prescribers and multiple pharmacies - assuming these recipients are more likely to potentially abuse the system. But auditors found a need to also consider restricting recipients visiting multiple prescribers. Auditors found examples of recipients seeing between 5 and 20 prescribers every three months. (See page 8)

Some restricted recipients not reviewed for two years

Auditors found recipients restricted to the lock-in program still received controlled substance prescriptions. For example, auditors found 45 recipients visited an average of 13 prescribers while under the lock-in program restrictions. Division officials set a standard lock-in period of two years, but do not review a recipient's activity until after the two-year period. (See page 8)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gary Sherman, Director
Department of Social Services
Jefferson City, MO 65102

Medicaid prescription drug expenditures have almost doubled since fiscal year 2002 to an estimated \$1.2 billion. In 2002, we reported the Department of Social Services - Division of Medical Services (division) had inadequate controls over prescription drugs. The objectives of this report include following up on our prior recommendations and to evaluate division policies and procedures to determine whether they (1) detected and prevented Medicaid recipients from visiting multiple physicians to obtain controlled substances, and (2) restricted the amount of selected controlled substances Medicaid recipients can get on a monthly basis.

The division has made improvements in the oversight of the Medicaid prescription drug program by adding staff and improving computerized controls for controlled substances. However, we found the division's procedures allowed potentially abusive recipients to misuse services for 12 months, or longer, without detection or review for restricted services. Once potentially abusive recipients' services had been restricted, the division had not reviewed these recipients for continued misuse of services until the end of the 24-month restriction period. The division also had not established adequate controls to identify whether submitted controlled substances claims had been prescribed by authorized medical practitioners.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer, Director. Key contributors to this report included John Mollet, Michelle Holland, and Alvin Cochren.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

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Abbreviations

CSR	Code of State Regulations
DEA	Drug Enforcement Agency
SAO	State Auditor's Office

Improvements Made In Medicaid Prescription Drug Program Oversight, But Weaknesses Still Exist

The division has taken action to restrict hundreds of Medicaid recipients' ability to obtain controlled substances. However, we found the division's policies and procedures allowed recipients to abuse Medicaid services for 1 year or longer, before the division detected and restricted recipient access to controlled substances, and allowed some recipients to go undetected. We also found after the division restricted recipient prescription drug services, the division had not reviewed recipients to determine whether recipients continued abusing services until the end of a 24-month restriction period. The division also had not established adequate controls to ensure controlled substance prescriptions submitted for payment had been prescribed by authorized medical practitioners. This problem occurred, in part, because division policy conflicted with federal regulations.

Background

State Medicaid prescription drug expenditures increased from \$730 million to \$938 million (28 percent) from fiscal years 2002 through 2004. Fiscal year 2005 expenditures are estimated to reach \$1.2 billion, which represents further growth of 28 percent. The number of Medicaid recipients obtaining prescription drugs increased from 468,722 in 2002 to 530,188 (an increase of 13 percent) in 2004.

State regulation¹ defines misuse of Medicaid medical services, including prescription drugs, as "the act of seeking or obtaining medical services, or both, from a number of like providers and in quantities which exceed the levels that are considered medically necessary by current medical practices, standards, and policies" of the Medicaid program. Division guidelines define excessive use of pharmacy services as a recipient (1) using multiple prescribers and four or more pharmacies during a 3-month period to obtain controlled substances, (2) alternating use of prescribers and pharmacies to obtain controlled substances, or (3) using overlapping prescriptions (refills obtained before days supply should be used) that are written by different prescribers, whether filled at the same pharmacy or different pharmacies.

The division has established an automated claims processing system to identify potential Medicaid recipients attempting to obtain unnecessary drugs. The automated system produces quarterly reports, which identify Medicaid recipients that visited five or more providers and four or more pharmacies during a previous 6-month period. These recipients are reviewed for potential lock-in to a single provider and/or a single pharmacy, who will agree to accept locked-in recipients.

State regulation defines lock-in as the method to limit or restrict a Medicaid recipient to a designated provider(s). When the designated provider is a

¹ 13 CSR 70-4.70

physician, the provider becomes the primary care physician. Payment to any other provider is limited to documented emergencies or referral from the designated provider. The lock-in period ranges from 12 months to 24 months.

Once a Medicaid recipient has been locked-in to a specified provider, the Program Integrity unit staff is to monitor the recipient's prescription drug use. These cases are not to be reviewed before the case has been locked in for 12 months, but not longer than 24 months, according to state regulations. The Program Integrity unit staff is to review questionable cases and continue the recipient on lock-in if continued misuse of Medicaid prescription drugs persist.

Prior SAO Work

We reported, in April 2002, the division had not taken adequate steps to prevent Medicaid recipients from visiting multiple physicians to obtain controlled substances, such as opiate painkillers and anti-depressants.² We found recipients that had obtained unrestricted amounts of opiate painkillers, specifically OxyContin®.³ We also identified abuse could continue up to a year without recipients being locked-in to a specific physician or pharmacy. The division responded it would implement various programs to restrict further abuse of controlled substances. For example, the officials established therapeutic criteria and algorithms for the use of controlled substances, and enhanced the Program Integrity unit program for lock-in.

Although the amount spent on OxyContin® claims has increased, the division has taken steps to reduce the abuse of OxyContin®. In March 2003, the division implemented computer controls (e.g., edits) requiring certain diagnoses and/or conditions be incurred prior to approving payments for an OxyContin® claim. These conditions include cancer, opiate tolerance, and chronic nonmalignant pain. For each condition, the division has assigned a date range for the prescriptions and in some cases, non-opiate analgesics (i.e., pain killers) must be prescribed prior to the approval of OxyContin®, an opiate analgesic. The division also implemented computer edits which will deny any OxyContin® claims exceeding the recommended dosage for a 24-hour period. For instance, if a recipient is prescribed a 40 milligrams dosage of OxyContin®, any prescription which requires over eight pills per

² Oversight Controls in the State's Medicaid Prescription Drug Program, Report No. 2002-29, April 18, 2002.

³ OxyContin® is a time-released tablet of the narcotic oxycodone, a Drug Enforcement Administration (DEA) Schedule II controlled substance. OxyContin® is frequently prescribed to provide relieve to patients who suffer intractable pain and is considered the drug of choice for pain management.

day (a total of 320 milligrams) will be denied. Table 1 illustrates the status of previous SAO recommendations.

Table 1: Status of Prior Recommendations

Prior recommendations	Status
1. Implement edits that will automatically deny prescriptions that result in therapeutic duplication alerts, especially for drugs from the two major therapeutic classes of controlled substances.	Not implemented ¹
2. Establish criteria for authorizing edit overrides for recipients with medical needs to obtain multiple drugs from the same therapeutic class.	Not implemented ¹
3. Establish hard edits in the Medicaid claims processing system to block payment authorization for OxyContin® prescriptions which exceed division determined utilization guidelines.	Implemented
4. Until the edit (number 3 above) is in place, identify Medicaid recipients who are obtaining OxyContin® at or above this utilization guideline and determine if there is an appropriate medical need for the drug strength and tablet quantities prescribed.	Not applicable

¹ The division did not concur with this recommendation.

Source: SAO

Scope and Methodology

To determine the extent Medicaid recipients visited multiple prescribers and pharmacies to obtain controlled substances, we analyzed all paid prescription drug claims from January 1, 2003 through August 31, 2004 (20 months), for drugs claims from the following three specific therapeutic groups (1) anti-anxiety agents such as Xanax® and Ativan®, which are Schedule IV⁴ drugs under the Controlled Substances Act;⁵ (2) narcotic analgesics (opiate painkillers) such as OxyContin® (Oxycodone HCL), Fentanyl, morphine, and hydrocodone, which are Schedule II⁶ and III drugs under the Controlled Substances Act; and (3) and another painkiller class that includes Tramadol.

⁴ Schedule IV drugs of the Controlled Substances Act have a low potential for abuse relative to Schedule III drugs. Abuse of a Schedule IV drug or other substance may lead to limited physical dependence or psychological dependence. Schedule IV drugs include Darvon®, Talwin®, Equanil®, Valium®, and Xanax®.

⁵ The Controlled Substances Act places all substances regulated under existing federal law including prescriptions into one of five schedules based upon the substance's medical use, potential for abuse, and safety or dependence liability. The Act provides a mechanism for DEA and the Department of Health and Human Services to control substances through adding to a schedule or removing control of substances through rescheduling of the drug.

⁶ Schedule II drugs of the Controlled Substances Act have a high potential for abuse, and are currently accepted for medical use with severe restrictions. Abuse of a Schedule II drug or other substance may lead to severe psychological or physical dependence. Schedule II drugs include hydrocodone, morphine, oxycodone, and cocaine.

To give us a better understanding of the profile of abusive recipients, we reviewed the lock-in process for detection of potential abuse, services obtained, lock-in of a physician and/or pharmacy, and final 24-month review at the end of the lock-in period. We randomly selected 146 out of 695 recipients participating in the lock-in program and reviewed each recipient's detection and services review to create a "locked in" recipient profile.

To determine whether potentially abusive recipients had been detected and whether the division's lock-in program performed effectively to reduce abuse of services, we reviewed prescription drug claims in the above three drug classes for 207 of 1,258 recipients that had visited ten or more physicians and/or used seven or more pharmacies for the period January 1, 2003 through August 31, 2004. The 207 recipients included 61 lock-in recipients and 146 recipients that had not been placed in the lock-in program. We examined claims in each of the therapeutic classes. We obtained names and addresses of physicians associated with 3,517 prescriber numbers for paid claims associated with the 207 recipients to ensure physicians in the same clinic, or same practice as other physicians that a recipient visited, had not been counted as separate prescribers. Our findings related to 207 individual recipients' claims, number of prescribers, and number of pharmacies visited; and reflect "separate" physicians visited based on this review. We reviewed a total of 15,250 claims, totaling \$578,221.

We also reviewed 45 recipient claims involving analgesic narcotics that had been locked-in prior to February 1, 2004, to determine whether abusive practices had been allowed to continue after the recipients had been locked-in.⁷

Our audit relied on paid Medicaid claims data and prescriber information obtained from the division's automated Medicaid claims payment system and adhoc reports. In order to gain assurance as to the accuracy of that data, we performed data validation procedures. We assured there had been no duplications within the data and that all paid claims had been made within our audit period. We determined the paid claims data was sufficiently reliable for the purposes of this report.

We requested comments on a draft of our report from the Director of the Department of Social Services, and those comments are reprinted in

⁷ This review had been completed after our request for names and addresses of physicians related to prescriber numbers had been answered. Therefore, we did not analyze the "separate" physicians in this review.

Appendix I. We performed our work between September 2004 and February 2005.

Some Recipients Abused Plan for Years Before Detection, If At All

As we reported in April 2002, Medicaid recipients continued to abuse the prescription drug program for over 12 months without being detected and reviewed for potential lock-in. Moreover, recipients who only visited multiple prescribers (physicians), but did not visit multiple pharmacies to obtain controlled substances, did so without being detected.

Division policy allows a recipient to use four or more pharmacies and five or more physicians before being identified on quarterly exception reports for review of possible abuse. That is, recipients can visit an unlimited number of different prescribing doctors to obtain controlled substances without detection, as long as they do not use four or more pharmacies to obtain their controlled substances. Division staff review quarterly report data to determine the extent Medicaid recipients had visited multiple prescribers and/or pharmacies to identify potential abusers. However, that review normally did not take place until the data was 6 to 12 months old. For example, recipients visiting multiple pharmacies and prescribers during the period October 2003 through March 2004, first showed up on the quarterly report produced on September 27, 2004—6 months later. Therefore, someone abusing services in October 2003, would not have been detected or reviewed for the lock-in program for 12 months.

We identified 52 recipients, who visited 5 or more physicians and/or four or more pharmacies to obtain controlled substances at least one quarter during the period January 2003 through August 2004. The division had taken steps to lock-in 27 of these recipients in September 2004, but not until they had abused the Medicaid program for at least 12 months during the January 2003 through August 2004.

Our review of 13 of the 27 recipients placed in the lock-in program, in September 2004, disclosed the extent they had abused the program. For example:

- One recipient visited from 5 to 16 doctors per calendar quarter (i.e., a 3-month period) for 7 quarters (21 months).
- Another three recipients visited between 5 and 19 prescribers per quarter for 5 quarters (15 months). For example, one visited 12 to 19 prescribers and 7 to 10 pharmacies.

Recipients not reviewed for lock-in also misused the program

Sixteen of the 52 recipients had not been reviewed for lock-in⁸ because division personnel had not reviewed recipients that visited five or more prescribers to obtain controlled substances, but visited less than four pharmacies to obtain drugs, for the lock-in program.⁹ The following examples describe the extent of the abuse of the program by 6 of the 16 we identified.

- Two recipients visited 5 or more physicians in 5 consecutive calendar quarters. One started in the second quarter of 2003 and visited between 9 and 13 prescribers a quarter through the second quarter of 2004. The other started in the third quarter of 2003, and visited between 5 and 8 prescribers a quarter through the third quarter of 2004.
- One recipient visited from 5 to 24 prescribers in 5 consecutive quarters.
- Three visited between 5 and 20 prescribers per quarter for 6 quarters, or 1½ years.

The 16 recipients had 640 controlled substances claims totaling \$12,652.

Division staff said Medicaid recipients who visit multiple prescribers but do not visit multiple pharmacies, are not identified for potential lock-in, because the division believes the recipients who visit both multiple pharmacies and prescribers are the most significant abusers. Also, despite additional dedicated staff, division staff said they have been unable to review all potentially abusive recipients appearing on the quarterly exception reports. Accordingly, they said they did not have adequate staff to review additional recipients that only visited multiple prescribers.

Lock-in Recipients Not Reviewed for 24 Months

Recipients continued to obtain prescriptions for controlled substances from multiple prescribers after they had been placed in the lock-in program. For example, we found 45 recipients visited an average of 13 prescribers, and some visited as many as 41 prescribers after they had been placed in the lock-in program. These 45 recipients had been locked-in prior to February 1, 2004 and the amount of claims and number of prescribers they visited varied. However, they had 1,251 claims for opiate painkillers totaling \$56,826.

State regulations require that lock-in recipients be reviewed for continuous abuse between 12 and 24 months after the date of lock-in. However, the Program Integrity unit lock-in staff created a standard lock-in period of 24

⁸ Eight recipients had not been reviewed for lock-in because they were no longer eligible, in September 2004, for the Medicaid fee-for-service program. One recipient could not be locked-in to a single prescriber because the recipient was also eligible for Medicare.

⁹ Unless someone referred them to the division for review.

months and do not review recipients until the 24-month lock-in period has ended. According to the Program Integrity unit supervisor, "the biennial review is a labor intensive review, similar to the time required for the initial review" and due to limited staff resources, the unit only conducts reviews of recipients 24 months after lock-in.

In responding to a draft of this report, division officials said SAO failed to recognize the two additional staff the division hired to review potentially abusive recipients, resulted in increasing the number of recipients placed in lock-in from 390 in 2002 to 1,045 in 2004. They also said the number of potentially abusive recipients identified on quarterly exception reports exceed the number of reviews the Program Integrity unit staff can review regardless if current timeframe data or data from the past 12 months are used. Our report does not assert that the Program Integrity unit should be placing more recipients in lock-in, but that the group should use more current data to place abusive recipients in lock-in before they have been allowed to abuse the program for 12 months.

Some Claims Paid Without Assurance of Valid Prescribers

Based on our review of 894 claims, we found the division paid claims with invalid prescribing doctor numbers. This weakness occurred because the division has allowed pharmacies to substitute their own number in lieu of a prescribing doctors' number. We found 46 pharmacies had submitted their Medicaid provider numbers in the data entry field reserved for the prescribing doctors' Medicaid provider numbers. Further analysis showed 153 controlled substance claims, totaling about \$4,900, which pharmacies submitted Medicaid provider numbers in the data entry field reserved for the prescribers' Medicaid provider numbers. Of the 153 claims, we found 30 represented DEA Schedule II drugs, 79 represented DEA Schedule III drugs, and 44 represented DEA Schedule IV drugs. Division policy allows the pharmacy to substitute the pharmacy Medicaid provider number for the prescriber's number in the prescriber identification field, which conflicts with federal regulations requiring all prescriptions for Schedule II, III, and IV controlled substance drugs to include the prescriber's DEA registration number.¹⁰

Conclusions

The division made improvements to restrict the abuse of prescription drugs; however, weaknesses in procedures still existed. The division's procedures for detecting potential misuse of Medicaid prescription drug services delay review of recipient activities and have resulted in allowing recipients to

¹⁰ Code of Federal Regulations 1306.05 states (a) "All prescriptions for controlled substances shall be dated as of, and signed on, the day when issued and shall bear the full name and address of the patient, the drug name, strength, dosage form, quantity prescribed, directions for use and the name, address and registration number of the practitioner (prescriber)."

misuse services, in some cases, a year or more before detection. In addition, division policy does not require review of recipients when excess use of only the prescriber occurs. Exception parameters need to be created to detect abuse of only one service—the prescriber or pharmacy.

Division policy did not review lock-in recipients for 24 months, which affords recipients too much time to possibly abuse the prescription program. The division's policy and practice of allowing pharmacies to use pharmacy identification numbers in lieu of prescriber numbers conflicts with federal regulations, and therefore, should not be continued for Schedule II, III, or IV drug prescription claims.

These weaknesses, individually or in combination, leaves the division vulnerable to the potential for fraud or abuse.

Recommendations

We recommend the Director of the Department of Social Services establish:

1. Procedures to detect abuse in a more timely manner by requiring quarterly exception reports to include the most recent data available.
2. Additional parameters to detect abuse of a single service without the requirement of both services being misutilized.
3. Procedures to review obtained services of locked-in recipients no later than 12 months after the recipient has been locked-in to ensure that additional services have not been abused and whether additional lock-in procedures need to be taken.
4. Claims processing controls to ensure all numbers in the prescriber field are authorized Medicaid prescribers and/or DEA numbers.

Agency Comments

See Appendix I for agency comments.

Agency Comments



**MISSOURI
DEPARTMENT OF SOCIAL SERVICES**

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June 3, 2005

MATT BLUNT
GOVERNOR

K. Gary Sherman
DIRECTOR

RELAY MISSOURI
for hearing and speech impaired
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Kirk Boyer
Director of Performance Audits
Office of the State Auditor
State Capitol, Room 224
Jefferson City, MO 65101

Dear Mr. Boyer:

This is in response to your May 23, 2005 correspondence regarding the audit report entitled "Follow Up on Prescription Drug Oversight." For ease of reference, the recommendation has been repeated with the related response.

Recommendation 1: Procedures to detect abuse in a timelier manner by requiring quarterly exception reports to include the most recent data available.

Response: Beginning March 2005, the Division of Medical Services (DMS) Program Integrity Unit began using additional reports that can be run more timely and with more current data. Allowance for a timely filing lag for incurred claims is three months.

Recommendation 2: Additional parameters to detect abuse of a single service without the requirement of both services being misutilized.

Response: A March 2005 report showed that 84% of potential abuse cases met the existing pharmacy and prescribers screening criteria. It is our intention that single service of prescribers will be periodically reviewed with the outcomes tracked for determination of review benefits.

****AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER****
services provided on a nondiscriminatory basis

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Agency Comments

Kirk Boyer
Page 2

Recommendation 3: Procedures to review obtained services of locked-in recipients no later than 12 months after the recipient has been locked-in to ensure that additional services have not been abused and whether additional lock-in procedures need to be taken.

Response: To review existing cases every 12 months for possible additional abuse will decrease the number of new cases that can be opened. We believe that the policy for case review at the end of 24 months of eligibility provides adequate safeguards. However, the Program Integrity staff will look at other options to monitor the utilization of service.

Recommendation 4: Claims processing controls to ensure all numbers in the prescriber field are authorized Medicaid prescribers and/or Drug Enforcement Administration (DEA) numbers.

Response: Medicaid does check all prescriber numbers for validity, but does not authorize specific prescribers. In the rare case that a prescriber does not have a DEA number or a Medicaid provider number, pharmacies are allowed to use their own DEA number on a case-by-case basis. Validity and integrity of prescription data is reviewed on a post-payment basis. In addition, Medicaid routinely retrospectively reviews for appropriateness those pharmacy providers using their own DEA number.

In addition to the responses to the recommendations, DMS has the following comments on the text of the audit report. For ease of reference, portions of the audit report text are repeated with the DMS comment.

1) Page one of the report (letter from Auditor McCaskill to Governor Blunt), first sentence of the first paragraph states "Medicaid prescription drug expenditures have almost doubled since fiscal year 2002 to an estimated \$1.2 billion."

Comment: It should be noted that enhanced fees and related pharmacy tax has contributed to the expenditures. However, more important, there has been an increase in recipient caseload which has resulted in a significant increase in expenditures.

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2) Also on page one of the report, end of paragraph two, it states that, "The division also had not established adequate controls to identify whether submitted controlled substances claims had been prescribed by authorized medical practitioners."

Comment: It should be noted that DMS does screen for appropriate prescriber identification to the degree necessary for a payer of claims. It is not the responsibility of a claims payer to validate the prescriber at the level indicated by the SAO, but rather the responsibility of the dispensing pharmacy and other agencies charged with the appropriate oversight authority. The Missouri Board of Pharmacy performs annual inspections of all state pharmacies to assure that they abide by the laws governing their practice; the mission of the Missouri Bureau of Narcotics and Dangerous Drugs is to assure valid prescribing and dispensing of controlled drugs; and the DEA is the federal agency with ultimate responsibility to assure the appropriate prescribing and dispensing of drug products on a national level. In addition, the DMS Program Integrity Unit and the Attorney General's Office conduct post-payment reviews of certain providers' claims in which patient records are requested to verify the accuracy of claims billed to Medicaid.

3) Page three, first paragraph under the subheading "Background" cites the increase in prescription drug expenditures from fiscal years 2002 to 2004.

Comment: There has been a significant increase in both expenditures and number of eligibles. In fact, the expenditures are almost as much as the state's entire higher education budget. The Administration has taken steps to contain costs in this area.

4) Page five of the report, Table one, refers to previous audit recommendations. Action has been taken with regards to items one and two.

Comment: DMS would like to reference the original response to these recommendations noted as the "DSS Corrective Action." DMS indicated we were in the process of implementing a database to prospectively screen all claims for appropriateness of therapy. We have accomplished this process and apply on-line edits based upon best practices. The duplicate therapy edit is typically a soft edit (alert of potential problems to be checked by the dispensing pharmacy) to allow for appropriate duplicate therapy in many

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instances of treatment. Some conditions merit duplicate therapy, such as pain control, antipsychotic treatment, and attention deficit disorder. In addition, some "hard edits" (such as early refill) have been established to control inappropriate usage, along with criteria for allowing overrides to these edits in appropriate circumstances.

5) Page nine of the report under the subheading "Some Claims Paid Without Assurance of Valid Prescribers," mentions findings that DMS paid claims with invalid prescribing doctor numbers.

Comment: In some situations, allowing a pharmacy to use their own provider number in place of the prescriber number is the only way to allow their claim to pay. This is only approved on a case-by-case basis when the pharmacy contacts DMS for assistance with processing the claim for payment. A report is reviewed retrospectively to ascertain whether this privilege has been overused, and recovery of payment has taken place when this was found. Nonetheless, it is still the pharmacy's ultimate responsibility to assure that the prescription actually originated from a valid prescriber. Again, other agencies have responsibility to enforce state and federal laws pertaining to the validity of a prescription, controlled or otherwise. The Missouri Board of Pharmacy performs an annual inspection of all state pharmacies to assure that they abide by the laws governing their practice. The mission of the Missouri Bureau of Narcotics and Dangerous Drugs is to assure valid prescribing and dispensing of controlled drugs. The DEA is the federal agency with ultimate responsibility to assure the appropriate prescribing and dispensing of drug products on a national level. In addition, the DMS Program Integrity Unit and the Attorney General's Office conduct post-payment reviews of certain providers' claims in which patient records are requested to verify the accuracy of claims billed to Medicaid. Finally, DMS makes recoveries and sanctions providers for billing invalid prescriptions as they are discovered, based upon internal audits or referral information received from other agencies' inspection findings.

6) Page 10 under "Conclusions" states that the "division's policy and practice of allowing pharmacies to use pharmacy identification numbers in lieu of prescriber numbers conflicts with federal regulations, and therefore, should not be continued for Schedule II, III, or IV drug prescription claims."

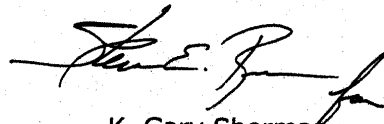
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Page 5

Comment: We do not believe that federal regulation pertaining to prescription drug payers requires prescriber identification on a claim in any specified format. Since the claims submitted for payment are not the actual prescriptions, the federal regulations referenced on page 10 of the report do not appear to apply.

If you have any questions please contact Q. Michael Dittmore, M.D.,
Interim Director, Division of Medical Services at 573/751-6922.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Gary Sherman", with a stylized flourish at the end.

K. Gary Sherman
Director

KGS:mjr

For a copy of this report please contact the State Treasurer's Office at (573) 751-2411.



Claire McCaskill

Missouri State Auditor

June 2005

ECONOMIC DEVELOPMENT

Office of International Marketing



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Economic Development, Office of International Marketing.

The Office of International Marketing (OIM) reported and claimed success for approximately \$1.3, \$1.1, and \$3.1 billion in export sales for fiscal years 2004, 2003, and 2002, respectively. Our request for supporting documentation related to 42 export sales, totaling approximately \$1.6 billion, noted numerous discrepancies that raised substantial data integrity issues. Of those 42 export sales, the OIM could not provide adequate documentation to support 60 percent of the sales tested. OIM personnel stated that a majority of the export sales information was obtained by telephone calls or e-mail, which were neither documented nor maintained.

The OIM is claiming success on numerous export sales when it provided little or no assistance to the applicable Missouri company. For example:

- The OIM claimed success and reported an advocacy export sale for \$1.2 billion in fiscal year 2004. However, the OIM's function in assisting a company with an advocacy sale is very minimal; thus, it does not appear its performance should be enhanced by reporting these types of export sales in the same manner as a normal sale.
- Numerous export sales were reported by OIM's Korea office contractor in which the Missouri company did not know the Korea office was assisting them. The Korea office contractor contacted the Missouri company's representatives inquiring if they needed assistance, and occasionally provided possible international buyer contacts. As a result of this casual contact, the OIM's Korea office contractor reported export sales made by these Missouri companies in its reports to department officials.

The OIM is reporting export sales in their reports to the directors without ensuring the amount is accurate. For example:

- In several instances the same export sales amount was reported for several months. OIM personnel stated that it was OIM policy to claim success and report the export sales for one year when a Missouri company established a new international distributor as a result of the OIM's assistance. The OIM does not follow-up with the company to ensure monthly sales remained consistent month to month.

(over)

YELLOW SHEET

- The OIM assisted a company in obtaining only the design portion of a \$6 million international project. However, the OIM did not know how much the company was going to receive for the design portion, so the whole amount was reported.
- A reported \$400,000 export sale was actually an import sale where the Missouri company had purchased products from an international company.

During the audit period, the OIM contracted with five contractors to provide international marketing services for Missouri business in offices located in Korea, Africa, Japan, Mexico, and Europe. These contract payments totaled approximately \$1.1 and \$1.2 million for fiscal years 2004 and 2003, respectively. The OIM failed to document their review of the contractors' monthly program reports and the year-end compliance reports prior to payment. Additionally, we noted the Europe, Japan, Korea, and Mexico contractors received more state funding than was budgeted to operate the international offices.

We noted several expenditures that did not appear to be a prudent use of state monies, for example:

- Japan office – Director bonus - \$14,000
- Mexico office – Christmas bonus total for all staff – \$1,400
- Africa office – Cash gifts to government officials and press agents - \$100 to \$500 per instance.
- Korea office – Flowers for birthdays and marriages of friends and business acquaintances of the contractor - \$70 to \$85 per instance.

Four of the five contractors failed to provide the OIM documentation of travel costs as contractually required. Also, contractor expenditure documents did not always contain sufficient detail of the items purchased or services received.

We also reviewed 25 out-of-state travel expenditure documents which disclosed that the OIM does not maintain sufficient documentation to determine if the most cost-effective means for travel was selected. The travel authorizations for the trips reviewed did not include any documentation that showed how the traveler arrived at the travel decision made. The OIM said they conduct such analyses and discard the documentation after the travel form is authorized.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF ECONOMIC DEVELOPMENT
OFFICE OF INTERNATIONAL MARKETING

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gregory A. Steinhoff, Director
Department of Economic Development
and
Randa A. Hayes, Director
Division of Business Services Group
Jefferson City, MO 65102

We have audited the Office of International Marketing (the office). The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Evaluate the efficiency and effectiveness of certain management practices, policies, and operations.
3. Examine certain expenditures made by the office.
4. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing contracts, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to

provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in the audit of the office.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Economic Development, Office of International Marketing.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

November 23, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattell, CPA, CFE
In-Charge Auditor:	Terrie Laswell, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT
OFFICE OF INTERNATIONAL MARKETING
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Performance Measurement
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Export sales reported to officials of the Department of Economic Development (DED) do not fairly represent the performance of the Office of International Marketing (OIM). In addition, export sales are not confirmed and data supporting export sales is not properly maintained. Department officials rely on information provided by the international offices to make management and operating decisions; thus, this information must be accurate. In difficult economic times when funding is limited, department officials need to know which offices are operating the most efficiently to allow them to make the best decision regarding use of available resources.

The OIM reported and claimed success for approximately \$1.3, \$1.1 and \$3.1 billion in export sales for fiscal years 2004, 2003, and 2002, respectively. The OIM measures its performance by claiming success for export sales by Missouri companies it assists in the international markets without considering the amount of assistance, if any, provided for the sales claimed. Our request for supporting documentation related to 42 export sales, totaling approximately \$1.6 billion, noted numerous discrepancies that raised substantial data integrity issues. These export sales were included in the quarterly reports to department officials as a measure of the OIM's performance. The purpose of the review was to determine if the export sales reported were accurate and fairly represented the performance of the OIM. Discrepancies were noted as follows:

A. The OIM is claiming success on numerous export sales when it provided little or no assistance to the applicable Missouri company. It appears the export sales reported do not fairly represent the performance of the OIM. For example:

- We noted the OIM had claimed success and reported an advocacy export sale for \$1.2 billion in fiscal year 2004. An advocacy sale is where the Missouri company initiates and does all the groundwork for a possible sale to an international buyer but needs assistance from the state government before the sale can be secured. The OIM can assist in various ways; it can write a letter to the buyer indicating the government is behind the sale and the company is in good standing, and/or it can attend social functions where the buyer's representatives are present.

For a normal sale, the OIM works with the Missouri company in locating possible buyers and lays the foundation for possible sales. In these instances, the OIM's function can be extremely important and very time consuming. However, the OIM's function in assisting a company with an advocacy sale is

very minimal; thus, it does not appear its performance should be enhanced by reporting these types of export sales in the same manner as a normal sale.

- We noted numerous export sales that were reported by OIM's Korea office contractor in which the Missouri company did not know the Korea office was assisting them in securing new export sales. The OIM indicated that the Missouri companies had paid representatives in Korea and the Korea office contractor would contact the Missouri company's representatives to inquire if they needed assistance and in a few instances provided possible international buyer contacts. As a result of this casual contact with the Missouri company's representative, the OIM's Korea office contractor reported export sales made by these Missouri companies in its reports to department officials. By the Missouri company having a paid representative in Korea it appears that the assistance provided by the OIM's Korea office was very minimal: thus, it does not appear the OIM's performance reports should be enhanced by reporting these types of export sales.

B. The OIM is reporting export sales in their reports to the directors without ensuring the amount is accurate. For example:

- We noted several instances where the same export sale amount was reported for several months. OIM personnel stated that it was OIM policy to claim success and report the export sales for one year when a Missouri company established a new international distributor as a result of the OIM's assistance. The OIM contacts the Missouri company and asks for the amount of the first sale which is then reported each month for 1 year. The OIM does not follow-up with the company to ensure monthly sales remained consistent month to month. We noted an email from a Missouri company that stated they had "confirmed a \$5 million order". Nowhere in the correspondence did the company indicate the export sales would be \$5 million each month. However, the export sale was reported by the OIM as \$5 million in export sales each month for 1 year. The OIM did not contact the company to ensure export sales continued at \$5 million each month.

This does not appear to be a proper means to measure the performance of the OIM. By not following up with the company, the OIM could be misreporting their outcomes and errors in reporting will not be detected.

- We noted an export sale that was reported at \$6 million when the OIM did not know the actual sale amount. The OIM had assisted a company in obtaining only the design portion of a \$6 million international project. However, the OIM did not know how much the company was going to receive for the design portion, so the whole amount was reported.

- We noted an export sale that was reported at \$400,000. However, the amount was actually an import sale where the Missouri company had purchased products from an international company.
- C. Data supporting export sales has not been properly maintained to support the OIM's performance, as reported to DED officials. Of the 42 export sales documentation was requested for, the OIM could not provide adequate support for 25 (60 percent) of the export sales. OIM personnel stated that a majority of the export sales information was obtained by telephone calls or emails, which were not documented or maintained. Without adequate documentation the integrity of the export sales reported is diminished.

The primary purpose of the performance measure should be to show progress in achieving the OIM's desired objectives. Therefore, the OIM should take necessary steps to ensure accountability over data presented by using a sound basis to track progress or achievements.

There is no evidence that any party detrimentally relied on the unsupported export sales information found in the reports. However, since the unsupported export sales information is being distributed to department officials, the legislature, and the public, it is essential that it be accurate and properly documented by the OIM.

WE RECOMMEND the DED, through the OIM, improve their performance measurement process by using data that is adequately supported and that tracks the progress and emphasizes accountability of the OIM.

AUDITEE'S RESPONSE

The Department agrees with the recommendation of the State Auditor's office, and the Office International Marketing (OIM) has implemented the following procedures to ensure compliance and emphasize accountability and adequate support for data supplied by foreign offices.

The OIM utilizes a multiple phase process when assisting Missouri firms. International representatives (foreign offices) in cooperation with domestic trade staff work in cooperation to promote export trade and provide Missouri companies assistance in locating potential buyers; strategic and joint venture partners, marketing research; trade show and trade mission support as well, providing facilitative services to foreign firms looking to invest in Missouri.

Company projects regarding trade assistance are worked in tandem between staff in Missouri and the foreign office. It is worth noting, that there are few "standard" international projects that fit into a set mold, however, for the most part, a company project usually involves the following:

- *Domestic staff conducts on-site visits and company consultations, which advance data collection on specific trade needs including the necessary and ideal requirements of potential partners.*

- *Data collected is relayed to the foreign office.*
- *Clarifying questions are posed to the company by the foreign office and/or the domestic staff and followed up by the domestic staff if necessary.*
- *A local market search is initiated by the foreign office to identify all appropriate business partners.*
- *Once the search has been exhausted, a report or list of potential business partners is relayed to the company.*
- *Both the foreign office and domestic staff continue to provide follow up support and assistance to the company as necessary.*

The process above is monitored by the Manager of the International Trade & Investment (ITI) Office (formerly the OIM) and the documentation is reviewed and maintained in her office and periodically reported to the Business Development & Trade Division Director.

Once the company has identified the ideal partner from the report provided, an entirely new phase of customer interaction and assistance begins, again in tandem between domestic staff and the foreign office. This phase includes the following:

- *Background checks and credit reports on the foreign partner.*
- *Technical assistance on shipping and logistics.*
- *Certificates of Free Sale.*
- *Rate quotes on international professional services should they be required.*
- *Price negotiations.*
- *Export financing.*
- *Contract development.*
- *Closing the sale and collecting payment.*

Again, the relationship/interaction above is documented in its entirety and the subject records are maintained and reviewed by the ITI Manager, who periodically reviews the information with the Business Development & Trade Division Director.

The entire process can take anywhere between 3 months and two years to complete and in some instances, even longer based on the technical nature of the partner search. Quite often, the process may stall at price sensitivities and negotiation and a sale will not be realized. Thus, the process begins all over again.

Since July 2004, a new system of tracking office performance was implemented, the Client Impact Statement (CIS). The Client Impact Statement has evolved into a vital management tool and performs a number of functions including: service effectiveness; customer satisfaction rating; company comments on service and a section whereby a Missouri company can voluntarily include the dollar amount of sales realized based on the services provided.

Since January 2005, the ITI has been working to develop a client tracking system in-house. The ITI has contracted the DED's MIS group to develop a web-based client tracking system in order to properly track customer contacts and action steps by both domestic staff and the foreign offices. The system will incorporate real-time interface and data collection; have the capability

to create staff and foreign office reports instantaneously, as well, as provide a performance-measuring tool (CIS interface) to further track the progress and accountability of the ITI.

Since January 2005, the ITI measures program performance in the following areas:

- *Effectiveness: Number of jobs created based on service. Obtained during semi-annual survey of clients served.*
- *Efficiency: Return on investment based on Average Cost per Client and Average Cost per Service provided collected on a quarterly basis.*
- *Number of Clients: Quantitative measure of companies seeking assistance to include new clients to the program. Provided on a quarterly basis.*
- *Customer Satisfaction: General satisfaction obtained monthly on a per service basis. Detailed satisfaction quotient obtained during semi-annual customer survey.*

In order to ensure compliance and emphasize accountability and adequate support for data supplied by foreign offices, the Manager of the ITI Office reviews and maintains this program performance measurement information and periodically reviews the information with the Business Development & Trade Division Director.

2. Monitoring of Contractors

The OIM did not document its review of the contractors' activity reports, did not ensure the contractors were in compliance with all contract provisions, did not review the expenses of their contractors, did not compare the contractors' budget to actual expenses, and failed to ensure contractors' expenditure documents contained sufficient detail.

During the audit period, the OIM contracted with five contractors to provide international marketing services for Missouri business in offices located in Korea, Africa, Japan, Mexico, and Europe. These contract payments totaled approximately \$1.1 and \$1.2 million for Fiscal Years 2004 and 2003, respectively. According to DED officials, the contractor payments are based on completion of performance objectives as opposed to the actual expenses incurred during the period. Therefore, the contractor receives 1/12th of their contract amount each month after the monthly program report and an invoice requesting payment is received, with the final payment held until the year-end compliance report is received. Our review of the contracts noted the following concerns.

- A.1. The OIM failed to document their review of the contractors' monthly program reports and the year-end compliance reports prior to payment. The contracts state that "upon review and approval of the program report and payment request, payment shall be forwarded to the contractor." The monthly program reports and the year-end compliance reports are the management tools that the OIM uses to monitor the activities of the contractors to ensure the intended services were provided and the outcomes proposed were achieved. The reports indicate the services the contractor provided to various Missouri businesses, any export sales that resulted from the contractor's efforts to help Missouri businesses, and other

applicable activities that were performed under the contract. Our review of the program and year-end compliance reports noted several errors in the export sales reported from month to month and in the year-end compliance report. If the OIM had properly reviewed the reports, these errors could have been caught and corrected, and the contract renewal decisions would have been based on accurate information. The OIM stated the reports are reviewed but the review is not documented and OIM is in constant contact with each of the contractors because they work as a team in promoting Missouri business.

2. In addition to the monthly program reports and the year-end compliance reports, the OIM receives a budget from each of the contractors, which indicate how the contractors will expend the monies awarded. The OIM failed to use these budgets as an additional tool to monitor the contractors' expenses and to ensure the state was receiving the services they expected for the payment made to each contractor. We reviewed 1 year's actual expenses for each of the contractors and noted the following contractors received more state funding (amounts noted) than was budgeted to operate the international offices:

- FY 04 – Europe \$7,000
- FY 03 – Japan \$6,500
- FY 04 – Korea \$1,800
- FY 04 – Mexico \$1,100

Failure to properly review and document the monitoring efforts of the contractor reports and compare the contractors' budget to actual office costs and hold the contractor accountable decreases the effectiveness of the reports and budgets as a performance tool for contracted services. In addition, OIM cannot ensure the contractors are meeting OIM's expectations or that state funds were used as intended without properly monitoring the contractors' activities.

- B. Four of the five contractors failed to provide the OIM documentation of travel costs as required in their contracts. The contracts state that "funds will be paid to the contractor on a monthly basis upon receipt of invoices requesting payment, documentation of travel costs above \$25 per item, and a monthly program report." DED officials indicated that since payments to the contractors are performance based there is no need for the OIM to receive documentation of travel costs and the intent of the contract requirement was for the contractors' accounting agent to maintain the documentation of travel cost not the OIM. The DED's interpretation of the contract provisions appears to significantly contradict the actual provisions.

Failure to ensure all required documents are received prior to payment decreases the effectiveness of the contract requirements which are used as management tools to ensure contractors are performing as intended.

- C. Neither the DED nor the OIM reviews contractor expenditures to ensure they are reasonable and necessary for the conduct of state business. We reviewed

expenditures made by each of the contractors and noted several expenditures that did not appear to be a prudent use of state monies or a necessary cost of operating Missouri's international offices. The following expenditures are examples of expenses claimed by the contractors and paid by the state that appeared to be unnecessary:

- Japan office - Director bonus - \$14,000
- Mexico office - Christmas bonus total for all staff - \$1,400
- Korea office - Flowers for birthdays and marriages of friends or business acquaintances of the contractor - \$70 to \$85 per instance.
- Korea office - Fruit basket to a business acquaintance of the contractor for birth of a child - \$60
- Europe office - Alcoholic beverages - \$32
- Africa office - Cash gifts to government officials and press agents - \$100 to \$500 per instance

The DED and OIM need to evaluate future contractor expenses in an effort to eliminate unnecessary costs and to ensure that purchases made by the contractors are necessary costs of operating the Missouri offices and are efficient uses of state resources. Without adequate procedures in place to monitor contractor expenditures, the OIM cannot ensure either the reasonableness or propriety of expenditures nor compliance with contract terms.

- D. Contractor expenditure documents did not always contain sufficient detail of the items purchased or services received. For example, a bank transfer receipt, in the amount of approximately \$6,600, was the only document provided as support for construction costs. The receipt only indicated the amount transferred and the account name transferred to. The contractor could not provide any documents from the construction company to support the work that was done. We also noted several other expenditures where the contractor could not provide an invoice or a receipt.

Without sufficient documentation that adequately details how monies were expended, the OIM has little assurance that state funds were being used as intended. This is essential when the majority of the supervision of the contractors is through phone conversations.

WE RECOMMEND the DED and OIM:

- A. Thoroughly and properly review all contractor reports and document the results of these reviews. All necessary corrections and deficiencies should be resolved before any payments are made. In addition, procedures should be established to ensure contractors' budgets are compared to actual expenses and the information obtained is used as a performance tool for the contracted services.

- B. Monitor contractors to ensure requirements are met, state funds are used in accordance with contracts, and expected results are achieved.
- C. Establish procedures to ensure contractor expenditures are periodically reviewed for reasonableness and propriety.
- D. Ensure contractors maintain detailed documentation to support all expenditures.

AUDITEE'S RESPONSE

The Department agrees with the recommendation of the State Auditor's office, and the ITI has implemented the measures below in an effort to ensure compliance by foreign offices with the contract terms as well as allow for stricter accountability guidelines in reviewing expense and contract requirement issues. Each month the ITI foreign offices submit a written monthly report, which includes: a summary of services provided; individual company activities and assistance provided; description of trade promotion projects and activities; time allocated per each client and project; along with the invoice for the month's services in accordance with the contract for services.

Effective February 15, 2005, each foreign office report submitted on the 10th of the month following the month of service is reviewed and evaluated by the Manager of the ITI Office.

The following review process has been developed whereby submitted reports are reviewed against the previous month's reports for accuracy and content. If additional information is necessary, that foreign office is asked for clarification or supporting documentation. The foreign office is then required to re-submit the edited/amended report for approval.

Upon satisfactory submission of the report, the Manager of the ITI Office indicates final approval by initialing the report. The reports are then submitted to the Division of Business Development & Trade's Manager of Budget & Planning who also evaluates the reports, ensures compliance with the contract provisions, and initials upon conclusion. The reports are then submitted to the file.

Once the reports have been cleared for submission to the file, the Manager of the ITI Office reviews each foreign office invoice, appraising the content and appropriateness of expenditures. The invoices are assessed by a thorough review of the receipts. Once the receipts have been reviewed and accepted, the invoice is initialed by the Manager of the ITI Office and the Manager of Budget and Planning to indicate compliance with the contract provisions and approval of payment. The invoice is then sent to the DED's fiscal office to process for payment.

The audit noted discrepancies occurring between the contract amounts and the actual expenses of the foreign office contractors. These contracts were performance-based contracts requiring a monthly set fee to be paid and was not tied to actual expenditures. The contract language required that the flat monthly fee be paid to the contractor upon receipt and approval of invoices, itineraries, client reports, program reports, and travel receipt documentation.

In April 2005, the ITI Office requested a complete review of all foreign office contract language to include budget and reporting methodologies in an effort to provide a more consistent and comprehensive method of internal control and management of each foreign office. The ITI Manager, the Manager of Budget & Planning, and the Business Development & Trade Division Director are undertaking a thorough review of the terms of each ITI foreign office contract at the time of renewal, in conjunction with the DED General Counsel, to ensure that all terms of the contract, accountability measures and compliance expectations are set forth in the contract.

An additional method of internal control will be implemented in May 2005 and has already been developed by the ITI Office. A voluntary internal or self-audit system has been initiated with regard to the oversight of the foreign offices. Each quarter, a foreign office will be selected at random and audited for a period of one month within the previous fiscal quarter. A comprehensive review of the monthly report and expenditures will be evaluated and crosschecked for accuracy and content.

A special report will be submitted to the file indicating the period of the internal audit, the findings if any, and all necessary steps required to resolve any discrepancies noted. The first self-audit to be conducted by the International Trade & Investment Office will involve the appraisal of the Mexico Office operations for the month of January 2005.

3. Out-of-State Travel

We reviewed 25 out-of-state travel expenditure documents which disclosed that the OIM does not maintain sufficient documentation to determine if the most cost-effective means of travel was selected. The OIM spent a total of approximately \$13,100, \$14,800, and \$28,700 for out-of-state travel in fiscal years 2004, 2003, and 2002, respectively. Commercial airline is the preferred mode of travel for out-of-state official business, training, meetings, or conferences. Travel regulations do not require state employees to use the lowest available airfare. There are a number of considerations that must be evaluated to fully consider all travel costs such as alternate airline, flight times, layovers, weekend stays, and additional meals.

Travel authorization forms are used by the OIM and approved by the budget and planning manager and director of the Business Services Division. All costs, including transportation costs, are estimated and sent to the budget and planning manager for initial authorization, then to the division director for final approval. The travel authorizations for the trips reviewed did not include any documentation that showed how the traveler arrived at the travel decision made. We could not determine if alternate flight times and fares, travel schedules, airlines, and number of days in travel were considered before selecting the method used. Therefore, we could not determine if the budget and planning manager and division director had appropriate documentation available to make informed decisions.

The OIM said they conduct such analyses and discard the documentation after the travel form is authorized. At the time of our audit, the DED stated that it was in the process of

revising the travel policy, which would require employees to do a cost-benefit analysis for all out-of-state travel.

Without cost-benefit analyses documenting that the most economical means of travel available was used, we could not determine whether employees considered alternatives and whether the budget and planning manager and division director were able to fully evaluate the travel decisions being made by employees to ensure travel costs were minimized.

WE RECOMMEND the DED amend its state travel regulations to require the OIM to prepare and maintain documentation regarding travel costs analyses.

AUDITEE'S RESPONSE

The Department agrees with the recommendation of the State Auditor's office and implemented a new travel policy effective December 14, 2004. The policy requires a cost comparison to be completed and submitted with the Out of State Travel Authorization form. The ITI is required to adhere to the travel policy of the DED for cost comparisons and other issues related to out-of-state travel.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF ECONOMIC DEVELOPMENT
OFFICE OF INTERNATIONAL MARKETING
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Missouri Department of Consumer Affairs, Regulation and Licensing was created July 1, 1974, with the Omnibus State Reorganization Act. Effective September 7, 1984, the department's name was changed to the Department of Economic Development (DED) as a result of the adoption of a constitutional amendment. The department is composed of several agencies organized to execute statutory requirements and department policies in the areas of economic development, regulation of business and financial institutions, and professional registration.

Joseph L. Driskill served as the Director from May 1993 to December 2003. Kelvin Simmons served as the Director from January 2004 to January 9, 2005. Garry Taylor served as Acting Director from January 10, 2005 to January 26, 2005, when Gregory A. Steinhoff became director.

The director appointed by the governor and confirmed by the Senate, is the chief executive officer of the department. The director appoints the central management staff and principal division directors, supervises the department agencies, and advises the governor and General Assembly on matters relating to the department.

The Business Development and Trade Division helps businesses to experience growth in sales and increased investment in their operations. This division is organized into five primary sections, with the Office of International Marketing (OIM) being one of those sections. The current director of the Business Development and Trade Division is Randa A. Hayes.

The OIM had approximately 9 full-time employees and one contracted employee as of June 30, 2004.

The OIM assists Missouri businesses to create new business opportunities in the global market. The OIM operates several offices throughout the world. At June 30, 2004, offices were located in Seoul, Korea; Accra, Ghana; Tokyo, Japan; Monterey, Mexico; London, England; and Mainz, Germany.

In January of 2005, the OIM name was changed to International Trade & Investment.

Each office in cooperation with staff in Jefferson City provide the following services:

- International Sales Consulting:
 - Advice and technical assistance on export marketing.

- Agent/Distributor Search:
 - Assistance in locating buyers for Missouri goods and services through local business partners, representatives, agents and distributors.
- Catalog Shows and Material Distribution:
 - Low cost means of circulating Missouri product or service literature in cooperation with the US Department of Commerce with the objective of facilitating new contacts and international sales.
- Foreign Trade Missions:
 - Itinerary development; one-on-one meetings; and logistical support all but a few of the services domestic and global office staff provide in order for Missouri firms to gain a first hand understanding of a prospective market and identify local business partners.
- Trade Finance:
 - An experienced staff loan officer is on staff to assist firms with Export-Import Bank loans, guarantees and insurance.
- International Trade Shows:
 - International trade shows are a key marketing tool for selling Missouri goods abroad. Staff assists with identifying booth space; promotional materials and displays, one-on-one appointments at the venue, as well as logistical support.
- Trade Leads:
 - Primary function of all of the Missouri global offices. Missouri companies require information on the market demands of goods and services and Missouri offices assist by informing them of the market requests.

DEPARTMENT OF ECONOMIC DEVELOPMENT
OFFICE OF INTERNATIONAL MARKETING
ORGANIZATION CHART
JUNE 30, 2004





Claire McCaskill

Missouri State Auditor

June 2005

ECONOMIC DEVELOPMENT

Division of Tourism



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Economic Development, Division of Tourism.

During the years ending June 30, 2004, 2003, and 2002, numerous promotional type items featuring the Missouri Tourism or Film Commission logo, with a total cost of approximately \$18,000, \$33,000 and \$44,000, respectively, were purchased and given to the general public, legislators, tour operators, and the media. We question the purchase of these items as being trivial in value and with no measurable outcome.

The division spent significant amounts on promotional functions and could not provide measurable outcomes, including:

- A Missouri Nights Launch Party, with a total cost of approximately \$26,000, for the media, city leaders, legislators, and other individuals who could influence the public to vacation in Missouri.
- A Missouri Gala, black-tie dinner and dance, in Canada to promote Missouri as a travel destination. The Missouri Gala cost approximately \$21,000 and \$23,000 for the years ending June 30, 2004 and 2003, respectively.
- During 2002, in London, England, the division purchased concert tickets and provided a 3-course dinner, prior to the concert for 54 individuals at a total cost of approximately \$11,500.
- The division paid \$60,000 for the planning, scheduling, contract negotiations, artist bookings, and logistics for a Soul in the Night Concert held in St. Louis to promote Missouri as a premier Midwest entertainment destination. Also, the division paid approximately \$2,500 for rental of lighting equipment, \$200 for extra security, and approximately \$240 for the rental of coat racks and hangers.

Several expenditures for sales mission dinners and marketing events held in the United Kingdom appear excessive based on documentation provided, including:

- In fiscal years 2004 and 2003, the division held a World Travel Market Dinner/Reception for 40 people at an average cost per person of approximately \$130.

(over)

- In fiscal year 2004, the division purchased 20 tickets to the Visit USA Ball, which were

YELLOW SHEET

given to individuals in the media and division personnel, at an average cost per person of approximately \$185.

- In fiscal year 2004, the division provided a dessert reception prior to attending the Visit USA Ball for 17 people at an average cost per person of approximately \$41.
- In fiscal year 2004, the division held an Ireland Sales Mission dinner for 19 people at an average cost per person of approximately \$74.
- In fiscal year 2003, the division held a Sales Mission Luncheon for 18 people at an average cost per person of approximately \$116.

Our audit also noted that supporting documentation and invoices were not always sufficiently reviewed before payment of the invoice. Also, the division approved payment of numerous invoices without adequate supporting documentation and other payments were processed without a properly approved purchase order. Additionally, receipt of goods or services is not always indicated on invoices prior to payment, and the division did not consistently code similar expenditures to the same object code in its accounting system.

Baseline data was not required by the division from the various organizations who were awarded funds through the Cooperative Marketing Program. The division does not use the performance measures reported by the organizations to determine what future projects to fund for the program. The number of inquiries reported by the various organizations is used by the division to determine a cost per inquiry based on the state and local funds spent on the marketing project. For the period July 2003 through September 2003, the cost per inquiry ranged from \$.68 to \$1,690.

The division did not record approximately \$45,700 for the cost of the new storage space addition at the Joplin Welcome Center on the capital asset records in a timely manner.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gregory A. Steinhoff, Director
Department of Economic Development
and
Members of the Tourism Commission
and
John Robinson, Director
Division of Tourism
Jefferson City, MO 65102

We have audited the Department of Economic Development, Division of Tourism. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Evaluate the efficiency and effectiveness of certain management practices, policies, and operations.
3. Review certain expenditures made by the division.
4. Determine the extent to which audit recommendations included in our prior report were implemented.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Economic Development, Division of Tourism.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Mary Johnson

MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Expenditures

Some division purchases appear to be unnecessary, while others appear to be an inefficient use of state resources. In addition, several expenditures for promotional functions and events have no documentation to measure their results. Also, supporting documentation was not sufficiently reviewed prior to payment, supporting documentation was not maintained, purchase orders were not properly approved, receipt of goods or services was not indicated, and expenditures were not properly coded in the accounting system.

A. Some of the division's purchases do not appear to be necessary or an efficient use of state resources. In addition, the division does not document the results of promotional functions and events. We noted the following concerns:

1. The division purchased numerous promotional items and incurred additional cost to store the promotional items that do not appear to be directly related to a business need. Some examples noted were:

- During the years ending June 30, 2004, 2003, and 2002, numerous promotional type items, with a total cost of approximately \$18,000, \$33,000 and \$44,000, respectively, were purchased and given to the general public, legislators, tour operators, and the media. These items included t-shirts, aprons, lapel pins, collar shirts, hats, bumper stickers, press notepads, bandanas, and tote bags. The items featured the Missouri Tourism or Film Commission logo. Division personnel believe such items are necessary in promoting and attracting visitors and films to Missouri.

We question the purchase of these items as being trivial in value and with no measurable outcome.

- During the years ending June 30, 2004, 2003, and 2002, the division rented a 200 square foot storage unit at a cost of \$70 per month to store the division's promotional items. During our visit to the storage unit in April 2004, we noted that the unit was approximately half full. Items in the storage unit included t-shirts, jackets, cowboy hats, cooler bags, hand towels, canvas bags, backpacks, and table decorations used for division conferences and events. Division personnel believed the storage unit is needed due to lack of space within the division's office and having a storage area with limited access reduces the possibility of

theft. These items could easily be placed in a closet area at the division's office and thereby eliminating this unnecessary monthly rental cost.

2. The division spent significant amounts on promotional functions and could not provide measurable outcomes. Some examples noted included:
 - For the year ending June 30, 2003, the division held a Missouri Nights Launch Party for the media, city leaders, legislators, and other individuals who could influence the public to vacation in Missouri. The party was held to launch the Missouri Nights advertising campaign by showing those present what Missouri has to offer as a vacation travel destination. The total cost of the party was approximately \$26,000. Included in the cost of the party was dinner, entertainment, a fashion show, decorations, equipment rentals, invitations, gift bags, Missouri Nights logo carpet, live videos, and other miscellaneous items. Considering the attendees at this event, it is unclear how this increased tourism in Missouri.
 - Each year, the division holds a Missouri Gala, black-tie dinner and dance, in Canada during the Missouri Days in Canada event. The Missouri Gala is held for the Canadian travel industry and is used by the division to promote Missouri as a travel destination and to make a lasting impression on those in attendance. The cost of the Missouri Gala was approximately \$21,000 and \$23,000 for the years ending June 30, 2004 and 2003, respectively. Cost included dinner, entertainment, invitations, flowers, postage, and a planning assistant. For years ending June 30, 2004 and 2003, the division invited 100 and 130 individuals, respectively, which is an average cost of approximately \$190 per person. In addition to the per person costs being excessive, the division could not provide any statistical data indicating visitors to Missouri increased because of this event in Canada.
 - During 2002, the division purchased concert tickets and provided a 3-course dinner, prior to the concert, for 54 individuals at a total cost of approximately \$11,500, which is approximately \$213 per person. The event was held in London, England and was used by the division as a public relations event to show what Missouri has to offer in the form of entertainment. The guest list included media personnel and their spouses, tour operators and their spouses, travel partners in the United Kingdom (UK), staff from the UK agency office, and division personnel. The division could not provide any statistical data indicating visitors to Missouri increased because UK media, tour operators, travel partners, and spouses were provided dinner and concert tickets.

- Each year, the division assists in sponsoring the Cellet Tour Operator Golf Day held in London, England for tour operators. The event includes a round of golf, dinner, and trophies. The division's portion of the cost is approximately \$2,000 each year. Division personnel believe the event is necessary to promote Missouri as a travel destination and this event provides an opportunity to talk with the tour operators' one on one. As noted above, there is no measurable outcome that resulted from this expenditure.
 - In 2004, the division held a Canada Group Leader Luncheon/Conference for individuals in the Canadian travel industry. The luncheon included a comedian/speaker at a cost of \$5,000. Division personnel believed the comedian/speaker was necessary to leave a lasting impression on those in attendance to brand Missouri as a travel destination. The division had no information to indicate that these travel agents booked any trips to Missouri.
3. The division paid a vendor for concert management fees related to a Soul in the Night Concert that was held in St. Louis. The division paid \$60,000 for the planning, scheduling, contract negotiations, event planning, artist bookings, and logistics for the concert. Also, the division paid approximately \$2,500 for rental of lighting equipment, \$200 for extra security, and approximately \$240 for the rental of coat racks and hangers. The division stated that the 2004 concert was a free outdoor event that was used to promote Missouri as a premier Midwest entertainment destination in conjunction with the Gateway Classic weekend. Division personnel believed that by providing a free concert the night before the Gateway Classic Football Game, visitors would come to St. Louis a day earlier which would boost Missouri's economy. No measures are in place to gauge the effectiveness of such events.

In each of the instances noted above the division could not provide any data to demonstrate that the events increased the number of visitors to Missouri or that Missouri residents did not travel to other states. Without measurable outcomes to justify the above expenses, these events are merely expensive state-funded parties. The division needs to reevaluate future expenditures in an effort to eliminate unnecessary costs, ensure the efficient use of resources, and ensure that all purchases serve a public, promotional purpose.

- B. Several expenditures for sales mission dinners and marketing events held in the United Kingdom appear excessive based on documentation provided. We noted the following examples of excessive purchases:

- In fiscal years 2004 and 2003, the division held a World Travel Market Dinner/Reception for 40 people at a cost of approximately \$6,000 and \$4,700, respectively, resulting in an average cost per person of approximately \$130.

- In fiscal year 2004, the division purchased 20 tickets to the Visit USA Ball. The tickets were given to individuals in the media and division personnel. The total cost of the tickets was approximately \$3,700, a per person cost of \$185.
- In fiscal year 2004, the division provided a dessert reception prior to attending the Visit USA Ball for 17 people at a cost of approximately \$700, a per person cost of approximately \$41.
- In fiscal year 2004, the division held an Ireland Sales Mission dinner for 19 people at a cost of approximately \$1,400, a per person cost of approximately \$74.
- In fiscal year 2003, the division held a Sales Mission Luncheon for 18 people at a cost of approximately \$2,100, a per person cost of approximately \$116.

To ensure public funds are spent wisely, meal and event expenses should be necessary, reasonable, and adequately documented. In addition, without measurable outcomes to justify these costs, the above expenses appear to be excessive and unnecessary.

- C. The supporting documentation and invoices were not always sufficiently reviewed before payment of the invoice. For example, we noted one instance in which mileage was reimbursed at 40 cent per mile, while the state-approved reimbursement rate at that time was 33.5 cents per mile. We also noted that two individuals traveled overseas to the World Travel Market and incurred lodging and meal expenses. The division reimbursed the individuals using two different exchange rates. To ensure the proper expenditure of state funds, a thorough review of invoices prior to payment is necessary.
- D. The division approved payment of numerous invoices without adequate supporting documentation. For example, several conference and reception meal expenditures reviewed did not include a listing of attendees. There was one instance a listing of attendees was provided; however, the number of individuals listed did not agree to the meals provided. Also, several invoices for the purchase of give-away prizes were reviewed. These invoices did not include a listing of the winners of these prizes. Adequate documentation is necessary to ensure the propriety of these expenditures.
- E. Numerous payments were processed without a properly approved purchase order. The division prepares purchase orders for expenditures; however, the purchase orders were not approved by the deputy director or the program manager until the expenditure had been made. Failure to document purchase approval prior to initiating purchases of goods or services limits the division's ability to monitor, control, and track expenditures.

- F. Receipt of goods or services is not always indicated on invoices prior to payment. To ensure goods or services have been properly received by the division, all invoices and other supporting documentation should be properly initialed or signed by a division employee upon receipt.
- G. The division did not consistently code similar expenditures to the same object code in its accounting system, and it appeared that some expenditures should have been charged to a more appropriate object code. For example, we noted three instances in which the purchase of Welcome Center uniforms were charged to a code used for the purchase of promotional supplies. The more appropriate object code would have been the one used for uniforms and clothing.

WE RECOMMEND the division:

- A. Ensure that expenditures are prudent, necessary and serve a public purpose. In addition, the division should establish procedures that document and measure the results of expenditures for promotional functions and events.
- B. Reevaluate the current meal and event policy, and look for ways to reduce these expenses.
- C. Ensure supporting documentation is sufficiently reviewed for propriety before payment.
- D. Require adequate documentation for all expenditures. In addition, when meals are provided, supporting documentation should include a list of all individuals who received meals.
- E. Ensure approval is documented prior to purchases of goods or services.
- F. Require documentation of receipt of goods or services on all invoices prior to payment.
- G. Ensure expenditures are charged to appropriate object codes.

AUDITEE'S RESPONSE

- A. *As noted by the auditor's staff, the Missouri Division of Tourism has reduced promotional expenditures from \$44,000 to \$18,000 in the past three years. Those purchases that continue are constantly reviewed for effectiveness and appropriateness.*
 - 1. *Concerning promotional items, the award-winning Missouri Division of Tourism is a promotional agency. We employ traditional, proven marketing techniques to promote the state to potential travel decision makers, and especially to those travel companies that have the potential to package tours to Missouri. Below are the division responses to some specific items the auditor questioned as necessary:*

T-shirts: The division did not last year and will not produce T-shirts for any in-state organization meeting.

Aprons for Savor the Flavor: These were presented specifically to legislators so that industry leaders could easily identify legislators for specific presentations.

Lapel pins: Due to budget constraints, the division has not produced lapel pins since 2003 and the practice has been discontinued.

Collar shirts: The division has not produced collar shirts, except for distribution to working staff and commissioners. The division will only produce collar shirts as they are needed for uniforms.

Hats: As evidenced in modern American culture, logo apparel is a much-used, and effective, way of creating a positive image, and keeping an entity's brand image name in front of the public indefinitely. And using marketing savvy, we can even get more mileage out of such logo items. For example, the division positioned the Missouri caps in the photo on the front cover of Bank Travel Magazine. The Missouri Division of Tourism will carefully evaluate each proposed instance of usage of apparel logos for promotional effectiveness of the Missouri brand.

Bumper stickers: While bumper stickers can provide brand name recognition (political bumper stickers are a prime example), the Division of Tourism has used such promotional branding sparingly, and not since 2002. The bumper stickers are used for our travelers when they visit our Welcome Centers – that is the only place they are available. Our marketing theory: What better advertising than to see a non-Missouri car, van or RV going down the road in another state showing off the fact they had visited Missouri? The travelers must specifically ask for a bumper sticker, and they're not placed on any vehicle without permission. It's a very inexpensive way to promote our state. The Missouri Division of Tourism will carefully evaluate each proposed instance of bumper stickers for promotional effectiveness.

Press notepads: The Missouri Division of Tourism relies on many partners to promote the Missouri experience. The media, which provide stories in print and broadcast to potential visitors, both outside and inside Missouri, are key to this promotional effort. Responding quickly and effectively to the tragic events of 9/11, the Missouri Division of Tourism and the Missouri Tourism Commission designed an effective program to encourage people to continue to travel in Missouri after the tragedy. The results of the successful Rediscover Your Missouri campaign kept Missouri's tourism industry from suffering a recession. Through a very difficult period, tourism in the state held steady while other states' tourism waned. A big part of that included the division's solid relationship with the media, particularly the Missouri Press Association and the Missouri

Broadcasters Association. To continue to remind these entities of the importance of tourism as a revenue producer for Missouri, we produced reporters' notebooks, and encouraged reporters and editors to write about Missouri tourism.

Bandanas: The bandanas were produced as promotional materials for the "Missouri's Drive into Fall" campaign, featuring Missouri's own Harley Davidson.

On the rare occasion when the division produced tote bags, they were distributed primarily to working travel media and tour operators, who use them to carry literature they collect about Missouri destinations.

Concerning the rental of a 200-square-foot storage unit, the division agrees with the auditor, and the storage room was relinquished as of October 31, 2004. At that point, the division consolidated all storage into the DED warehouse and on site at the Division of Tourism.

2. *As mentioned in the opening paragraph, per the auditor's mention of unnecessary or excessive costs, the division can do a better job of showing the value of such investment, in terms of measurable outcomes. Those outcomes exist, even though subcontractors and/or staff were slow in providing such outcomes to the auditor's staff.*

The Missouri Nights Launch Party was a media event for Missouri in St. Louis, to help elevate Missouri as a premier destination to African American travelers. The Missouri Division of Tourism's professional marketing team has determined that the African American market is a viable market for visiting Missouri, yet many African Americans do not perceive Missouri as a prime travel destination. Missouri's new marketing effort is changing that, as evidenced by the numbers. For its \$26,000 cost, the event received national media coverage, including excellent free coverage in Ebony Magazine, valued at \$52,000, and Jet Magazine, valued at \$75,000. Total media coverage, including television and print materials generated by Harrah's, amounts to \$198,500 in paid media equivalent. The division will continue to monitor the effectiveness of such events, and ensure the measurable outcome of success is readily available.

Concerning the Missouri Gala Black Tie event, the division's subcontractor reports that subsequent to that event, guests combined to send at least \$725,167 worth of business to Missouri. Other guests generated an advertising equivalency of at least \$53,753 in public relations. Such events, despite the per meal cost, often are much more cost-efficient than arranging personal visits with each individual decision maker, after considering travel logistics, and time/meal considerations. Missouri will continue to look at ways to mitigate costs for such events, and ensure that information about these successful results is readily available.

When discussing the Division of Tourism's efforts to stimulate international tourism to Missouri, it is important to keep in mind several key marketing points:

- 1) Currently, it takes nearly two U.S. dollars to equal one British pound. The Euro also is strong. Consequently, a meal in London is nearly twice as expensive as a meal in St. Louis.*
- 2) It often is more cost-effective to take the opportunity to visit one-on-one with key travel writers and tour planners in one setting, rather than scheduling individual visits, for the obvious reason of travel, lodging and time costs. As marketing professionals, we must ask the question: How many days would it take to reach and effectively communicate in person with 54 people when they're not in one sitting?*
- 3) Missouri must compete with every other world destination for the British and Canadian travel business (our primary international foci). We must be more aggressive than many first-tier destinations, such as Orlando, New York, Washington DC, and Las Vegas.*

While it may appear that the cost of the concert tickets was excessive, the division's subcontractors report that after the \$11,500 event, attendees accounted for \$44,179 in tours to Missouri, \$414,100 in public relations advertising equivalency, and \$8,500 in compensatory tickets for familiarization tours in Missouri for tour companies and travel writers. The division agrees that is sound policy to report the return on investment of such efforts, and to make sure measurable outcomes of success are available.

Personal relationship building is a necessary key to success in encouraging British travel companies to trust sending their vacationers to Missouri. After the Cellet tour operator golf day, the division's subcontractors report that participants combined to provide an estimated economic impact of \$1,131,578, plus another \$7,500 in complimentary airline tickets for familiarization tours to Missouri by British travel decision makers. The division agrees that it is good policy to report the return on investment of Cellet tour operator golf day, and ensure that measurable outcomes of success are available.

Concerning the professional speaker at the Canada Group Leader Conference Luncheon: After 2001, Canada launched a very effective "holiday in your own backyard" campaign. Branson, while seeing modestly declining numbers after September 11th, still remains the primary Missouri area Canadians know. Consequently, there can be a "been there, done that" feeling among group leaders. To combat this, it is important to educate group leaders about new things in Branson, and the other areas of the state. While videos, print advertisements and collateral materials can be effective, our approach to capture attendees' attention by educating with humor was successful in promoting Missouri's other treasures without customers feeling that they are sitting through

a sales presentation. Group leaders are invited to numerous events. The attraction of something different and appealing is vital to ensure (indeed, increase) their attendance. The presentation focused on educating group leaders, in a humorous fashion, about ways to overcome the ongoing challenges of group travel. In addition, it was vital to have a speaker professional enough to have researched and understood the nuances between Canadians and Americans and the special circumstances that can arise out of cross-border travel. This demonstrated Missouri's interest, concern and understanding of the Canadian group leader market. Because Canada is Missouri's number one international market and because the senior market is the greatest component of that market, our speaker continued to reinforce how travel can continue to bring a positive and enlightening influence to their lives. In the wake of the Iraqi conflict, there was some anti-Canadian sentiment in the U.S. Sadly, these incidents made national Canadian news and there was concern that this feeling permeated all of America. It is paramount to reinforce the message - in a non-threatening, humorous but professional manner - that Missouri welcomes and indeed relies upon our Canadian visitors. As someone without an apparent career in tourism, our speaker was able to take a "third party approach" to let our clients know that the average Missourian relies on tourism and the Canadian guest is not only welcomed but also our most important international customer. The division agrees that the division should report the return on investment of such events, and ensure measurable outcomes of success are available.

3. *The Missouri Division of Tourism's professional marketing team has determined that the African American market is a viable market for visiting Missouri, yet Missouri is not perceived by many African Americans as a top-of-mind travel destination. Missouri's new marketing effort is changing that, as evidenced by the numbers. The Soul In the Night concert was the kickoff momentum builder for the new effort to attract the African American market to Missouri. According to the division's subcontractor, the St. Louis Convention and Visitors Center reported an extra 900 room-nights from the division's \$62,940 investment. From the 2003 return on investment measurement study from Strategic Marketing and Research, Inc., we know that the average African American per trip expenditures are \$602 for the average 2.2 day stay length. That equals \$274 per day in additional spending. This translates to almost a quarter million dollars (\$246,276) in return spending or a return on investment of \$4 in direct tourism expenditures for every dollar the division invested in this event. The division agrees with the auditor's office that such return on investment must be readily accessible by the division and the auditor.*

- B. *Sales mission dinners and events: As mentioned in the entries directly above, the following gives a better understanding of the media coverage benefit, and tour enhancement benefit, of the Missouri Division of Tourism's personal contact with British and Canadian travel writers and tour operators.*

Because it takes nearly two U.S. dollars to equal one British Pound, the cost of doing business in Britain is nearly twice as expensive as the cost of doing business in the U.S. However, the converse is also true, the cost for the British to visit Missouri is a half-price sale! World Travel Mart is Great Britain's major travel showcase, with virtually every major British travel planner - and every major British travel writer - in attendance. It is a sterling opportunity to showcase the value of coming to Missouri - the real America - especially after Britons have visited the first-tier destinations (Disney World, New York, Washington DC). Missouri uses this opportunity to showcase our history (Walt Disney, Harry Truman, Mark Twain, Jesse James, Laura Ingalls Wilder), and our diversity (jazz, blues and fly fishing, which the British love, and find extremely affordable in Missouri). The division must work extra hard to compete with virtually every other major destination in the world, many (continental Europe) much closer to Great Britain. We do this by hosting an event for the preeminent travel writers in Great Britain. During World Travel Mart, tour operators are inundated with invitations to special events. Capturing the client's attendance means standing out in the crowd, offering something different. In addition, finding a location that complements one's destination is important. Bo Dean's Kansas City Style Barbecue positively reflects Missouri's BBQ heritage and offered guests that incentive to attend. The return on our investment in the 2003 and 2004 World Travel Mart events was solid, as evidenced by the following:

- *Senior representatives from two airlines provided a total of ten complimentary airline tickets from the UK to Missouri to be used by UK tour operators and or travel writers with a value of \$11,228.*
- *UK travel magazines and freelance writers wrote articles about Missouri valued at \$166,565.*
- *Representatives from UK major travel agencies/tour operators provided the following:*
 1. *A major tour operator has booked tours to Missouri with an estimated economic impact of \$151,894 during 2004.*
 2. *Missouri and Missouri hotels were featured in other specialty Missouri tours which included; 7 nights "Expanding Frontiers", 7 nights "Legacies & Legends", 9 nights "Wheels & Waves", and series of "Route 66" tours with 3 nights in Missouri. These tours sent a total of 234 passengers to Missouri in 2004.*

The division agrees with the auditor's office that we will show the return on investment of the World Travel Mart dinner.

Regarding the Visit USA Ball and the dessert reception: The Visit USA Ball is sponsored by the Travel Industry Association of America (TIA) as an official function to work with the very top travel decision makers in the U.K. It is an efficient way to visit one-on-one with Britain's most respected travel writers and tour companies in one place, saving considerable travel expense and time in visiting these entities separately. The dessert reception allowed Missouri more time with individual British travel opinion leaders, to

tell Missouri's many stories. The division's subcontractors report that attendees at the Visit USA Ball/dessert reception accounted for at least \$306,146 in economic impact to Missouri, with an additional \$244,750 in public relations advertising equivalency on Missouri destinations. The division agrees with the auditor's office that it is prudent to display the return on investment of the Visit USA Ball.

Concerning the two findings in regard to the division's Ireland Sales Mission effort. The Irish travel market to America is one of the fastest growing in all of Europe. And yet, worldwide competition is keen for the Irish traveler. How do we compete? One-on-one, with Irish travel industry leaders, in a group setting, to help economize. Missouri uses the Ireland Sales Mission to talk directly to the very top travel writers and decision makers on group travel to America. Even though the division had been dormant in inviting Irish visitors to Missouri, the division's recent revitalized efforts have shown positive results. For example, the Visit USA Ireland newsletter for Summer 2003 featured a Missouri editorial. Circulation is 5,000 among travel trade decision makers. Estimated PR value for the newsletter is \$7,617. Additionally, the division's subcontractors report that now there is a brand new tour offering to Missouri from Tour America, a guest at two Missouri events in Dublin. Third, American Holidays were our guests at both the 2003 and 2004 Dublin dinner/reception. This company has reported 40 passengers to Missouri annually, though they suspect there were additional passengers, not reflected in those numbers, who traveled to Missouri from Chicago. Because we do not have Missouri specific UK per night spending, we employ the lower Canadian 2003 per-night expenditure of \$113. The result: economic impact for ONE night for American Holidays guests: \$4,518. Since Ireland's recent conversion to the Euro, there has been much news about Ireland's dramatic increase in economic power, a fine compliment to the legendary Irish will to travel. Missouri is building strong relationships and trust among Irish travel decision makers, similar to the division's strategy in England. Because the U.S. dollar's standing against the Euro remains weak, the cost of doing business in Ireland is easily 1.5 times more costly than the cost of doing business in the U.S. However, the converse is also true: the cost for the Irish to visit Missouri is a bargain! The division agrees with the auditor's office that we will show the value of the Ireland Sales Mission.

- C. *Concerning the mileage reimbursement to a Film Commission employee, although the Missouri Division of Tourism has been required to provide funding for the Missouri Film Commission, the Division of Tourism has no oversight. The oversight of the Missouri Film Commission comes from the Division of Business Development and Trade. The Division does receive copies of the invoices and backup after payment is made, and could have flagged the 40-cent per mile payment.*

Concerning the different exchange rates for expense accounts covering the same period, the division has already implemented a policy, approved by the State Auditor's Office.

- D. *The division agrees. The list of attendees for catered events will be readily accessible from the division. The division fed 188 persons rather than the list of 139, because the 188 included serving staff (Missouri tourism industry representatives). The division*

agrees that from now on, contractors will provide a complete list of attendees to tourism promotional functions. The division agrees that the list of prizewinners will be readily accessible from the division.

- E. The division agrees, and has corrected the problem. One of the primary offenders has left the division. The other division personnel will adhere to this policy.*
- F. The division agrees, and will properly initial invoices upon receipt of the goods or services.*
- G. The Missouri Division of Tourism agrees that welcome center uniforms can be put in a "uniform" category, even though they are effective as logo clothing promotional items.*

2. Cooperative Marketing Program

The division did not require organizations to provide baseline data, and the division does not use performance measures reported by the organizations to determine what projects to fund. The division's Cooperative Marketing Program provides a 50 percent match to qualified not-for-profit Missouri organizations to be used for marketing efforts, usually in the form of advertisement. The division awarded approximately \$3.0, \$2.9, and \$2.7 million to the various organizations for years ending June 30, 2004, 2003, and 2002, respectively. Starting with the year ending June 30, 2003, the division required each organization to develop a plan that would measure the results of its marketing efforts from the funds provided by the division. The marketing efforts are normally measured by the number of inquires that was generated due to the specific marketing effort. Our review of the Cooperative Marketing Program noted the following concerns:

- A. Baseline data was not required by the division from the various organizations who were awarded funds through the Cooperative Marketing Program. Each organization in the program provided the division with the number of inquires they had received each quarter. However, without a baseline or starting point the division is unable to determine if the number of inquires reported increased due to the state funds used through the Cooperative Marketing Program.

According to results-based planning guidance, baseline data should be presented to establish a starting point, or a baseline, and subsequent trend data should be presented to track progress and assess results over time. The existence of a baseline is needed for a more accurate performance measurement. As the performance measurement is currently reported, it is impossible to evaluate the results or outcomes of the state funds spent to ensure the program was cost justified and the intended results were achieved.

- B. The division does not use the performance measures reported by the organizations to determine what future projects to fund. The number of inquiries reported by the various organizations is used by the division to determine a cost

per inquiry based on the state and local funds spent on the marketing project. For the period July 2003 through September 2003, the cost per inquiry ranged from \$.68 to \$1,690. The division indicated that the performance measure the organizations used prior to the year ending June 30, 2004, is not comparable between the organizations due to differences in organization demographics and creativity. The performance measurement received from the organization for year ending June 30, 2004, should be more comparable. The division indicated that information provided by the organization would be more useful as a tool for future projects.

By not using a performance measurement it allows for state funds to be used to fund marketing projects that may not be cost effective leading to inefficient use of state funds.

WE RECOMMEND the division:

- A. Ensure baseline data is established and reported for all organizations receiving state funds through the Cooperative Marketing Program.
- B. Establish procedures to ensure performance measurements are evaluated and used to determine the funding of future projects.

AUDITEE'S RESPONSE

- A. *Missouri Division of Tourism Cooperative Marketing Program is a tremendous way to double a local destination's marketing power. Inherent in the program is the fact that the local marketing plans are produced by the individual destinations, and reflect specific local situations. Each destination proposes a specific marketing plan based on its unique set of variables. In other words, one size does not fit all. Therefore, baseline information would vary with each proposal. Last June 2004, the Director of the Missouri Division of Tourism gave a formal speech to the industry at the annual Missouri Convention and Visitor Bureau conference, in which he outlined the requirement for new measurable outcomes - to be designed and supplied by all cooperative marketing partners - to serve as the baseline on which to show progress. As evidenced by this proactive requirement, the division agrees with the auditor.*
- B. *While the Missouri Division of Tourism monitors cost per inquiry as one tool in gauging the effectiveness of a marketing program, there are many other measurement variables. Often, cost per inquiry may not be the prime indicator of success. The project reflecting a \$1,690 state plus local cost per inquiry was a convention marketing project that was cancelled in mid year prior to completion. Many of our programs use television and radio advertising, which are not strong inquiry generators, yet are great promotional tools. The division agrees, and in fact, already had notified cooperative marketing participants back in June 2004, that they must show a measurable outcome. The division disagrees with the auditor's finding that the performance measurement received from the organization for the year ending June 30, 2004, should be more comparable, because*

cost per inquiry is not the sole measurement tool, and indeed may not be preferable to other measurable tools, such as frequency of exposures over a particular demographic/psychographic target.

3.

Capital Assets

The division did not record approximately \$45,700 for the cost of the new storage space addition at the Joplin Welcome Center on the capital asset records in a timely manner. The construction of the storage space addition was completed in May 2003 and had not been added to the capital asset records until we brought this to the division's attention in April 2004.

The failure to properly record and reconcile property items reduces the control and accountability over capital assets. In addition, the division's capital assets are reported to the Office of Administration for inclusion in the state's Comprehensive Annual Financial Report. Therefore, these amounts must be as accurate as possible.

WE RECOMMEND the division ensure additions are recorded on the capital asset records in a timely manner.

AUDITEE'S RESPONSE

The storage area in Joplin has been added to inventory. The original information that was sent out by the Office of Administration to the Missouri Department of Tourism was sent in error to another division in the Department of Economic Development. That staff did not forward the information to us. In the past, this type of addition to inventory was posted to our records directly by the Office of Administration. The Missouri Division of Tourism agrees with the auditor that additions to capital assets are to be recorded in a timely manner.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Economic Development, Division of Tourism, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999. The prior recommendation which has not been implemented, but is considered significant, is repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the division should consider implementing those recommendations.

1. Papal Visit

- A. The division had entered into a contract with the St. Louis Convention and Visitors Commission (CVC) to reimburse the CVC up to \$526,969 to finance part of the cost of the Papal Visit in 1999 without having funds appropriated for this obligation. The expenditures associated with the Papal visit were not included in the budget approved by the Tourism Commission for fiscal year 1999.
- B. The contract with the St. Louis CVC was entered into approximately 2 weeks after the date of the Papal visit. In addition, the contract was not approved by the Tourism Commission until after the agreement was signed.
- C. The contract with the St. Louis CVC did not require competitive bidding for purchases in excess of a predetermined amount.

Recommendation:

The division:

- A. Discontinue incurring expenditures not authorized by the commission and the legislature. In addition, the division should monitor expenditures from appropriations and evaluate the overall financial condition before entering into contracts for unplanned expenditures. If additional funds are needed, requests should be filed and approved prior to entering into contractual agreements.
- B. Ensure the Tourism Commission approves major commitments before division personnel enter into such agreements.
- C. Require contract purchases to adhere to state bidding policies and procedures.

Status:

A&B. Implemented.

- C. Implemented. Starting in April 2004, all contract purchases must adhere to a purchasing policy established by the division. The division's policy established competitive bidding guidelines to be used by the contractors.

2. Expenditures and Contracts

- A. The contract between the division and the advertising agency did not require the advertising agency to obtain competitive bids for purchases in excess of a predetermined amount. However, the advertising agency had established a procurement policy for purchases relating to its contract with the division.

Our review of the advertising agency's records revealed that bids were not always solicited nor was bid documentation always retained for various purchases made during the audit period, as required by the advertising agency's policy.

- B. The division did not require its advertising agency to pay its subcontractors prior to requesting reimbursement and commission fees from the division.
- C.1. The international marketing company did not always maintain adequate documentation to support expenditures.
 - 2. The division made duplicate payments on two invoices to the international marketing company.
 - 3. The international marketing company was reimbursed for alcoholic beverage related expenditures. Reimbursing expenditures related to alcoholic beverages is an inappropriate use of division funds.

Recommendation:

The division:

- A. Require the advertising agency to adhere to its bidding requirements, to maintain documentation of bids received, and to evaluate bids in accordance with the contract guidelines. In addition, the division should add to future contracts the requirement that the advertising agency obtain competitive bids for all purchases in excess of a predetermined amount.
- B. Require the advertising agency to pay its subcontractors prior to requesting reimbursement from the division.
- C.1
&2. Ensure adequate supporting documentation is maintained to support all disbursements and that duplicate payments are not made by making disbursements from original invoices only. In addition, the division should seek reimbursement of the \$478.

- C.3. Ensure procedures for reviewing invoices for compliance with the contract provisions are followed and the expenditures are necessary to conduct state business.

Status:

- A. Implemented.
- B. Not implemented. The division determined that to require the advertising agency to pay subcontractors prior to requesting reimbursement from the division would substantially increase the advertising agency's monthly fee. The division does require the advertising agency to present a monthly aged payable report which is reviewed to ensure subcontractors are paid in a timely manner.
- C. Not implemented. See MAR finding number 1.

3. Sponsorships

- A. The division entered into a sponsorship contract for \$50,000 with the Mississippi River Cycling and Hiking Corridor, Inc. (MRCHC) to promote the Mississippi River Trail (MRT) and the American Derby 2000 bicycle race. The division paid \$25,000 to MRCHC prior to knowing the date of the event, the number of races, and the number of potential participants. In addition, the division did not perform any procedures to monitor compliance with the terms of the contract or the progress of the event.
- B. The division had not established written criteria for selecting events to be sponsored by the division. In addition, the division did not maintain records to determine the amount spent on sponsorships each year, the number of events sponsored, the regions benefiting from the sponsorships, and the economic impact of the sponsorships.

Recommendation:

The division:

- A. Require arrangements for sponsorship events to be substantially complete before making any payments. In addition, contract monitoring procedures should be developed to ensure important provisions have been met.
- B. Establish written criteria for selecting events to be sponsored by the division and maintain records to analyze the economic impact of sponsorships on the state as a whole and on specific regions.

Status:

Not implemented. However, officials indicated that the division no longer enters into sponsorship contracts. Although not repeated in the current report, if the agency sponsors events in the future our recommendation remains as stated above.

4. General Fixed Assets

- A. Fixed asset additions were not recorded in the fixed asset records in a timely manner and were not reconciled to equipment expenditures to ensure all items were properly recorded on the fixed asset records.
- B. A physical inventory of the fixed assets was not performed on an annual basis.
- C. General fixed asset items were not always numbered, tagged, or otherwise identified as division property.

Recommendation:

The division:

- A. Ensure general fixed asset purchases are added to the fixed asset records in a timely manner by periodically reconciling fixed asset additions to records of equipment purchases.
- B. Conduct an annual physical inventory and reconcile the physical inventory to the fixed asset records. Documentation of the physical inventories should be retained to show compliance with state regulations. The division should also ensure the individual who performs the physical inventory is independent of the custody and record keeping duties.
- C. Ensure all fixed assets are properly numbered, tagged, or otherwise identified as division property.

Status:

Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Missouri Tourism Commission was created in 1967. The Division of Tourism is the administrative arm of the commission. The division is a part of the Department of Economic Development. In addition, the division is the funding source of the Missouri Film Office with the administrative oversight being the responsibility of the Division of Business Development and Trade.

The commission determines policy for all matters relating to tourism promotion. The commission consists of ten members appointed for four-year terms without compensation. One member is the lieutenant governor. Two members are senators, appointed by the president pro tem of the Senate. Two members are from the House of Representatives and are appointed by the speaker of the House of Representatives. Five other persons are appointed by the governor.

Members of the Tourism Commission as of June 30, 2004 were:

<u>Member</u>	<u>Term Expires</u>
Louis P. Hamilton, Chair	January 2004 ***
Lieutenant Governor Joe Maxwell, Vice-Chair	No Term *
Senator Chuck Gross	No Term **
Senator James L. Mathewson	No Term **
Representative B.J. Marsh	No Term **
Representative Ryan McKenna	No Term **
E. Gail McCann Beatty	January 2003 ***
Peter Brown	January 2003 ***
Raeanne Presley	January 2006
Consuelo Washington	January 2005

* Lieutenant Governor is automatically a member of the commission.

** Appointed by the Speaker of the House or the President Pro Tem of the Senate at the beginning of each new session.

*** Continues to serve until a replacement is appointed.

The purpose of the division is to promote the state's travel industry by encouraging visits by out-of-state vacationers and by encouraging Missourians to vacation in their home state. The division is administered by a director who is appointed by the Tourism Commission. Mr. John Robinson has served as director since July 2002. At June 30, 2004, the division had forty-two full time employees, thirty-seven of whom were under the State Merit System.

The Film Commission is an advisory board for the Missouri Film Office. The commission consists of nine members appointed for three-year terms without compensation. Two members

are senators, appointed by the president pro tem of the Senate. Two members are from the House of Representatives and are appointed by the speaker of the House of Representatives. Five other persons are appointed by the Director of the Department of Economic Development.

Members of the Film Commission as of June 30, 2004 were:

<u>Member</u>	<u>Term Expires</u>
Alan Liebert	August 2005
Jim Palumbo	August 2005
Jan Parkinson	August 2005
Steve Schankman	August 2004
Cindy Sheltmire	August 2006
Representative Gary Kelly	No Term ****
Representative Jodi Stefanick	No Term ****
Senator Norma Champion	No Term ****
Vacant Senate Position	

**** Appointed by the Speaker of the House or the President Pro Tem of the Senate at the beginning of each new session.

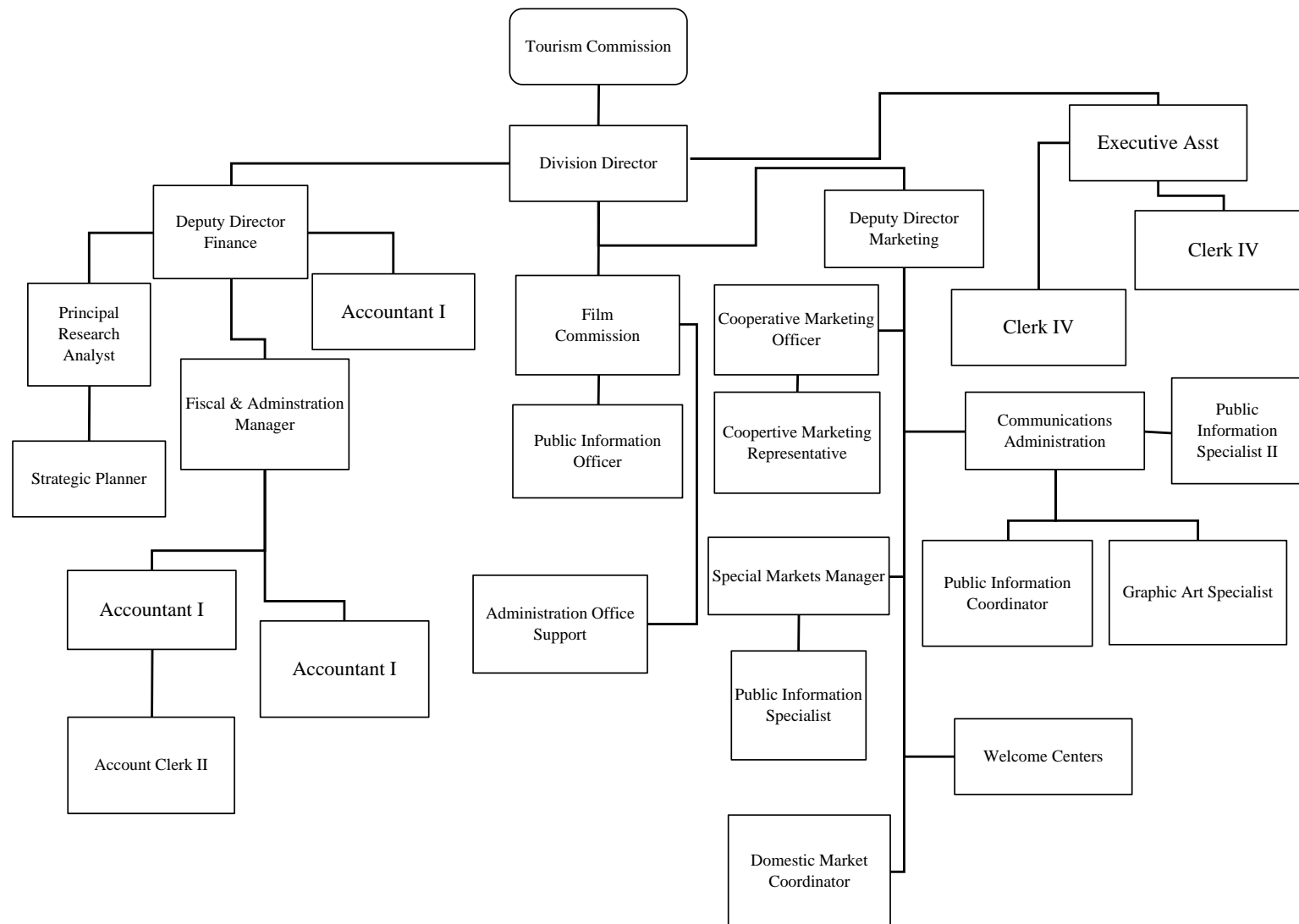
The purpose of the Film Office is to attract film and video production to the State of Missouri. The office is administered by a director who is hired by the Division Director of the Division of Business Development and Trade. Mr. Jerry Jones has served as director since January 2000. At June 30, 2004, the office had three full time employees.

The number of people visiting each information center during the three years ended June 30, 2004 was as follows:

<u>Location</u>	<u>Year Ended June 30,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Hannibal	63,657	65,727	68,986
Joplin	125,292	133,560	133,500
Kansas City	89,590	103,511	104,008
New Madrid	121,161	135,339	126,398
Rock Port	93,502	108,350	118,368
St. Louis	64,793	62,890	59,091
Total	<u>557,995</u>	<u>609,377</u>	<u>610,351</u>

An organization chart follows.

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
ORGANIZATION CHART
JUNE 30, 2004



Appendix A-1

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND-STATE				
Lewis and Clark Commission - expense and equipment	\$ 5,000	0	5,000	*
Total General Revenue Fund-State	5,000	0	5,000	
FACILITIES MAINTENANCE RESERVE FUND				
Design and Construction Statewide Roof	24,200	23,488	712	*
Total Facilities Maintenance Reserve Fund	24,200	23,488	712	
DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND				
Personal service	1,541,126	1,389,622	151,504	
Leasing	19,866	8,182	11,684	*
Expense and equipment	13,918,905	9,838,826	4,080,079	
Expense and equipment	3,613,455	2,544,150	1,069,305	*
Unemployment benefits	2,750	2,750	0	
Total Division Of Tourism Supplemental Revenue Fund	19,096,102	13,783,530	5,312,572	
TOURISM MARKETING FUND				
Expense and equipment	15,000	24	14,976	
Total Tourism Marketing Fund	15,000	24	14,976	
Total All Funds	\$ 19,140,302	13,807,042	5,333,260	

* Biennial appropriations set up in the current fiscal year were re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established as the appropriation amount in the next fiscal year. Therefore, there was no lapsed balance for a biennial appropriation at the end of the first year.

Appendix A-2

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriation Authority	Expenditures	Lapsed Balances	*
GENERAL REVENUE FUND-STATE				
Additional storage space - Joplin				
Information Center	\$ 20,114	3,056	17,058	
Design and Construction - Truman				
Memorial Building	475,882	475,882	0	
Lewis and Clark Commission - expense and equipment	230,000	230,000	0	
Total General Revenue Fund-State	<u>725,995</u>	<u>708,937</u>	<u>17,058</u>	
FACILITIES MAINTENANCE RESERVE FUND				
Design and Construction - statewide roof	12,230	9,155	3,075	
Total Facilities Maintenance Reserve Fund	<u>12,230</u>	<u>9,155</u>	<u>3,075</u>	
DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND				
Personal service	1,512,896	1,395,199	117,697	
Leasing	10,587	9,279	1,308	
Expense and equipment	10,426,375	10,426,375	0	
Expense and equipment	1,324,971	0	1,324,971	
Expense and equipment	6,732,615	4,114,661	2,617,954	
Total Division Of Tourism Supplemental Revenue Fund	<u>20,007,444</u>	<u>15,945,514</u>	<u>4,061,930</u>	
TOURISM MARKETING FUND				
Expense and equipment	15,000	4,467	10,533	
Total Tourism Marketing Fund	<u>15,000</u>	<u>4,467</u>	<u>10,533</u>	
 Total All Funds	 \$ 20,760,669	 16,668,073	 4,092,596	

* Office officials indicated the lapsed balances included the following withholding made at the Governor's request:

Additional Storage Space - Joplin	
Information Center	\$ 17,058

Appendix A-3

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2002

	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
Additional Storage Space - Joplin Information Center	\$ 62,710	42,596	20,114 *
Design and Construction - Truman Memorial Building	1,520,226	1,044,344	475,882 *
Lewis and Clark Commission - expense and equipment	235,000	0	235,000 *
Total General Revenue Fund-State	1,817,936	1,086,940	730,996
FACILITIES MAINTENANCE RESERVE FUND			
Design and Construction Statewide Roof	24	0	24
Total Facilities Maintenance Reserve Fund	24	0	24
DIVISION OF TOURISM SUPPLEMENT REVENUE FUND			
Personal service	1,416,455	1,232,958	183,497
Leasing	19,866	9,279	10,587
Expense and equipment	10,200,015	10,200,015	0
Expense and equipment	5,516,438	4,191,467	1,324,971 *
Total Division Of Tourism Supplemental Revenue Fund	17,152,774	15,633,719	1,519,055
TOURISM MARKETING FUND			
Expense and equipment	15,000	4,294	10,706
Total Tourism Marketing Fund	15,000	4,294	10,706
Total All Funds	\$ 18,985,734	16,724,953	2,260,781

* Biennial appropriations set up in fiscal year 2002 were re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year appropriation balance for a biennial appropriation is established as the appropriation amount in the next fiscal year. Therefore, there was no lapsed balance for a biennial appropriation at the end of a fiscal year 2002.

Appendix B

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,		
	2004	2003	2002
Salaries and wages	\$ 1,389,622	1,395,198	1,232,958
Travel:			
In-State	41,738	47,567	42,174
Out-of-State	35,426	30,046	48,878
Fuel and utilities	22,451	24,250	17,301
Supplies	214,396	325,827	780,568
Professional development	51,802	35,061	52,360
Communication services and supplies	46,507	44,740	42,026
Services:			
Professional	9,169,652	11,309,849	10,806,511
Housekeeping and janitorial	18,964	20,875	12,679
Maintenance and repair	8,144	7,450	5,485
Equipment:			
Computer	31,365	21,423	4,541
Office	654	1,385	10,148
Other	2,964	1,922	7,982
Property and improvements	26,010	487,162	1,107,096
Real property rentals and leases	17,569	18,659	24,125
Equipment rental and leases	2,696	4,428	304
Miscellaneous expenses	14,297	17,311	33,899
Program distributions	2,712,785	2,874,920	2,485,169
Rebillable expenses	0	0	10,749
Total Expenditures	\$ <u>13,807,042</u>	<u>16,668,073</u>	<u>16,724,953</u>

Appendix C

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM
DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND
COMPARATIVE SCHEDULE OF DISBURSEMENTS, TRANSFERS
AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,		
	2004	2003	2002
Transfers in from Tourism Sales Taxes	\$ 14,617,993	15,069,610	16,090,964
Less:			
Disbursements	(13,783,555)	(15,945,489)	(15,633,941)
Transfers out	(833,909)	(694,632)	(527,125)
TRANSFERS IN OVER/(UNDER)			
DISBURSEMENTS AND TRANSFERS OUT	529	(1,570,511)	(70,102)
CASH AND CASH EQUIVALENTS, JULY 1	2,544,150	4,114,661	4,184,763
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 2,544,679	2,544,150	4,114,661



Claire McCaskill
Missouri State Auditor

June 2005

Twelfth Judicial Circuit

Juvenile Division



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The Twelfth Judicial Circuit is composed of Audrain, Montgomery, and Warren Counties. The Director of Juvenile Court Services (Chief Juvenile Officer) in Audrain County supervises all three counties, and deputy juvenile officers and secretarial staff are assigned in each of the three counties.

During our audit of the Twelfth Judicial Circuit, Juvenile Division, we identified the following problems.

The Chief Juvenile Officer contacted the State Auditor's Office and the Missouri State Highway Patrol in January 2005 concerning possible missing receipts in his office. An audit was performed based on this contact and it was determined that receipts of at least \$13,152 during the period January 1, 2003 through January 14, 2005 were not deposited. The problem pertained primarily to restitution monies. The former bookkeeper's employment with the Juvenile Division was terminated on January 14, 2005.

A lack of internal controls and no independent review or oversight, allowed these misappropriations to occur and go undetected for a significant period of time. The following concerns were noted as part of the audit:

- Accounting and bookkeeping duties are not adequately segregated and no independent reviews of deposits and accounting records are being performed.
- Transmittals of monies between counties did not occur on a regular schedule, and there were no procedures in place to verify the amount of monies transmitted to the receipt records or to the subsequent deposit.
- After implementing the Justice Information System (JIS), a computerized case management system, in June 2003, the juvenile offices continued to use manual receipt slips, some of which were not subsequently recorded on the JIS.
- Deposits were not made on a regular basis and there was no independent review or comparison of receipt records to deposits. Only 9 and 6 deposits were made during 2003 and 2004, respectively.
- Bank reconciliations were not performed. The bank statements that could be located in the office were still in sealed envelopes and apparently had not been reviewed by any division personnel. No comparison of liabilities to available cash balances was performed and the JIS bank account was short by at least \$6,718 at

(over)

YELLOW SHEET

January 14, 2005. Other liabilities also existed as some manual receipts were not recorded on the JIS and some manual receipts issued before the JIS system implementation were not deposited.

- The Chief Juvenile Officer signed checks without reviewing the related case information. Some restitution disbursement authorization records were altered and some signed checks were never distributed.
- Some restitution records and signed checks were located in the shred container, and some records were not consolidated or filed in any logical order.

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TWELFTH JUDICIAL CIRCUIT
JUVENILE DIVISION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Keith M. Sutherland, Presiding Judge
Twelfth Judicial Circuit
and
Bruce T. McKinnon, Director of Juvenile Court Services
Audrain County, Missouri

We have audited the Twelfth Judicial Circuit, Juvenile Division. The scope of this audit included, but was not necessarily limited to, the period January 1, 2003 through January 14, 2005. The objectives of this audit were to:

1. Investigate irregularities in the receipt and disbursement of restitution and other monies.
2. Determine the extent of any misappropriated funds.
3. Review certain internal controls regarding the collection and distribution of monies.

Our methodology to accomplish these objectives included reviewing bank statements, check registers, receipt records, computerized transaction reports, restitution disbursement sheets, case information and other pertinent documents, and interviewing various personnel of the Juvenile Division, as well as certain external parties.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the Twelfth Judicial Circuit, Juvenile Division.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 25, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
Audit Staff:	Susan L. Fifer, CPA

EXECUTIVE SUMMARY

TWELFTH JUDICIAL CIRCUIT
JUVENILE DIVISION
EXECUTIVE SUMMARY

Weaknesses in the internal control and record keeping systems of the Juvenile Division allowed misappropriations of at least \$13,152 to occur during the period January 1, 2003 through January 14, 2005.

These misappropriations may have been detected on a more timely basis if adequate oversight and reviews had been performed and if internal controls as noted in the accompanying Management Advisory Report had been established.

Bruce McKinnon serves as the Director of Juvenile Court Services for the Twelfth Judicial Circuit. Jennifer Wright performed secretarial duties for the Juvenile Division from December 1997 until she became full-time bookkeeper in January 2003. As bookkeeper her duties were to receive, record, deposit, and disburse monies and perform month-end reconciliations. Ms. Wright's employment with the Juvenile Division was terminated on January 14, 2005.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWELFTH JUDICIAL CIRCUIT
JUVENILE DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

The Twelfth Judicial Circuit is composed of Audrain, Montgomery, and Warren Counties. The Juvenile Division is a branch of the court and provides discipline and supervision for juveniles. The Director of Juvenile Court Services (Chief Juvenile Officer) supervises all three counties, and deputy juvenile officers and secretarial staff are assigned in each of the three counties. Victim restitution and other monies are collected at juvenile offices in each of the three counties, but deposited and disbursed by the Audrain County juvenile office.

The Juvenile Division implemented the Justice Information System (JIS), a statewide computerized case management system, in June 2003. Prior to that time, a manual recordkeeping system had been utilized. The division maintains two bank accounts - a JIS bank account and an older bank account for transactions handled prior to the JIS being implemented. Receipts processed by the division totaled approximately \$12,800 and \$12,500 for 2004 and 2003, respectively.

The Chief Juvenile Officer contacted the State Auditor's Office and the Missouri State Highway Patrol in January 2005 concerning possible missing receipts. Based on this contact, the State Auditor's Office performed an audit of the Juvenile Division.

Following are our comments regarding the misappropriations and related accounting controls and procedures.

1.	Misappropriated Funds
-----------	------------------------------

Some monies receipted were not deposited. From January 1, 2003 through January 14, 2005, cash receipts totaling at least \$13,152 were not deposited.

The problem appears to relate primarily to restitution monies. Each of the counties' juvenile offices collects monies pertaining to juvenile cases. Most payments are made in cash and are for relatively small amounts. Monies collected in Montgomery and Warren County are transmitted to Audrain County for deposit. Problems were noted with monies initially received in Audrain County and monies transmitted from the other counties for deposit. Based on the unavailability and disorganization of various division records and comparisons of deposit activity for several years, as discussed in the remainder of the Management Advisory Report (MAR), it appears possible that additional monies may have been misappropriated.

A lack of internal control and no independent review or oversight, allowed these misappropriations to occur and go undetected for a significant period of time. MAR finding number 2 addresses the needed controls and recordkeeping improvements.

WE RECOMMEND the Circuit Judge and the Chief Juvenile Officer take the necessary action to recover the missing funds, and continue to work with law enforcement officials regarding any criminal prosecution.

AUDITEE'S RESPONSE

The Chief Judge provided the following response:

I agree with the findings in the draft report and concur with the Chief Juvenile Officer's response to your recommendations. I will confer with the Chief Juvenile Officer to ensure that the changes that have been made and are to be implemented to prevent the theft of funds are not only implemented but complied with in the future.

The Chief Juvenile Officer provided the following response:

After the State Auditor has completed this investigation and submitted the final report of findings, the Office of State Courts Administrator (OSCA) will be contacted regarding the issue of recovery of the remaining missing funds via a bond which is believed to cover all State employees who handle money during the performance of official duties. The Chief Juvenile Officer contacted a CPA at OSCA shortly after the embezzlement of funds was discovered and inquired about the bonding issue, and was informed that after an actual amount of monies misappropriated has been determined, then the matter can be pursued further. The Juvenile Office staff has cooperated completely with the State Auditor in retrieving documentary evidence for use by the State Auditor during this audit and by law enforcement officials and the Prosecuting Attorney's Office. In fact, on this date, the current bookkeeper discovered additional evidence of altered restitution payment requests. These have been copied for the Auditor and originals placed with other evidence in the Chief Juvenile Officer's office. Further, original checks made payable to several victims, which were found by the current bookkeeper in the Shred-It box, have been copied for the Auditor and the originals have been safeguarded for delivery to law enforcement officials.

2. Accounting Controls and Procedures
--

Significant internal control weaknesses and a lack of proper oversight or independent reviews over the juvenile division accounting functions allowed the misappropriations noted in MAR finding number 1 above to go undetected for a significant period of time.

- A. Accounting and bookkeeping duties are not adequately segregated and no independent reviews of deposits and accounting records are being performed. All accounting duties, including receiving, recording, depositing, disbursing monies, and performing month-end reconciliations were performed by the former bookkeeper and continue to be the responsibility of one individual. While the Chief Juvenile Officer does review and sign checks, this provides no assurance that payments are properly recorded and deposited.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated.

- B. Procedures and controls related to transmitting monies between counties were not adequate. Prior to January 2005, monies collected in Montgomery and Warren County were transmitted by various juvenile employees to the Audrain County juvenile office for deposit. Transmittals did not occur on a regular schedule; rather, the frequency depended on when juvenile personnel were traveling between the counties. Juvenile office personnel indicated they attempted to transmit at least monthly. There was no procedure in place to verify the amount and composition of monies received to the manual and/or JIS receipt slips which accompanied the monies. In addition, there was no independent review performed to compare monies transmitted from the other counties to deposits made by the Audrain County juvenile office. Because of the inconsistent procedures and the lack of reconciliation and independent review, there is no assurance that all monies transmitted were properly handled and accounted for.

During January 2005, the juvenile offices in Montgomery and Warren County began making their own deposits into the JIS bank account. Deposit slips and supporting JIS documentation are now transmitted to the Audrain County juvenile office.

- C. Receipting and depositing procedures were not adequate, and the records show significant periods of time where no monies were receipted or deposited.

Once the JIS was implemented, juvenile office personnel should have begun entering receipt information into the system at the time of payment and generating JIS receipt slips, except in those circumstances when the JIS system was not accessible. However, manual rediform receipt slips continued to be issued on a fairly regular basis by all three juvenile offices in the circuit. Some of these manual receipts were not subsequently recorded on the JIS. There were no procedures in place to ensure that manual receipt transactions were promptly recorded in the JIS and that the related monies were deposited.

From January through May 2003, the Audrain County juvenile office issued only three manual receipts. In addition, the JIS detailed receipt listing showed no monies receipted for December 2003, May through July 2004, and September through December 2004. Monies related to 75 manual receipt slips, 60 issued by the Audrain County juvenile office and 15 issued by the Warren County juvenile

office, were not recorded on the JIS. A comparison of total recorded receipts (manual and JIS) to deposits, shows that approximately \$6,408, \$6,666, and \$78 in receipts were not deposited during 2003, 2004, and early 2005, respectively.

Monies were not always deposited intact or on a timely basis, and there was no procedure to compare the composition of receipts to the composition of deposits. Receipt slips comprising the cash amounts deposited were not identified and the cash amounts deposited were often less than amounts recorded in the receipts records. Deposits were not made on any regular basis. There were no deposits into the JIS bank account during September 2003 through November 2003, April and May 2004, and July through December 2004. Only 9 and 6 deposits were made during 2003 and 2004, respectively, with several of them ranging from approximately \$800 to \$1,900. Considering that cash monies accounted for the majority of juvenile division receipts and there were not adequate physical safeguards over monies on hand, the deposit frequency needs to be improved. Deposits for 2003 and 2004 were approximately \$6,100 each year, which is significantly less than deposits for 2000, 2001, and 2002 which totaled approximately \$16,000, \$20,000, and \$17,000, respectively, and deposits for January through mid-April 2005, which totaled approximately \$11,000.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a prenumbered receipt slip noting the method of payment should be issued immediately for all monies received, and the composition of monies received should be reconciled to the composition of monies deposited. Furthermore, receipts should be deposited intact daily or when accumulated receipts exceed \$100. If manual receipts slips are needed, official prenumbered receipts slips should be used and a procedure established to account for the manual receipt slips and verify that the receipts have been recorded on the JIS and deposited.

- D. Month-end reconciliation procedures were not performed. Bank reconciliations were not prepared for either of the checking accounts maintained by the Juvenile Division from January 2003 through January 2005. Some bank statements could not be found; however, those that were located were still in sealed envelopes and apparently had not been reviewed by any division personnel. In addition, a monthly listing of open items (liabilities) is not prepared and reconciled to available cash balances. A comparison of the January 14, 2005, JIS bank account balance of \$159 to identified liabilities of \$6,877, shows that this bank account is short by at least \$6,718. The liabilities and corresponding bank account shortage would be more if manual receipt activity not recorded on the JIS (totaling approximately \$2,525) and manual receipts issued from January to May 2003 but not deposited into the older bank account (totaling approximately \$3,929) were considered. Liabilities pertaining to the older bank account, which had a balance of \$412 at January 14, 2005, were not identified.

Monthly bank reconciliations are necessary to ensure the bank accounts are in agreement with the accounting records and to detect errors on a timely basis.

Reconciliations of open items to the cash balance provide assurance that the records are in balance, that receipts and disbursements have been accurately handled and recorded, and are necessary to ensure accountability over open cases and to ensure monies held in trust by the juvenile division are sufficient to meet liabilities.

- E. Numerous problems were noted with the disbursement process. Some disbursement authorization records were altered, and disbursements did not agree to approved amounts. Supporting documentation was not adequately reviewed while signing checks. Disbursements were not always made timely, and some signed checks were never distributed. All disbursements are made by the Audrain County juvenile office.

Prior to the implementation of the JIS in June 2003, the deputy juvenile officers from each county office completed a restitution sheet showing the juvenile's name, a payment history, the victim's name, type of disbursement (full/partial), and the amount of the payment to be made to the victim. The sheets were signed by the deputy juvenile officer requesting the disbursement and approved by the Chief Juvenile Officer. The bookkeeper then prepared checks based on these sheets and provided them to the Chief Juvenile Officer for his signature. Juvenile office personnel located several restitution sheets in the shred container and a filing cabinet drawer along with unrelated forms. Correction fluid had been used to alter various information on these sheets including the juvenile's payment history, the indication of full payment to partial payment, and the requested disbursement amount. For example, a \$500 full payment authorized for one case was altered to support a partial payment of \$250. A review of the corresponding checks shows that only \$250 was disbursed to the victim. It appears these alterations were made after the restitution sheet was approved by the Chief Juvenile Officer and these sheets were not compared to the check when signed by the Chief Juvenile Officer. For this particular case the restitution sheet was approved in March 2003 but the corresponding check was not prepared until August 2003.

Restitution sheets have not been used since the implementation of the JIS. Rather, case information in the system shows amounts collected from juveniles and amounts available for disbursement to victims. The Chief Juvenile Officer indicated he signed checks without reviewing the JIS case information. In addition, there was no routine procedure or timeframe for disbursements to be made and the Chief Juvenile Officer had to periodically remind the bookkeeper to prepare checks. Disbursements were often untimely and no disbursements to victims were made during September through December 2003, March 2004, May 2004, July 2004, and September through November 2004.

Eight checks, totaling approximately \$1,429, which had been signed by the Chief Juvenile Officer, were found in the shred container. Most of these checks were issued in August 2004 and are reflected on the outstanding check report. Had

bank reconciliations been prepared and procedures to routinely follow up on outstanding checks been in place, problems with these checks might have been identified.

To ensure the propriety of disbursements, checks should be prepared routinely and timely, supporting case information should be reviewed by the Chief Juvenile Officer when checks are signed, and procedures to follow up on outstanding checks need to be established. In light of problems noted with various checks and the overall disbursement procedures, the juvenile office should consider obtaining cancelled check documentation from the bank and review for proper details (i.e.; payee, amount, signature, endorsement).

- F. Procedures for maintaining the juvenile division records need improvement. As previously mentioned, some restitution sheets and signed checks were located in the shred container. Locating some records was difficult since the records were not consolidated or filed in any logical order. Copies of bank statements were obtained from the bank because the originals could not be readily located. While sorting through the various records, juvenile office personnel found information related to three cases that had never been entered on the JIS.

Juvenile office personnel are currently reviewing available financial and case records to determine the status of amounts due from juveniles and amounts that have been disbursed to victims. Once this review is complete, the juvenile office should give consideration to corresponding with juveniles with open cases to ensure case financial information is correct and determine how to rectify noted discrepancies.

Retention and organization of applicable records is necessary to properly account for the juvenile division's financial activity and follow up on inquiries and discrepancies.

WE RECOMMEND the Juvenile Division:

- A. Adequately segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amount deposited and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated promptly.
- B. Monitor and ensure that cash handling procedures are adequate at each juvenile office in the circuit.
- C. Issue a JIS receipt slip for all monies received. If it is necessary to issue manual receipt slips, the Juvenile Division needs to ensure these receipt slips are official and prenumbered, provide all necessary information, are accounted for properly,

and are promptly entered into JIS. In addition, the division should deposit receipts daily or when accumulated receipts exceed \$100.

- D. Prepare monthly bank reconciliations and listings of open items, and reconcile the cash balance to the liabilities.
- E. Review supporting case information when approving disbursements and signing checks, disburse restitution monies on a regular and timely basis, and distribute checks promptly after preparation. In addition, procedures to follow up on outstanding checks should be adopted. Also, the division should consider obtaining and reviewing cancelled checks for proper details.
- F. Continue to review the available financial and case records to determine the status of amounts due from the juveniles and amounts that have been disbursed to the victims, and verify this information with juveniles with open cases. In addition, the division needs to ensure that financial records are organized for more efficiency and accountability.

AUDITEE'S RESPONSE

The Chief Juvenile Officer provided the following responses:

- A. *Due to the limited number of staff, this is only partially feasible. Only the bookkeeper and secretaries have been given access to the JIS Accounting Program. The bookkeeper and one secretary are in Audrain County, and there is one secretary in each of the Montgomery and Warren County juvenile offices. When a payment is being received and the bookkeeper or secretaries are not available, then a juvenile officer receives the money, safeguards it, then turns it over to the bookkeeper or secretary when they return to the office. The secretaries in Montgomery and Warren County receive and deposit the monies; then forward the deposit slips and daily cashier report to the bookkeeper. The secretaries notate the juvenile's name and amount paid on the deposit slips versus just a gross amount of the deposit and the daily cashier report reflects the JIS receipt number, juvenile's name, and the amount and type of payment (i.e. cash, money order, or cashier's check). Personal checks are not accepted. In Audrain, either the bookkeeper or secretary receive monies; however, it is the bookkeeper's duty to deposit the monies.*

The end of the month reconciliations will be done by the bookkeeper and submitted to the Chief Juvenile Officer for review. After bank statements are received, the bookkeeper makes an appointment with the Chief Juvenile Officer to review and reconcile the bank statement; and the Chief Juvenile Officer will make any appropriate notations on the statements regarding noted transactions, and will initial the statement after review. The bank statements will be kept in a folder maintained by the bookkeeper. After this audit has been completed, the Chief Juvenile Officer will set up a meeting with the OSCA CPA for instructions regarding running appropriate end of the month JIS reports which will reflect the information needed for review prior to the signing of disbursement checks in order to confirm the checks reflect the correct payable amount.

- B. *The Chief Juvenile Officer has already implemented additional safeguards and cash handling procedures since this embezzlement was discovered. The branch offices of the bank used by the Juvenile Office for depositing funds were identified and located within a few miles of each county's juvenile office. The Chief Juvenile Officer met with bank officials and acquired pre-printed triplicate deposit slip books marked with "12th Circuit Juvenile Office, 101 N. Jefferson, Room 303, Mexico, MO 65265", which were distributed to each Juvenile Office. Funds received in each juvenile office are now deposited at each county's branch bank office; and no monies are transmitted between the outlying counties and Audrain. Policy now in place requires that deposits be made whenever accumulated funds reach or exceed \$100.00, and deposits MUST be made every Friday regardless of the amount of accumulated funds.*
- C. *The Chief Juvenile Officer has already implemented additional safeguards and receipting procedures since this embezzlement was discovered. All monies received by the juvenile office MUST be entered into JIS at the time the funds are received and a JIS receipt is to be given to the person making the payment. A manual receipt is ONLY authorized in the event that the bookkeeper or secretary is out of the office at the time the payment is received. However, as soon as the bookkeeper or secretary returns to the office, the money is given to the secretary, who will ensure the funds are inputted into JIS and a JIS receipt is printed and put in the juvenile's file. The Juvenile Officer contracted with a local printer for separate receipt books marked and sequentially numbered for each county Juvenile Office. The generic two part receipt books used in each county have been replaced with these new receipt books. Each receipt is printed in triplicate; so the original (white) is given to the person making the payment, the yellow copy and money are given to the bookkeeper or secretary, and the pink copy remains in the receipt book. (The Chief Juvenile Officer was not aware until this audit that the Montgomery County secretary had been tearing out the receipt book copy and putting it in each juvenile's folder.) AFTER the bookkeeper/secretary inputs the manual receipt information into JIS, she will write the JIS receipt number on the yellow and pink copies of the manual receipt, then file the yellow copy in the juvenile's file.*
- D. *As previously noted, the Chief Juvenile Officer will run the open items, and other related reports, then reconcile the monthly bank statements with the bookkeeper, make any appropriate notes on the bank statements, then initial each statement before it is filed in the bank statement folder.*
- E. *Restitution payout sheets are no longer used by the 12th Circuit Juvenile Division. Currently, all supporting documentation must be presented to the Chief Juvenile Officer at the same time checks are presented for signing.*

The bank has provided the Chief Juvenile Officer with a PIN number and information for setting up an account via the Internet which will allow the Chief Juvenile Officer to view cancelled checks (fronts and backs) to confirm the payee and the party who endorsed the check. By periodically, and randomly, viewing these checks any irregularities will hopefully be identified in a more timely manner.

- F. *The Chief Juvenile Officer will direct the juvenile officers to check their restitution cases on a regular basis to ensure paid amounts are noted in the files. Prior to seeing the juvenile officer for a probation check-in, the juvenile should pay any restitution to the secretary, then show the JIS receipt to the juvenile officer during his/her probation check-in so that the juvenile officer can notate this payment in the juvenile's file. Although restitution sheets are no longer used for requesting and authorizing disbursement of funds, the Chief Juvenile Officer is considering having the juvenile officers place a restitution sheet in each juvenile's file to document and track payment history. This would provide a readily accessible means to "check and balance" monies reportedly paid by the juveniles and monies receipted in JIS. In addition, it is recommended that the juvenile officers place a copy of the JIS receipt in the juvenile's file.*

After the State Auditor's report has been completed, form letters will be prepared for sending out randomly to juveniles stating the beginning balance of their restitution and what the juvenile office records reflect they have paid. Similar letters will also be sent to victims reflecting what the records show they were owed and how much they have been paid. Both the juveniles and the victims will be directed to contact the juvenile officer if they disagree with the amounts noted in the letters.

The Audrain County bookkeeper has put together a restitution notebook for Audrain County containing the juvenile account history, all plan numbers for the juvenile, the juvenile officer assigned to the case, a list of victims with plan numbers, and amounts paid by the juvenile. Similar notebooks will be implemented in the Montgomery and Warren County juvenile offices.



Claire McCaskill
Missouri State Auditor

June 2005

STATEWIDE

Heavy Equipment Utilization



Money may be saved if three state departments buying similar tractors, trucks coordinated purchases

This audit reviewed whether three departments - Conservation, Natural Resources (DNR) and Transportation (MoDOT) - coordinated their purchases of trucks, tractors and specialty equipment to achieve the lowest prices. The three departments spent \$31 million on heavy equipment during the 2003 and 2004 fiscal years, with about \$10 million spent on very similar equipment, often from the same manufacturer. In addition, auditors analyzed how well each department monitors the equipment use. Auditors recommended the three agencies periodically meet to discuss coordinating equipment purchases.

Conservation saved money by buying off MoDOT contract

Auditors found Conservation used an existing MoDOT heavy equipment contract to save \$21,000 on a \$72,000 purchase of four skid steer loaders in 2003. Conservation usually purchases through the Office of Administration (OA), but after reviewing bids obtained by OA, realized it could save money purchasing the loaders through the MoDOT contract. (See page 6)

Officials said they could coordinate more

Department officials acknowledged they have not coordinated annual equipment purchases or determined potential savings with consolidated purchasing. State law requires Conservation and DNR to obtain purchasing approval from the OA, before buying from a MoDOT contract. OA officials said they are not opposed to the two agencies buying through MoDOT if savings occur. (See page 6)

All agencies lack good policies to ensure full use of equipment

The agencies lacked adequate policies and criteria to ensure full use of the owned and leased heavy equipment. MoDOT's 2003 analysis showed 9 out of 10 districts used tractors less than the department's 300 hours a year criteria. In addition, auditors found MoDOT had 292 tractors that did not meet its use criteria. Conservation has tracked tractor use, but not established specific use criteria. DNR also has not established use thresholds, and has not analyzed its usage data for trends. (See pages 7, 10)

Equipment could be shared more among MoDOT districts

Auditors found tractor use varied substantially within MoDOT's 10 districts. For example, one district's weekly tractor use ranged from 1 to 3 hours per week. MoDOT does not have a policy requiring districts to share equipment when possible. MoDOT officials said districts have shared equipment, but the extent of sharing was not tracked. (See page 9)

All reports are available on our website: auditor.mo.gov



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Michael Keathley, Commissioner
Office of Administration
and
John Hoskins, Director
Department of Conservation
and
Doyle Childers, Director
Department of Natural Resources
and
Pete K. Rahn, Director
Department of Transportation
Jefferson City, 65102

During fiscal years 2003 and 2004, the Departments of Conservation, Natural Resources (DNR), and Transportation (MoDOT), collectively spent about \$31 million to procure heavy equipment such as trucks, tractors, and specialty equipment to carry out operations. Our objectives included determining whether agencies coordinated purchases to achieve lower prices and fully utilized state-owned or leased heavy equipment.

We found the departments had not always coordinated purchases of heavy equipment, and opportunities exist to achieve lower prices through increased coordination. In addition, oversight of heavy equipment could be enhanced by developing policies addressing tractor and other heavy equipment use. The policies should address (1) utilization criteria for heavy equipment, (2) the disposition of underutilized heavy equipment, and (3) sharing of heavy equipment.

We conducted our audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer. Key contributors to this report were John Mollet, Ben Douglas, Danielle Parker, and Adrian Kennedy.

Claire McCaskill
State Auditor

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Abbreviations

DNR	Department of Natural Resources
MoDOT	Department of Transportation
OA	Office of Administration
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office

Opportunities Exist to Improve Procurement and Utilization of Heavy Equipment

The Departments of Conservation, Natural Resources (DNR), and Transportation (MoDOT) purchased or leased the same, or similar, heavy equipment items. Opportunities exist for these agencies to pay less for heavy equipment by increasingly coordinating procurement. In addition, the departments could enhance oversight of heavy equipment by developing policies addressing the utilization of tractors and other heavy equipment. The policies should address (1) heavy equipment utilization criteria, (2) underutilized heavy equipment disposition, and (3) heavy equipment sharing.

Background

Conservation, DNR, and MoDOT rely extensively on heavy equipment to carry out construction and maintenance operations. Heavy equipment includes heavy duty trucks, various tractors such as loaders and backhoes, and specialty equipment. These three agencies use heavy equipment for general maintenance, road and bridge construction, fish and wildlife preservation and state park development.

These agencies have defined heavy equipment differently. For example, while Conservation considered all non-automotive equipment used for construction and maintenance, regardless of size or weight class, as heavy equipment; MoDOT classified any equipment weighing more than one ton as heavy equipment. On the other hand, DNR has classified its heavy construction and maintenance equipment in two categories. The first category includes equipment of less than 100 horsepower and less than 20,000 pounds, used for routine and ongoing maintenance of parks, facilities, and grounds. The second category includes equipment over 100 horsepower and over 20,000 pounds used for construction and heavy maintenance of park facilities and infrastructure.

The agencies have different procurement authority. MoDOT has procurement authority under state law¹ to procure its heavy equipment. On the other hand, state law² requires Conservation and DNR to purchase heavy equipment through the Office of Administration's (OA) procurement authority. However, section 34.046, RSMo 2000 permits the Commissioner of Administration to contract directly with or participate in a cooperative purchasing agreement with other governmental entities. This law allows OA the ability to use contracts created by MODOT and vice versa.

¹ Section 227.030, Missouri Revised Statutes (RSMo) 2000.

² Chapter 34, RSMo 2000.

Scope and Methodology

Because of the varied definitions of heavy equipment, we looked at a broad range of construction and maintenance equipment, but limited our review to equipment with procurement values of \$10,000 or more. We selected the \$10,000 threshold because of the variances in equipment size and age. For example, some smaller newer equipment may cost \$10,000 or more while some older heavier equipment may have also cost \$10,000 or more at the time of purchase. Weight and horsepower are also not the best equipment indicators because some smaller equipment may have similar horsepower to larger heavier equipment. We obtained equipment inventory data from Conservation, DNR, and MoDOT to evaluate equipment purchases and utilization. For example, these departments own and use various size tractors as part of construction and maintenance functions. Because all of the departments have large utility tractor inventories, used primarily for mowing, we focused our review efforts on these tractors.

To assess whether equipment had been purchased in a cost-effective manner, we interviewed officials responsible for heavy equipment procurement and utilization—MoDOT's General Services Director and Fleet Manager, Conservation's Fleet Manager and Business and Support Services Manager, DNR's General Services Purchasing Coordinator and Fleet Manager, and OA's Division of Purchasing and Materials Management Director and Section Manager. We also obtained and reviewed:

- state laws and available agency policies governing equipment procurement for the agencies in our review.
- departments' procurement data for fiscal years 2003 and 2004 (including lease procurements). In addition, we reviewed individual department procurements, when available, to determine the potential for savings. We also contacted an equipment contractor with a current state equipment contract to obtain costs for comparison purposes.

To evaluate equipment usage, we interviewed officials responsible for utilization procedures, policies, and practices and analyzed department equipment inventory lists along with information on equipment use patterns. In addition, we analyzed information from agency equipment utilization studies, when available. We also interviewed officials at six of MoDOT's ten district locations. At five of the six MoDOT districts visited, we also visited three road maintenance facilities within each of those districts. In addition, we interviewed officials at four of Conservation's ten heavy equipment maintenance facilities and DNR officials at three of its four construction units. We also observed equipment and interviewed park superintendents at six DNR state parks. All of the units visited had equipment assigned to them or had responsibility for repairing assigned equipment.

For computerized inventory data obtained from the three departments, we reviewed existing documentation supporting the data and interviewed agency officials knowledgeable about the data or equipment usage reports. We determined that the computerized inventory data were sufficiently reliable for purposes of this report.

We requested comments on a draft of our report from the Directors of the Departments of Conservation, Natural Resources, and Transportation, and the Commissioner of Administration. We conducted our work between April 2004 and January 2005.

Better Coordination Could be Achieved on Heavy Equipment Purchases

**Table 1: Heavy Equipment
Purchases (dollars in millions)**

Conservation and DNR have purchased heavy equipment without always determining whether the items could be purchased through another agency contract at less cost. During fiscal years 2003 and 2004, the three departments spent over \$31 million³ to procure heavy equipment such as dump trucks, various tractors, and specialty items. Table 1 depicts the amount of heavy equipment purchased by the departments.

Department	Fiscal year 2003 purchases	Fiscal year 2004 purchases
MoDOT ¹	\$15.2	\$12.0
Conservation	1.3	1.8
DNR	0.4	0.6
Totals	\$16.9	\$14.4

¹These figures represent procurements from June 2002 through May 2004.

Source: Department records.

We found the three departments spent about \$10 million, or about one-third of the departments' heavy equipment purchases for fiscal years 2003 and 2004, on the same, or similar, heavy equipment. For example, Conservation signed a contract in March 2004 to purchase nine heavy duty trucks costing \$643,113, or \$71,457 per truck. However, we found MoDOT had a contract with the same vendor to purchase similar tandem axle truck chassis that could be used to develop several different type trucks (such as heavy duty dump trucks) when fitted with different body platforms.

According to a contractor official, the trucks sold to Conservation had the same basic engine and chassis specifications as the MoDOT trucks, and Conservation could have purchased its trucks through the MoDOT contract. The official said although Conservation purchased different body equipment

³ Represents procurements of \$10,000 or more.

than MoDOT, Conservation may have saved funds had they purchased the engine and chassis through the MoDOT contract and obtained separate cost estimates for the truck bodies.⁴ Conservation's procurement official told us while aware of the MoDOT contract; he did not request OA's approval to use it because he did not realize they could purchase the chassis portion separately from the truck body, as the MoDOT contract did not include options Conservation needed for its truck body. He also said, because of our work, he planned to request OA's approval to purchase trucks the agency currently needs, through MoDOT contracts.

We also found the three departments had purchased 223 tractors⁵ during 2003 and 2004, costing \$10,000 or more. Of those, over half (139) tractors had the same manufacturer and 23 (about 10 percent) had the same model number. Because equipment purchased often included different optional features, we could not quantify potential savings the departments may have realized through coordinating tractor purchases.

Some savings have been achieved

In contrast to the above examples, we found Conservation used an existing MoDOT contract in 2003 to save \$21,000 on a \$72,000 purchase of four skid steer loaders. In March 2003, Conservation requested OA obtain cost estimates on skid steer loaders. After Conservation received bids for the items from a contractor, a Conservation official became aware the department could purchase the items at reduced costs through a MoDOT contract. Conservation obtained approval from OA to purchase its skid loaders through MoDOT's contract, and cancelled its request for bids.

Officials recognize more can be done

Although Conservation and DNR have procured some comparable equipment through MoDOT contracts, department officials acknowledged they have not coordinated equipment purchases on an annual basis, or determined potential savings associated with consolidated procurements. Agency procurement officials told us they have not evaluated coordinating purchases because MoDOT has separate procurement authority that Conservation and DNR do not have. Department procurement officials agreed periodic collaboration among the agencies could result in reduced procurement costs for all three agencies.

OA's purchasing division director said state law requires Conservation and DNR to first obtain approval from OA before making purchases through

⁴ We could not verify whether actual savings would have occurred because the vendor would not provide us cost information to determine cost differences.

⁵ For procurement purposes tractors included various tractor types and sizes consisting of such things as backhoes, loaders as well as utility tractors.

MoDOT. The official said OA is not opposed to Conservation and DNR procuring equipment through MoDOT.

Utilization Policies Needed to Enhance Management of Heavy Equipment Inventories

The departments lacked written policies and procedures to ensure full utilization of owned and leased heavy equipment. For example, MoDOT had not sufficiently established utilization policies or guidelines for heavy equipment the department uses. However, in an August 2003 study, MoDOT analyzed heavy equipment usage and based that analysis on expected average usage of 300 hours per year for tractors and 200 to 400 hours for other heavy equipment. MoDOT based its hour usage criteria on industry benchmarks as well as information MoDOT operations and maintenance divisions supplied, according to a MoDOT official.

MoDOT analysis recommended reductions in tractors and some heavy equipment

In August 2003, MoDOT's General Services Director sent each district engineer an analysis showing the district's (1) annual usage of owned and leased tractors, motor graders, truck/trailer distributors, and backhoes for previous fiscal years; (2) number and type currently owned and leased equipment units; and (3) number of units MoDOT recommended the districts reduce based on annual usage thresholds.⁶ Although the analysis recommended reductions in units, MoDOT left it to district engineers to determine the number of units needed, according to the director.

The August 2003 analysis showed 9 of the 10 districts had not used tractors an average of 300 hours during the three year period, fiscal years 2001 through 2003, and recommended MoDOT districts reduce inventories by 209 tractors.⁷ A follow-on report, dated September 2004, showed the districts had reduced equipment by 104 tractors, however, the districts still needed to reduce tractors by 105, and recommended a reduction of 41 motor graders. The report did not recommend any reduction in loader totals. MoDOT based the 2003 analysis, and recommended reductions, on average annual usage of MoDOT owned and leased equipment for fiscal years 2001 through 2003, with annual usage of 300 hours for tractors; 350 hours for motor graders, loaders, and truck distributors; 200 hours for trailer distributors; and 400 hours for backhoes.

Most districts reduced equipment to some extent

Officials from nine of MoDOT's ten districts told us they had either reduced heavy equipment fleets to some extent or gave reasons for not reducing the fleet. However, one district official said his district had not disposed of the

⁶ For example, the document established an annual tractor usage threshold of 300 hours.

⁷ The analysis also showed the districts had 52 excess motor graders, 36 excess loaders, 55 excess truck/trailer distributors and 35 excess backhoes, but no reductions were recommended, pending further analysis.

excess equipment because there was no incentive to do so and, therefore, the district was reluctant to participate.

According to the General Services Director, MoDOT headquarters has the authority to direct districts to dispose of underutilized equipment, but has chosen to limit the use of that authority because he believes district officials have better insight into their equipment needs. However, MoDOT's fleet manager said districts must request approval in order to retain underutilized equipment.⁸ According to the fleet manager, equipment retention requests are reviewed by the fleet manager, the Director of General Services, and in many cases, the State Maintenance Engineer. Retention approvals normally allow districts to retain equipment for four to eight months, after which, districts must submit another request if the equipment is needed longer. If requests are not approved, districts must dispose of the equipment, according to the fleet manager.

Tractor utilization has decreased since 2001

MoDOT's tractor utilization decreased between fiscal years 2001 and 2004, according to district records. For example, tractor utilization for 2001 and 2002 totaled 583,247 hours, while tractor utilization for 2003 and 2004 totaled 447,974 hours—a 135,273 hour, or 23 percent, reduction.

Our analysis of 2003 and 2004 data showed MoDOT potentially had 292 excess tractors based on the 300-hour utilization threshold MoDOT used in its 2003 usage study and 2004 follow-up report. We also found none of the 10 districts' average annual tractor utilization for the 2-year period met MoDOT's 300-hour threshold for tractors, and only 2 districts' average annual utilization exceeded 250 hours. Table 2 depicts district tractor usage for fiscal years 2003 and 2004.

⁸ According to MoDOT's State Maintenance Engineer, managers who are content to own worn out equipment rather than part with it often believe this equipment has no cost to them. However, he said, every unit has a cost of ownership.

Table 2: MoDOT Tractor Utilization Not Meeting Its 300-Hour Threshold

District	Average total hours	Average yearly hours ¹	Number of tractors ²	Number needed based on threshold ³	Number not meeting threshold
1	13,307	151	93	44	49
2	21,567	161	90	72	18
3	14,726	177	74	49	25
4	13,316	178	86	44	42
5	27,809	203	138	93	45
6	20,853	215	104	70	34
7	28,364	265	115	95	20
8	29,124	258	117	97	20
9	25,788	203	95	86	9
10	29,131	229	127	97	30
Totals	223,987	206	1,039	747	292

¹ Average yearly hours based on 1,088 tractors reporting usage for 2003 and 2004.

² As of September 2004.

³ Required units were computed by dividing average total hours by MoDOT's 300-hour annual utilization threshold for tractors. This table includes all owned and leased tractors.

Source: SAO analysis of MoDOT records.

District officials told us leased tractors are used while there is underutilization of older owned tractors because the older owned tractors were no longer capable of pulling newer heavier equipment such as large batwing mowers. To operate the newer heavier equipment, MoDOT authorized its districts to obtain short-term leased tractors.⁹

Opportunities may exist for sharing MoDOT tractors

Our analysis also showed tractor utilization varied substantially within MoDOT districts, by district maintenance facilities. For example, one district's weekly tractor utilization ranged from only 1 hour to 3 hours per week at 15 different maintenance facilities for tractors owned by MoDOT. Our analysis covered tractor utilization during the typical (8 month) yearly mowing period of April through November. A March 2002 memo from MoDOT's state maintenance engineer to district offices said less equipment heightened the importance of planning tasks across boundary lines and the need to share equipment between buildings, areas, and districts. According to MoDOT's fleet manager, districts have shared equipment, but MoDOT has not analyzed the extent of sharing or established policies or procedures

⁹ MoDOT districts have the authority to obtain tractors through short-term leases (leases less than 12 months) without obtaining approval from MoDOT headquarters. The tractors leased typically covered an 8-month (32 week) timeframe and allowed 300 hours of operation.

requiring districts to evaluate sharing equipment among district maintenance facilities.

Conservation has not established utilization thresholds for tractors

Conservation has also tracked its tractor usage. However, it has not established guidance stating utilization thresholds or what should be done with heavy equipment not meeting certain usage levels. In September 2003, Conservation's Fleet Manager presented fiscal year 2003 usage data on Conservation's tractor fleet, which he valued at \$4.8 million, to increase staff focus on equipment utilization. Data the fleet manager presented showed 140 (73 percent) of 193 department-owned tractors had been used less than 300 hours during fiscal year 2003. Our review of Conservation data also showed half (97) of the 193 tractors had been used less than 200 hours, and about a third (62) had been used less than 100 hours during this period. Table 3 depicts results from Conservation's fiscal year 2003 tractor utilization study for equipment exceeding 20 horsepower.

Table 3: Tractor Utilization at Conservation (in hours)

	21 to 44	45 to 59	60 to 100	Over 100
Hours Used	Horsepower	Horsepower	Horsepower	Horsepower
Low	38	20	28	92
High	342	527	717	880
Average	110	205	297	331

Source: Conservation Fleet Manager.

Conservation's presentation did not address usage thresholds or recommend area offices reduce the number of tractors owned. However, because of low utilization, the fleet manger pointed out renting, leasing, and sharing among Conservation area offices could be more efficient than owning all of Conservation's equipment.

According to Conservation's Fleet Manager, as the fleet management system becomes fully operational, Conservation will be preparing internal guidelines on utilization for all vehicles and equipment. As of March 3, 2005, the guidelines had not been developed.

DNR has not analyzed tractor use, or established use guidance

DNR has not established equipment utilization criteria, or analyzed utilization data for all department tractors. Our analysis of DNR's 2003 and 2004 utilization data for 71 tractors, costing \$10,000 or more, showed an annual average utilization of 134 hours for fiscal year 2003 and 125 hours for fiscal year 2004.

A DNR official said DNR had not analyzed heavy equipment use or established utilization criteria for its equipment. The official also stated DNR's Division of State Parks tracks equipment utilization by use of motor vehicle reports, but had not tracked or analyzed the data on one system.

According to the official, the Division of State Parks would be interested in establishing an equipment utilization system much like the Statewide Fleet Vehicle Utilization system.

Conclusions

Conservation, DNR, and MoDOT spent about \$10 million during fiscal years 2003 and 2004 to purchase or lease the same or similar heavy equipment items. However, the departments have not always coordinated procurements to achieve the lowest possible prices. Better coordination among the departments could result in additional savings when purchasing heavy equipment.

The agencies also lacked written policies and criteria to ensure full utilization of owned and leased heavy equipment. MoDOT had not developed utilization policies establishing usage criteria for heavy equipment. However, MoDOT's 2003 analysis of owned and leased equipment usage showed tractors and some other heavy equipment had been underutilized. MoDOT recommended districts reduce tractors and other heavy equipment inventories, and left it up to districts to determine reductions. Our analysis of 2004 usage data showed MoDOT had 292 potentially excess tractors based on its 300-hour usage criteria. We believe MoDOT should reassess the need for these tractors and ensure districts take every action to retain only those tractors actually needed to meet mission goals.

We also found opportunities exist for districts to share equipment more; however, MoDOT had not established policies requiring districts to share equipment when possible. Without this policy, districts may not take advantage of this opportunity. We believe sound business practices dictate MoDOT ensure districts maximize heavy equipment sharing and ensure districts keep only the number of tractors actually needed to accomplish district missions.

Conservation has tracked its tractor usage; however, it has not established guidance specifying usage thresholds, or what should be done with heavy equipment not meeting certain usage levels. Using MoDOT's 300-hour usage criteria, 73 percent of Conservation-owned tractors had been used less than 300 hours, about half had been used less than 200 hours, and a third had been used less than 100 hours. We believe Conservation should establish policies defining criteria for tractor and heavy equipment use and disposal of underused equipment.

DNR has not established guidance showing utilization thresholds, and, although it has tracked usage, it has not analyzed usage trends. Without

guidance and usage analysis, the department cannot be assured heavy equipment has been fully utilized.

Recommendations

We recommend the Directors of the Departments of Conservation, Natural Resources, and Transportation:

1. Require procurement officials to periodically meet, to the extent possible, and coordinate, planned heavy equipment purchases.
2. Establish equipment utilization, sharing, and disposal policies and guidelines to ensure the efficient and economical utilization of department-owned and leased equipment.

We recommend the Commissioner of Administration:

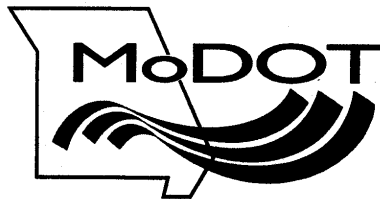
3. Facilitate agencies' efforts to procure heavy equipment through other agencies' contracts.

Agency Comments

Officials representing the Commissioner of Administration provided oral comments in a meeting on April 22, 2005. See Appendix I for other agency comments.

Agency Comments

*Missouri
Department
of Transportation*



Pete K. Rahn, Director

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Jefferson City, MO 65102
(573) 751-2551
Fax (573) 751-6555
www.modot.org

May 24, 2005

Mr. Kirk Boyer
Director of Performance Audits
Missouri State Auditors Office
Truman State Office Building – Room 880
Jefferson City, MO 65101

Dear Mr. Boyer:

Thank you for the opportunity to respond to the recommendations in the draft audit report on Heavy Equipment Utilization. MoDOT is proud of being an organization that strives for continuous improvement, and we will use your recommendations to help us on that road.

Your report recommends MoDOT work with the departments of Conservation and Natural Resources to coordinate heavy equipment acquisitions. We have written to those agencies, extending to them an invitation to work with us. A copy of that letter is enclosed.

You also recommend that we establish guidelines to ensure efficient and economical equipment utilization. As the report points out, we have already done work in this area, and achieved a 50 percent reduction in excess tractors in one year. We will continue to use fleet data to identify underutilized equipment and work with the districts to ensure greater efficiency.

Thank you again for your comments. Should you have any questions about this response, please feel free to contact me at your convenience.

Sincerely,

Dave DeWitt
Director of Administrative Services

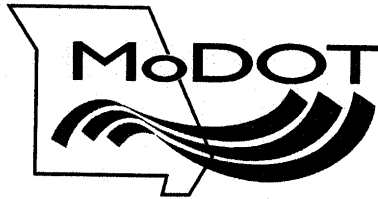
Enclosure

cc: Roberta Broeker – ai

Our mission is to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri.

Appendix I
Agency Comments

Missouri
Department
of Transportation



Pete K. Rahn, Director

105 West Capitol Avenue
P.O. Box 270
Jefferson City, MO 65102
(573) 751-2551
Fax (573) 751-6555
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May 19, 2005

Mr. John Hoskins, Director
Missouri Department of Conservation
2901 W. Truman Blvd.
Jefferson City, MO 65101

and

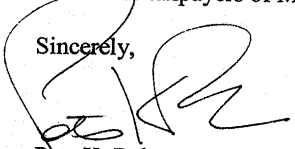
Mr. Doyle Childers, Director
Missouri Department of Natural Resources
1101 Riverside Drive
Jefferson City, MO 65101

Dear Sirs:

No doubt you are familiar with a recommendation the State Auditor has made to each of us in a draft report. That recommendation urges greater coordination between our agencies in the purchase of heavy equipment items. MoDOT is eager to work with you.

The MoDOT personnel who are primarily responsible for the acquisition of heavy equipment are Dave DeWitt, who oversees our General Services Division, and Jeannie Wilson, who is in charge of fleet management. Please share these names with your staff and let them know we are willing to meet and work with you to coordinate heavy equipment purchases in any way that will benefit the taxpayers of Missouri.

Sincerely,


Pete K. Rahn
Director

cc: Dave DeWitt – as ✓
Jeannie Wilson – gs
Roberta Broeker - ai

Our mission is to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri.

Appendix I
Agency Comments



MISSOURI DEPARTMENT OF CONSERVATION

Headquarters

2901 West Truman Boulevard, P.O. Box 180, Jefferson City, Missouri 65102-0180
Telephone: 573/751-4115 ▲ Missouri Relay Center: 1-800-735-2966 (TDD)

JOHN D. HOSKINS, Director

May 18, 2005

Mr. Kirk Boyer
Room 880
Truman State Office Building
Jefferson City, MO 65101

Dear Mr. Boyer:

I reviewed the State Auditor's draft audit report titled "Statewide Heavy Equipment Utilization". My responses to the recommendations are as follows:

1. The Department of Conservation procurement officials have always made a sincere effort to spend state funds wisely and have purchased heavy equipment off other agency's contracts in the past when allowed by Office of Administration. We look forward to meeting with representatives from Department of Natural Resources and Missouri Department of Transportation to coordinate planned heavy equipment purchases.
2. As discussed with representatives of the auditor's staff, our usage of heavy equipment is dependent on several variables, such as weather, programs and need. Although we feel our staff discuss and communicate their needs with other staff in the area and share equipment when feasible, we will establish written guidelines addressing the expectation to share equipment, establishing criteria for normal expected usage, and requiring the review of usage logs and documentation of justification when actual usage is less than the established criteria.

In October 2002, State Auditor McCaskill assured the Conservation Commission that we would be given the opportunity to review the "yellow sheet" portion of the final audit report for accuracy prior to the release of the audit report. In accordance with that established arrangement, please email the "yellow sheet" to Nancy Dubbert, MDC Internal Auditor, at nancy.dubbert@mdc.mo.gov when completed.

Thank you for the opportunity to respond to your recommendations. Please contact me or my staff if you have any questions.

Sincerely,

John D. Hoskins, Director
Missouri Department of Conservation

COMMISSION

STEPHEN C. BRADFORD
Cape Girardeau

ANITA B. GORMAN
Kansas City

CYNTHIA METCALFE
St. Louis

LOWELL MOHLER
Jefferson City

Appendix I
Agency Comments



Matt Blunt, Governor • Doyle Childers, Director

DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

MAY 20 2005

The Honorable Claire C. McCaskill
Missouri State Auditor
P.O. Box 869
Jefferson City, MO 65102

Dear Auditor McCaskill:

Enclosed are the Department of Natural Resources' responses to your Heavy Equipment Audit. Our responses to the two recommendations are from our Division of State Parks, but represent the department's view of cooperation with the other state agencies to ensure the efficient and economical utilization of state-owned and leased equipment.

Thank you for sharing the information noted during the audit and if you have any questions, please contact Ed Schneider, Internal Audit, at 751-1348.

Sincerely,

DEPARTMENT OF NATURAL RESOURCES

Doyle Childers
Director

c: Kirk R. Boyer, State Auditor's Office

DC:eds

Enclosure



Appendix I Agency Comments

Responses to Heavy Equipment Audit

Recommendations

1. Require procurement officials to periodically meet, to the extent possible, and coordinate, planned heavy equipment purchases.

We agree with the recommendation. Procurement officers for each agency should coordinate a meeting shortly after the new fiscal years begin. Heavy equipment replacement/expansion needs for the upcoming year should be discussed. Detail specifications should be developed and forwarded to OA-Division of Purchasing for developing bids and contracts

2. Establish equipment utilization, sharing, and disposal policies and guidelines to ensure the efficient and economical utilization of department-owned and leased equipment.

We agree with the recommendation. We will develop a policy, which will guide the division utilization of heavy equipment. The division has established heavy equipment replacement criteria. These criteria along with documentation from the motor vehicle reports will be used to determine replacement needs. At that time, we will examine opportunities in geographical areas for efficient and economical utilization of heavy equipment.



Claire McCaskill

Missouri State Auditor

June 2005

Village of La Tour, Missouri

Year Ended March 31, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the Village of La Tour, Missouri.

The village does not have a formal bidding policy. Bids were either not solicited or bid documentation was not retained for the purchase of a car (\$2,800) or a radar gun (\$780). In addition, the village expended \$1,925 for insurance and has not taken bids or received quotes on insurance in the last several years.

Supporting documentation was not retained or available for thirteen of fifteen expenditures selected for testing, totaling over \$5,000, including: lawn mowing services, car washes, and wiring for the police car radios. Additionally, the board's review and approval of expenditures is not adequately documented.

Board minutes were not always signed by the village clerk and the Chairman, did not always include sufficient detail of matters discussed and action taken, and were not retained for some meetings. Trustees do not vote on issues brought before the board, rather, a Trustee makes a motion on an issue and if another Trustee seconds the motion it is passed without vote and the minutes will indicate the motion carried. Also, improvement is needed in the handling of closed session meetings.

The daughter of the chairman of the board and wife of a board member was appointed Village Clerk in August 2004. The board minutes for this meeting indicate her husband made the motion to appoint her as Village Clerk and her father seconded the motion. The minutes do not indicate that votes were taken on the motion, but do indicate the motion carried. The Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office.

Also included in the report are recommendations related to attorney costs and billings, budgets and financial reporting, accounting controls and procedures, public access to village records, mileage logs, and a street maintenance plan.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

VILLAGE OF LA TOUR, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairman
and
Board of Trustees
Village of La Tour
La Tour, Missouri 64747

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of La Tour. The scope of our audit of the village included, but was not necessarily limited to, the year ended March 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the village, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of La Tour, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 16, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Gek Mui Melinda Tan

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

VILLAGE OF LA TOUR, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Expenditures
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The village does not have a formal bidding policy. Supporting documentation was not retained for some expenditures and the board's review and approval of expenditures is not adequately documented. In addition, the village does not have a contract with their attorney outlining the types of services that are to be provided.

- A. The village does not have a formal bidding policy. As a result, the decision to solicit bids for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for the purchase of a car (\$2,800) or a radar gun (\$780). In addition, the village expended \$1,925 for insurance and has not taken bids or received quotes on insurance in the last several years.

Formal bidding procedures for major purchases would provide a framework for economical management of resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the village's business. Bids can be handled by telephone quotations, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the winning bid was selected.

- B. Supporting documentation was not retained or available for thirteen of fifteen expenditures selected for testing, totaling over \$5,000. Examples of items purchased where the check register only listed the amount and to whom were lawn mowing services (\$513), car washes (\$100), and wiring for the police car radios (\$300). The village had no supporting documentation for these payments.

All disbursements should be supported by detailed expense accounts, paid receipts, contracts, or vendor provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.

- C. The board's review and approval of expenditures is not adequately documented. Although the board minutes occasionally document approval of specific payments, board approval is generally not documented. Invoices are generally not signed or initialed by the trustees, and a listing of all disbursements approved for payment by the board is not prepared to accompany the minutes.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the trustees to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the village.

- D. The village does not have a contract with their attorney outlining the types of services to be provided and at what cost. The village pays a retainer of \$170 per month to the attorney to represent the village during traffic court. The village paid their attorney \$2,855 during the year ended March 31, 2004 for traffic court and other services.

Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

WE RECOMMEND the Board of Trustees:

- A. Establish a formal bidding and related procedures. Complete documentation of the bidding process should be maintained, including all bids received and justification for selecting and rejecting bids.
- B. Require proper and detailed documentation to support all disbursements.
- C. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes.
- D. Enter into a written contract with the attorney detailing the duties to be performed and the costs associated with the service.

AUDITEE'S RESPONSE

- A. *The board will discuss bidding procedures and will establish a bidding policy within the next three months.*
- B&C. *The board agrees and will begin doing these immediately.*
- D. *The board will consider this.*

The village has not prepared an annual budget or published a semi-annual financial statement. In addition, the village did not file annual financial reports from 1997 to 2002 with the State Auditor's office pursuant to Section 105.145, RSMo.

- A. The village does not prepare an annual budget. Section 67.080, RSMo, provides that no expenditures of public monies shall be made unless it is authorized in the budget.

Section 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendment of the annual operating budget. A complete and well planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of the village operations and provide a means to effectively monitor actual costs and revenues.

- B. The village does not publish semi-annual financial statements. Section 80.210, RSMo, requires that the Board of Trustees prepare and publish semi-annual financial statements to include a statement of village receipts and disbursements for the preceding six-month period. In addition, Section 80.220, RSMo, states that the village can be fined if the Chairman of the Board neglects to publish such statements.

- C. The village did not file annual financial reports with the State Auditor's Office from 1997 to 2002. A financial report for the period of July 1, 2002 to June 30, 2003 was submitted. However, per the former board treasurer, the village's fiscal year end is actually March 31. In addition, the financial report for the fiscal year ended March 31, 2004 did not include all receipts that were received during the year and the cash balance noted did not agree to the Village Treasurer's records.

Section 105.145, RSMo, requires the village to file annual financial reports with the State Auditor's office. The financial reports are to be filed within four months after the end of the village's fiscal year (the requirement is six months after the end of the fiscal year if an audit report prepared by a certified public accountant is filed). In addition, the annual financial reports should accurately reflect the financial activity and cash balances of the village accounts.

WE RECOMMEND the Board of Trustees:

- A. Prepare complete and accurate annual budget documents that contain all information required by state law and/or necessary to provide a complete financial plan for the village.

- B. Publish semi-annual financial statements as required by state law.
- C. Ensure the annual financial reports are prepared and submitted to the State Auditor's office and accurately reflect the financial activity and balance of the village and are prepared based on the village's fiscal year.

AUDITEE'S RESPONSE

- A. *The board agrees and will prepare an annual budget.*
- B. *The board will publish semi-annual financial statements.*
- C. *The board will ensure annual financial reports are prepared and submitted to the State Auditor's office for the fiscal year ended March 31, 2005.*

3.	Accounting Controls and Procedures
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Accounting controls and procedures are in need of improvement. Duties are not adequately segregated and there is no independent oversight. Numerous weaknesses exist in receipt procedures and bank reconciliations. In addition, a petty cash fund was not maintained on an imprest basis.

- A. Accounting duties are not adequately segregated. During our audit period, the village had one board member that served as the Village Clerk and Village Treasurer. This board member was responsible for all accounting duties, including making bank deposits, preparing and co-signing checks, bank reconciliations, and preparing financial reports. While currently one board member serves as Village Treasurer with a Village Clerk being appointed by the board, this new Village Clerk is still responsible for making bank deposits, performing bank reconciliations and preparing financial reports. Neither the board nor other personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of the work performed by the Village Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of the City Clerk City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. The statutes pertaining to villages are similar to those cited in this opinion and, thus, the opinion's conclusion appears applicable to villages.

Holding all of these offices does not allow the segregation of duties necessary for a proper evaluation and review of financial statements. The current procedures jeopardize the system of independent checks and balances intended by state law.

B. Numerous weaknesses were noted concerning receipt procedures and bank reconciliations.

- 1) Receipt slips are not issued for most receipts. The village only issues receipt slips for dog tags. To ensure receipts are handled properly, receipt slips should be issued for all monies received. In addition, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- 2) Receipts are not always deposited on a timely basis and deposits slips are not always retained. Deposits are generally made once a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100. In addition, all deposit slips should be retained.
- 3) Bank reconciliations are not always performed monthly and differences identified between the reconciled bank balance and the book balances were not investigated. The reconciled bank balance at March 31, 2004 of \$5,566 agreed to the check register balance, but the fund balances of the three village funds reported on the March 2004 financial statement totaled \$5,244. This difference appeared to be caused, at least in part, by some receipts not being posted to the monthly financial statement, where fund balances are tracked. As a result, corrections were made to the financial statements presented in the history and organization section of the report (see page 18).

Monthly bank reconciliations and comparisons to financial statement balances are necessary to ensure accurate accounting and financial reporting and that any errors are detected and corrected on a timely basis. To ensure accounting records are complete and to assist in the reconciliation process, receipts should be posted to the financial statement on a timely basis.

C. The village has maintained a petty cash fund of approximately \$100 for miscellaneous purchases. The fund was not maintained on an imprest basis. During the year ended March 31, 2004, two checks for \$100 each were made payable to cash, which the village indicated were used to replenish the petty cash fund, but invoices for petty cash expenditures were not retained. The fund is entirely under the control of the Village Treasurer and no independent review is made to ensure it is maintained properly.

WE RECOMMEND the Board of Trustees:

A. Segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.

- B.1. Ensure pre-numbered receipt slips are issued for all monies received, the method of payment is indicated on all receipt slips and the composition of receipts is reconciled to the composition of bank deposits.
- 2. Ensure monies are deposited intact daily or when accumulated receipts exceed \$100. In addition, all deposit slips should be retained.
- 3. Prepare complete and accurate bank reconciliations each month. In addition, ensure transactions recorded in various accounting records agree with information recorded in source documents and post all receipts, disbursements, and cash balances on the monthly financial statement.
- C. Ensure the petty cash fund is periodically counted and reconciled to the imprest balance by an independent person. Invoices should be maintained for all petty cash expenditures and a ledger should be prepared of all petty cash transactions.

AUDITEE'S RESPONSE

A,B.1

&C. These have been implemented.

B.2. The board agrees and is now doing this. Deposit slips are now being retained.

3. The board will ensure the reconciled bank balance agrees to the financial statements in the future.

4.	Public Records, Minutes, and Meetings
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The village does not have a formal policy for public access to village records. In addition, board minutes were not always signed, did not always include sufficient detail of matters discussed and actions taken, and a closed session meeting was not handled in accordance with state law.

- A. The village does not have a formal policy regarding public access to village records. A formal policy regarding access and obtaining copies of village records would establish guidelines for the village to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making village records available to the public. Section 610.026, RSMo, allows the village to charge fees for copying public records, not to exceed the village's actual cost of document search and duplication.

- B. Board minutes were not always signed by the village clerk and the Chairman. The board minutes should be signed by the clerk as preparer and the Chairman upon approval to provide an independent attestation that the minutes were a correct record of the matters discussed and actions taken during the board meetings.
- C. Board minutes did not always include sufficient detail of matters discussed and actions taken, minutes were not retained for some meetings, and apparently trustees do not vote on issues brought before the board. The board minutes did not always include a description of resolutions passed and generally included very little detail of issues discussed by the board. The board's procedure for approving items is for a Trustee to make a motion on an issue and if another Trustee seconds the motion it is passed without vote and the minutes will indicate the motion carried, even though a majority of Trustees did not vote on the issue. In addition, minutes were not available for the February and March 2004 meetings.

Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted and to provide an official record of board actions and decisions. In addition, Section 610.015, RSMo, requires all votes be recorded and if a roll call is taken, as to attribute each "yea" and "nay" vote, or abstinence if not voting, to the name of the individual member of the Board of Trustees.

- D. Improvement is needed in the handling of closed session meetings. The board held a closed meeting in June 2004 and did not document the related vote to close the meeting and the specific reasons for closing the meeting. In addition, the minutes for this meeting indicate the board discussed several issues which are not allowable topics under the law, including the appointment of a board member.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that the board shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, requires certain matters discussed in closed meetings be made public upon final disposition.

WE RECOMMEND the Board of Trustees:

- A. Develop written policies regarding procedures to obtain public access to, or copies of, public village records.
- B. Ensure board minutes are properly signed to attest to their accuracy.

- C. Ensure all significant discussions, actions taken, a record of votes, and information required by state law are included in the minutes.
- D. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure only allowable specified subjects are discussed in closed session.

AUDITEE'S RESPONSE

- A. *The board has a policy regarding public access to the village ordinances and code and will expand their policy to include access to public records.*
- B. *The board agrees and has implemented this.*
- C. *The board has taken steps and will be sure to comply with state law in the future.*
- D. *The board will take steps to ensure handling of closed meetings is done in accordance with the sunshine law.*

5. Conflicts of Interest

The daughter of the chairman of the board and wife of a board member was appointed Village Clerk in August 2004. The board minutes for this meeting indicate her husband made the motion to appoint her as Village Clerk and her father seconded the motion. The minutes do not indicate that votes were taken on the motion but do indicate the motion carried. In addition, the son of the chairman of the board received \$50 for car cleaning services in 2003, but the minutes do not include any mention of this issue being brought before the board for approval.

Article VII, Section 6 of the Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office. Because of the serious consequences which result by hiring a relative, the board should ensure its members abstain from any decision to hire a relative and ensure that action is fully documented in the board minutes. Discussions and decisions concerning situations where potential nepotism or conflicts of interest exist should be completely documented so that the public has assurance that no village official has benefited improperly. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for village officials.

WE RECOMMEND the Board of Trustees avoid transactions that represent actual conflicts of interest or the appearance of a conflict of interest and ensure all appointments of individuals to village positions comply with the restrictions of Article VII, Section 6, of the Missouri Constitution, in regard to the appointment of relatives. If a relative of a

village official is considered for appointment, that official should abstain from voting on the appointment and that action should be adequately documented in the minutes.

AUDITEE'S RESPONSE

The board agrees and will avoid such situations in the future.

6. Mileage Logs

During the fiscal year ended March 31, 2004, the village paid \$683 for gasoline. The police department does not keep a vehicle usage log for the patrol car. The log should document the beginning and ending odometer reading, destination, and purpose of each trip to provide additional assurance that the vehicle is used only for village business. In addition, gasoline purchases should be recorded on the log and compared to the gasoline invoice each month to ensure all purchases are for the village patrol car.

WE RECOMMEND the Board of Trustees require the village police department to prepare and maintain a mileage log for each patrol car, including beginning and ending odometer readings, destination, purpose of each trip, and gasoline purchases. In addition, the gasoline purchases should be compared to the gasoline invoice on a monthly basis.

AUDITEE'S RESPONSE

The board agrees with the recommendation. The chief currently maintains all of the suggested information and will establish a monthly log for the board's approval.

7. Street Maintenance Plan

An annual maintenance plan for village streets has not been prepared, and most street fund expenditures relate to policing activities. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the village residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year. In addition, the village needs to review its street fund to ensure monies are available to fund such a plan.

WE RECOMMEND the Board of Trustees prepare a formal maintenance plan for village streets at the beginning of the fiscal year and periodically update the plan throughout the year. The board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects. In addition, documentation should be maintained to support how street fund resources will fund the plan.

AUDITEE'S RESPONSE

The board will make a concerted effort to prepare a formal maintenance plan for fiscal year 2006.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF LA TOUR, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Village of La Tour is located in Johnson County. The village was incorporated in 1912. The population of the village in 2000 was 65.

The village government consists of a five-member Board of Trustees. The members are elected for 2-year terms. The chairperson and village clerk/treasurer are trustees appointed by the board during the year ended March 31, 2004. The Board of Trustees and other officials during the year ended March 31, 2004, are identified below. The members of the Board of Trustees serve without compensation.

Board of Trustees	Dates of Service During the Year Ended March 31, 2004	
Ted Akins, Chairperson (1)	April 2003 to March 2004	
Annetta Sheppard, Trustee and Village Clerk/Treasurer (2)	April 2003 to March 2004	
Barry Mayfield, Trustee (3)	April 2003 to March 2004	
John Barnard, Trustee (4)	April 2003 to March 2004	
Vickey Emrick, Trustee (5)	April 2003 to March 2004	
Other Principal Officials	Dates of Service During the Year Ended March 31, 2004	Compensation Paid for the Year Ended March 31, 2004
Gary Wingert, Chief of Police (6)	December 2003 to March 2004	3,716
Todd Nichol, Chief of Police	April 2003 to November 2003	2,199
Harris & Harris, L.L.C, City Attorney	April 2003 to March 2004	2,855

- (1) Ted Akins resigned in April 2005.
- (2) Annetta Sheppard resigned in June 2004. Genevieve Barnard was appointed to fill this position in June 2004. Jackie Mayfield was appointed the Village Clerk in June 2004 and resigned in March 2005. Maryl Reid was elected in April 2005.
- (3) Dale A. Reid was elected in April 2005 and serves as Chairperson.
- (4) John Barnard resigned in March 2004. Allen Gilbert was appointed to fill this position in April 2004.
- (5) Vickie Emrick was appointed Village Treasurer in June 2004. She resigned in December 2004 and James Courtney was appointed Trustee/Village Treasurer in December 2004 and Village Clerk in March 2005.
- (6) Gary Wingert resigned in June 2004 and was replaced by Tom Seymour. Tony Seymour replaced Tom Seymour in January 2005.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATION

Real estate	\$ 131,924
Personal property	46,139
Railroad and utility	<u>22,805</u>
Total	<u>\$ 200,868</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$ 0.50</u>

A summary of the village's financial activity for the year ended March 31, 2004, is presented below.

	General Fund	Street Fund	Law Fund	Total
RECEIPTS				
State, gas, vehicle tax	\$ 0	2,646	0	2,646
Franchise fees	1,633	0	0	1,633
Dog tags	114	0	0	114
Property tax	1,128	0	0	1,128
Fines	308	0	8,664	8,972
Sales tax	0	0	2,439	2,439
Others	188	500	0	688
Total Receipts	3,371	3,146	11,103	17,620
DISBURSEMENTS				
Payroll expense	57	443	6,859	7,359
Attorney's fees	0	484	2,371	2,855
Insurance	1,726	199	0	1,925
Advertisement expense	41	0	0	41
Dispatching expense	107	0	0	107
Election expense	136	0	0	136
Training expense	0	0	270	270
Police car	0	2,800	0	2,800
Car wash	100	0	0	100
Gasoline	294	0	389	683
Maintenance expense	73	300	158	531
Rent	90	0	0	90
Street and park expense	1,123	0	0	1,123
Radar gun	152	780	0	932
Other	214	0	97	311
Total Disbursements	4,113	5,006	10,144	19,263
Receipts Over (Under) Disbursements	(742)	(1,860)	959	(1,643)
Cash Balance, April 1, 2003	1,549	5,022	638	7,209
Cash Balance, March 31, 2004	\$ 807	3,162	1,597	5,566



Claire McCaskill

Missouri State Auditor

June 2005

City of Bragg City, Missouri

Year Ended May 31, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Bragg City, Missouri.

Inadequate controls and oversight resulted in approximately \$9,740 in missing monies. The City determined that during June and July of 2003, seven of the city's checks totaling \$3,120, had been processed by the bank with either no payee indicated or that were payable to the former City Clerk/Treasurer/Collector, for which no supporting documentation was available. The endorsement on each of these checks showed the former City Clerk/Treasurer/Collector. In January 2004, the City Attorney notified the Pemiscot County Sheriff's office of their findings. A letter written by the former clerk indicated payments would be made until the debt was paid, however, as of November 2004, the city had been reimbursed only \$2,550 from the former clerk. City personnel indicated they did not investigate transactions before May of 2003, because their records had been destroyed or lost. However, information we obtained from the bank indicated additional checks written in the same manner totaling \$6,050. In addition, during the year ended May 31, 2003, \$1,520 in checks were written to the former clerk which appeared to have been payroll; however, the clerk should have been paid only \$960 (\$80 per month times 12 months). It appears the city had not thoroughly investigated the situation and was not aware of all the unusual checks at the time of their "agreement".

The City Clerk also serves as the City Collector and the City Treasurer contrary to an Attorney General's opinion. Additionally, the City sometimes signed checks in advance, did not adequately bond officials, and has not entered into a formal written agreement with the city attorney.

The City used public monies on expenditures that did not appear to be reasonable and prudent, including \$477 for decorations, school supplies, prizes, food and candy for a back to school party in August 2003.

The City had no supporting documentation for approximately \$2,500 of additional expenditures made between June and November 2003. The Mayor indicated that these records had been destroyed. Additionally, the board minutes do not normally contain indication of board approval for expenditures, and the board does not normally review invoices before approval of payment.

The City has not filed annual financial reports with the State Auditor's office since 1999, published semi-annual financial statements, or prepared annual budgets, as required by state law.

(over)

YELLOW SHEET

Also included in the report are recommendations related to accounting procedures, property tax procedures, meetings, minutes and ordinances, payroll, and the volunteer fire department.

All reports are available on our website: www.auditor.mo.gov

CITY OF BRAGG CITY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Bragg City, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Bragg City, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended May 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Bragg City, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 28, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	Kate Petschonek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF BRAGG CITY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Missing Monies

Inadequate controls and oversight resulted in approximately \$9,740 in missing monies. The Mayor performed a review of city disbursements upon noticing some unusual items and the city determined that during June and July of 2003, seven of the city's checks, totaling \$3,130, had been processed by the bank with either no payee indicated or that were payable to the former City Clerk/Treasurer/Collector, for which no supporting documentation was available. The endorsement on each of these checks showed the former City Clerk/Treasurer/Collector. In January 2004, the City Attorney notified the Pemiscot County Sheriff's office of city's findings; however, an investigation had not been performed as of April 13, 2005. Sheriff's office personnel indicated they were later informed by the city that the former clerk had agreed to make restitution for these monies and the city was not interested in filing charges; thus the investigation had not been actively pursued. A letter written by the former clerk indicated she would pay "\$1,500 by the end of February 2004 and continue to make monthly payments of \$200 until the debt is paid". No payments were apparently received from the former clerk in March 2004, or from June through August 2004. As of November 2004, the city had received reimbursement for \$2,550 from the former clerk for these checks.

City personnel indicated they did not investigate transactions before May of 2003, because their records had been destroyed or lost. However information we obtained from the bank indicated several additional checks written in the same manner totaling \$6,050. In addition, during the year ended May 31, 2003, \$1,520 in checks were written to the former clerk which appeared to have been payroll; however, the clerk should have been paid only \$960 (\$80 per month times 12 months). It appears the city had not thoroughly investigated the situation and was not aware of all the unusual checks at the time of their "agreement".

Lack of internal control and little or no independent review, as discussed in the following Management Advisory Report (MAR), allowed these missing monies to occur and not be detected. The Board should review these situations and take necessary action to recover the additional missing monies. In addition, the Board should ensure city records are properly retained.

WE RECOMMEND the Board of Alderman review this situation and take necessary action to recover the missing monies.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated this recommendation will be implemented.

2. Accounting Controls and Procedures
--

The City Clerk also serves as the City Collector and the City Treasurer, which does not allow for a proper segregation of duties. In addition, checks are sometimes signed in advance, pre-numbered receipt slips are not issued for some monies received, checks and money orders received are not restrictively endorsed immediately, and a cash control ledger is not maintained. Furthermore, officials are not bonded, petty cash controls are not adequate, and the City does not have a written contract with the City Attorney.

- A. The City Clerk also serves as City Collector and as City Treasurer. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of city clerk, city treasurer, and city collector or any two of these three offices, by the same person at the same time would be incompatible. Holding any two of these three offices does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The Mayor indicated that she reviews all of city clerk's work; however, she does not document her review. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent review should be established, which include documenting when and what work was reviewed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. In addition, the board should require someone independent of the cash custody and record keeping functions to perform periodic reconciliations of receipts to deposits, compare supporting documentation to checks issued, and review bank statements and bank reconciliations.

- B. Some checks issued by the city were signed in advance. The City Clerk/Treasurer/Collector, Mayor and one of the board members are authorized to sign checks, with two signatures required on checks. The Mayor indicated they currently do not sign checks in advance; however, the city's checks currently do not have two signature lines and at least one check was processed by the bank with only one signature. The checks noted in MAR 1 did, at that time, have dual signature lines and a former alderman indicated he had signed these checks in advance. Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended

by dual signatures. In addition, to reduce the risk of theft and loss the city should require dual signature lines on its checks.

- C. Receipt slips are not issued for some monies received. In addition, the receipt slips which are issued are not pre-numbered. The use of pre-numbered receipt slips, issued in numerical sequence, for all monies received, would provide better accountability over monies received. To help ensure collections are properly recorded and deposited, pre-numbered receipt slips should be issued for all monies received.
- D. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, they are endorsed when the deposit is made. To reduce the risk of loss or misuse of funds, checks, and money orders should be restrictively endorsed immediately upon receipt.
- E. The City does not maintain an adequate cash control ledger. Some receipts and disbursements were not posted to the ledger and it did not show the balance of the funds. To ensure receipts and disbursements are accounted for properly, all receipts and disbursements should be posted to the accounting records on a timely basis. The ledger should include the accumulated balance of the funds and be periodically reconciled to the bank balance.
- F. The City Clerk/Treasurer/Collector and the Mayor collect monies; however, they are not bonded. In addition none of the check signers are bonded. City ordinance number 18 indicates that the city collector is to give bond to the city in the sum of five thousand dollars. Failure to properly bond city officials exposes the city to an unnecessary risk of loss.

The City should base its bond coverage on the money an official has access to at any one time, the cost of increased bond coverage, and the level of risk the Board of Aldermen is willing to assume.

- G. The City has not entered into a formal written agreement with the city attorney defining the services to be rendered and compensation to be paid for the legal services. The city paid the city attorney \$250 per month during the fiscal year ended May 31, 2004.

Section 432.070, RSMo 2000, requires contracts for political subdivisions be in writing. The City should enter into written contracts for goods or services rendered or obtained. A written contract, signed by the parties involved, should specify the goods or services to be provided and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to both parties.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk, City Collector, and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established, which include documenting when and what work was reviewed.
- B. Discontinue the practice of signing checks in advance.
- C. Require pre-numbered receipt slips to be issued for all monies received.
- D. Require all checks and money orders to be restrictively endorsed immediately upon receipt.
- E. Ensure all receipts and disbursements are posted to the cash control record and the cash control record maintains an accumulated balance for the funds that is reconciled to the bank statement monthly.
- F. Obtain adequate bond coverage for all city officials with access to city funds.
- G. Enter into formal written contracts, in accordance with state law, which specify the goods or services to be provided and the amount of compensation. These contracts should adequately detail the rights and duties of all parties to the respective contracts and should be properly updated and/or extended when necessary.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated:

- A. *They have been looking for someone to fill one of these positions, but cannot find anyone. They have begun reviewing and documenting their review of the City Clerk/Treasurer/Collector's work.*
- B. *They no longer sign checks in advance, and will obtain dual signature lines on their checks in the future.*
- C,D,
E&F. *These recommendations will be implemented.*
- G. *The City has discontinued the use of an attorney, but will implement this recommendation if one is hired in the future.*

3.**Expenditures**

The City used public monies on expenditures that did not appear to be reasonable and prudent and did not maintain adequate supporting documentation for some expenditures. In addition the board minutes do not indicate board approval of expenditures.

A. The City used public monies on the following expenditures that did not appear to be reasonable and prudent:

- In August 2003 the Board of Alderman authorized expenditures for a back to school party for the children. Approximately \$477 was spent on decorations, school supplies, prizes, food, and candy. The City Clerk indicated that about 25 children attended, which included children who were not residents of Bragg City. Furthermore the city paid approximately \$19 in taxes for the purchases, although the city is exempt from sales tax.
- In July 2004, the City held a fundraiser to start an outreach program. They planned to raffle off \$100 in cash. However the fundraiser did not raise enough money and the city used approximately \$33 of its monies to compensate the raffle winner.

These expenditures do not appear to be a prudent use of city funds. The Board should ensure city funds are spent only on items which are necessary and beneficial to city residents.

B. The City has no supporting documentation for approximately \$6,000 of expenditures made between June and November 2003. The Mayor indicated that these records had been destroyed. Of this \$6,000, \$3,580 was part of the missing monies noted in MAR 1, and canceled checks indicated approximately \$1,300 was for street repairs, and \$600 was for the mowing of city property and ditch cleaning. Additionally adequate supporting documentation was not maintained for some expenditures made since that date. For example, the Mayor hires individuals on a need only basis to perform general maintenance work for the city, i.e. mowing and spraying city property or cleaning out ditches. A check is prepared; however, there is no documentation to indicate the work performed and the amount to be paid for the work. In addition, the amount paid and the people chosen were selected only by the mayor and payments ranged from \$25 to \$90. All expenditures should be supported by vendor receipts or invoices to show that the expense was a reasonable and necessary use of public monies. Furthermore to ensure fair and equitable treatment, the Board of Alderman should establish an ordinance or enter into a contract which indicates the rate to be paid for general maintenance tasks.

C. The board minutes do not normally contain indication of board approval for expenditures, and the board does not normally review invoices before approval of

payment. To ensure all disbursements represent valid transactions of the city, the board should review all vendor invoices or designate an individual who does not prepare checks to review the invoices, agree the invoices to checks issued, and account for the numerical sequence of the checks. The review by the board should be documented in the minutes.

The lack of proper oversight or independent reviews over the disbursements have allowed the missing monies noted in MAR finding number 1 above to go undetected.

WE RECOMMEND the Board of Aldermen:

- A. Ensure that all expenditures are a reasonable and prudent use of public monies.
- B. Ensure all expenditures are supported by receipt slips or invoices to show that the expenses were reasonable and necessary. Furthermore establish an ordinance or enter into a contract, which indicates the amount to be paid for general maintenance work performed for the city.
- C. Ensure supporting documentation for all disbursements is reviewed by someone independent of the check preparation and signing duties. In addition, board approval for all expenditures should be documented.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated these recommendations will be implemented. Maintenance work will be bid in the future.

4. Property Tax Procedures

The City Collector does not prepare monthly or annual reports of tax collections and delinquent taxes, and pre-numbered tax bills are not issued.

- A. The City Collector does not prepare monthly or annual reports of tax collections and delinquent taxes. Sections 79.310, 94.320, and 94.330, RSMo 2000, require the city collector to prepare monthly and annual reports to the board of aldermen of the amount of taxes collected and to prepare annual lists of delinquent taxes including a detailed list of persons who have not paid. The board is to examine and approve the reports and charge the city collector to collect the amount of delinquent taxes due.

Detailed annual reports which comply with state law would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the City Collector, monthly collections, delinquent credits, abatements, and additions.

Without such a report, examined by the Board of Aldermen, any errors or irregularities that might occur are likely to go undetected.

- B. The City does not use pre-numbered tax bills. Upon collection of the taxes the City Clerk will mark the city's copy of the tax bill "paid" and note the date paid. To provide reasonable assurance that all tax bills have been accounted for, pre-numbered tax bills should be issued and the numerical sequence accounted for properly.

WE RECOMMEND the City Collector:

- A. Prepare and maintain detailed monthly and annual reports of taxes collected and delinquent taxes. In addition, the reports should be reviewed and approved by the Board of Aldermen.
- B. Ensure tax bills are pre-numbered.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated these recommendations have been implemented.

5. Financial Reporting

The City has not filed annual financial reports with the State Auditor's office since 1999, published semi-annual financial statements, or prepared annual budgets, as required by state law. In addition, the budget for fiscal year ended May 31, 2005 did not comply with state law.

- A. Annual financial reports have not been filed with the State Auditor's office since the fiscal year ended June 30, 1999. Section 105.145, RSMo 2000, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's office.
- B. The City has not published semi-annual financial statements as required by state law. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.
- C. The City has not prepared and adopted annual budgets as required. Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

WE RECOMMEND the Board of Aldermen:

- A. Submit annual reports of financial transactions to the State Auditor's office as required by state law.
- B. Publish semi-annual financial statements as required by state law.
- C. Prepare an annual budget that contains all information required by state law to provide a complete financial plan for the city.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated these recommendations will be implemented.

6. Meetings, Minutes, and Ordinances

Numerous problems were noted with the city procedures for conducting and documenting board meetings, providing public access to records, and establishing and maintaining ordinance records.

- A. The board minutes are prepared by the City Clerk/Collector/Treasurer; however they are not signed by the Mayor, the Clerk, or any of the board members. The board minutes should be signed by the Clerk as the preparer, and the Mayor, or a designated member of the board, to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. A tentative agenda is not prepared and posted for each board meeting. According to Section 610.020 RSMo 2000 all public governmental bodies shall give notice of the time, date and place of each meeting, and its tentative agenda at least 24 hours prior to the commencement of the board meeting. To adequately inform the residents of the business to be discussed during the board meeting and ensure compliance with the Sunshine Law, a tentative agenda that summarizes the topics to be discussed during the meeting should be prepared and posted.

C. The board meeting minutes do not always include sufficient detail of matters discussed or actions and votes taken, such as documenting the discovery of a theft and board approval of appointed positions and expenditures.

- The minutes did not document the discussion or subsequent agreement regarding the theft of city monies, although they did document how the employee was to repay the city (see also MAR 1).
- The minutes did not indicate that the board voted to appoint several city officials, or when city officials resigned, or the city's attempts to fill vacancies in an elective or an appointed position. Furthermore, the minutes did not indicate the officials sworn in office after the April 2004 election.
- Minutes from the budget committee meetings were not taken and retained. To ensure compliance with open-meeting laws, minutes should be prepared for all meetings and be maintained and filed by the City Clerk.

Section 610.020, RSMo 2004, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted and to provide an official record of the board actions and decisions.

D. The board held one closed session meeting during our audit period. A review of the minutes of the closed meeting noted the following concerns:

- 1) The open session minutes did not document the vote to go into closed session and the specific reasons for closing the meeting.

Section 610.022, RSMo 2004, requires that before any meeting may be closed, the question of holding a closed meeting and the reason for the closed meeting shall be voted on at an open session.

- 2) Some items discussed and voted on by the Board of Aldermen in the closed session do not appear to be allowed under the provisions of the Sunshine Law. For example the board passed several ordinances, passed a motion to change the fiscal year, discussed the fee policy, and discussed appointing a budget committee.

Section 610.021, RSMo 2004, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the

discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- E. The City ordinances do not appear complete and up-to-date and there is no summary listing of ordinances passed and rescinded. The city has not adopted ordinances required by state law and/or needed to govern the city. In addition the city's ordinances are not codified. Codification of the city's ordinances would assist the city in keeping track of additions and changes made to the city's ordinances.

1) City ordinances appear old and outdated. For example:

- Three ordinances were not included in the current ordinance book. The city has replaced one of these missing ordinances with a current ordinance.
- The City based a recently adopted ordinance, regarding procedures for filling an elected position, on the language that existed prior to 1982 for Section 78.280 RSMo instead of current statute.
- One ordinance indicates that the fire chief is to be appointed by the Mayor; however the fire department is a separate entity and the fire chief is appointed by their board.

Since the ordinances represent the legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be maintained in a complete, well-organized, and up-to-date manner. An index of all ordinances passed and repealed by the city could help keep track of additions and changes made to the city ordinances.

- 2) The City has not adopted ordinances to address all issues required by state law, including current compensation of officials and employees, establishment of the property tax, approved tax levy for the year, and the procedures for collecting delinquent taxes.

Sections 79.270 through 79.320, RSMo 2000, require the duties powers, compensation, and terms of office of the city officials and employees be set by ordinance. Section 94.190.3 and 94.210, RSMo require the property tax rate be set annually by ordinance.

- F. The City has adopted a policy regarding public access to city records; however, it does not establish a contact person or an address for mailing requests. In addition, the policy states that the custodian may charge a fee for copying of \$1.00 per page, \$10.00 for the information to be put on a disk that is provided by the city, and \$5.00 for the information to be put on a disk that is provided by the requester, which does not comply with state law.

Section 610.026, RSMo 2004, indicates that the fees for copying public records shall not exceed ten cents per page for a paper copy not larger than nine by fourteen inches, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body. The cost of copying information onto a disk shall only include staff time, which shall not exceed the average hourly rate of pay for staff of the public governmental body and if necessary the cost of the disk, tape, or other medium used for the duplication. This ordinance and policy should establish a person to contact and an address to mail requests for access to records.

In addition, Section 610.023, RSMo 2004, lists requirements of making city records available to the public.

WE RECOMMEND the Board of Aldermen:

- A. Ensure board minutes are properly signed, to attest to their accuracy.
- B. Ensure an agenda that summarizes the topics to be discussed during the board meeting be prepared and posted before each board meeting.
- C. Ensure complete and accurate minutes of the board's meetings are maintained; including all significant discussions, actions and votes taken, and information required by state law.
- D.1. Ensure the board minutes document the vote to go into closed session and state the reasons for going into closed session.
- 2. Ensure only allowable, specified subjects are discussed in closed session as required by state law.
- E. Ensure the city's ordinances are maintained in a complete and up-to-date manner and consider codifying the ordinances. New ordinances should be passed as needed and the board should ensure it operates in accordance with established ordinances.
- F. Ensure written policies and procedures regarding public access to and/or copies of city records are in compliance with state law.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated:

A&B. These recommendations have been implemented.

C,D,

E&F. These recommendations will be implemented.

7.

Payroll

The City does not properly report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid. Employees that receive payment for services include the City Clerk/Collector/Treasurer/Court Clerk, Municipal Judge, City Attorney, and the City Marshall. All other city employees have waived their right to a salary. City officials indicated that all salaried officials will receive a Form 1099 for 2004, except the Municipal Judge who will receive a W-2. The City withholds social security taxes from the Municipal Judge's monthly salary; however, these withholdings have not been transmitted to the proper authorities. The City Clerk/Collector/Treasurer/Court Clerk and the City Marshall appear to be employees and not independent contractors, thus the city should review IRS regulations to ensure they are in compliance.

The Internal Revenue Code requires employers to report wages on W-2 forms and withhold federal income taxes. Similarly, Chapter 143, RSMo 2000, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to withhold payroll taxes and pay the employer's share of social security on the compensation paid to employees. Section 105.300, RSMo 2000, defines an appointive officer or employee of a political subdivision as an employee for social security tax purposes.

WE RECOMMEND the Board of Aldermen ensure payroll taxes are properly withheld and remitted for any wages or salaries paid. In addition, the board should ensure that the compensation paid to elected or appointive officials are properly reported.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated this recommendation will be implemented.

8.

Volunteer Fire Department

The relationship between the city and the Bragg City Volunteer Fire Department is not clear, and there is no written agreement stating the duties and responsibilities of each entity. The Bragg City Volunteer Fire Department registered as a not-for-profit agency on March 26, 2002. They provide fire protection to the citizens of Bragg City and the surrounding rural area. The fire department collects membership fees, and those who are not a member are charged a fee for services rendered. The city, in the past, provided a loan for the purchase of a fire truck, paid the department's insurance, and collected their membership fees. These agreements were not in writing to set out the duties and responsibilities of each entity. Furthermore, as discussed in MAR 6.E., the city's ordinances indicate that the fire chief is to be appointed by the city's mayor; however,

according to the Fire Chief, the volunteer fire department is governed by a board, who appoints the fire chief.

The present situation places the city and the volunteer fire department in the position of not knowing the relationship and corresponding requirements of each entity. The city needs to determine the relationship between the city and the fire department and may want to enter into a contract stating the duties and responsibilities of each entity.

WE RECOMMEND the Board of Alderman enter into a written agreement with the volunteer fire department stating the fire department's and the city's duties and responsibilities.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk/Treasurer/Collector indicated the city and fire department are now totally separate entities. If this relationship changes in the future, they will enter into a written agreement.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF BRAGG CITY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Bragg City is located in Pemiscot County. The city was incorporated in 1919 and is currently a fourth class city. The population of the city in 2000 was 189.

The city government consists of a mayor and a four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended May 31, 2004, are identified below. The Mayor and the Board of Aldermen have elected not to receive compensation due to the financial condition of the city.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended May 31, 2004</u>
Elda Davis, Mayor	June 2003 - May 2004
Daniel Lang, Alderman	June 2003 - May 2004
Michael Holdren, Alderman (1)	April 2004 - May 2004
Janie Marquis, Alderman	October 2003 - April 2004
Christina Blurton, Alderman	June 2003 - October 2003
Sheila Owens, Alderman (2)	October 2003 – May 2004
Denise Jones, Alderman	June 2003
Winkle Parker, Alderman (3)	June 2003 - May 2004

Other Principal Officials	Dates of Service During the Year Ended May 31, 2004	Compensation Paid for the Year Ended May 31, 2004
Christina Blurton, City Clerk/Treasurer/Collector (4)	October 2003 - May 2004	\$ 0
Christi Kincade, City Clerk/Treasurer/Collector	June 2003 - October 2003	320 *
Christina Blurton, Court Clerk (4)	April 2004 - May 2004	0
Cheryl Crafton, Court Clerk (4)	March 2004 - April 2004	0
Cameron Parker, City Attorney	June 2003 - May 2004	3,000
Jacqueline Barnes, Municipal Judge	March 2004 - May 2004	250
Freddie Parker, Code Enforcer (4) (5)	February 2004 - July 2004	0
Glen Troughber, Jr., City Marshall (6)	May 2004	170

* This represents the amount which should have been paid during the time period. The checks issued did not clearly indicate the payroll amounts.

- (1) Re-elected in April 2005.
- (2) Cecil Lyell was elected to this position in April 2005.
- (3) Mr. Parker resigned from this position in April 2005, a replacement has not been appointed.
- (4) Elected not to receive any compensation.
- (5) Charles Hindmon was appointed Code Enforcer in July 2004.
- (6) Glen Troughber Jr. resigned in June 2004 and has not been replaced.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 243,470
Personal property	177,559
Railroad and utility	93,028
Total	<u>\$ 514,057</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$ 0.5000</u>

A summary of the city's financial activity for the year ended May 31, 2004, is presented below.

	General Fund	Maintenance Fund	Total
RECEIPTS			
Property taxes	\$ 1,412	0	1,412
Utility franchise taxes	4,016	0	4,016
Motor fuel and motor vehicle taxes	0	7,802	7,802
Rent	3,000	0	3,000
Unidentified receipts	34	0	34
Repayment of missing monies	0	1,900	1,900
Total Receipts	<u>8,462</u>	<u>9,702</u>	<u>18,164</u>
DISBURSEMENTS			
Salaries	3,715	0	3,715
Supplies	631	0	631
Equipment	1,015	0	1,015
Grounds keeping	627	0	627
Election services	160	0	160
Water (for rental property)	43	0	43
Street lights	0	2,620	2,620
Street maintenance and repairs	0	1,827	1,827
Fire department	375	0	375
Other	632	5	637
Unidentified disbursements	550	3,030	3,580
Total Disbursements	<u>7,748</u>	<u>7,482</u>	<u>15,230</u>
Receipts Over (Under) Disbursements	714	2,220	2,934
Cash Balance, June 1	<u>3,712</u>	<u>9,276</u>	<u>12,988</u>
Cash Balance, May 31	<u>\$ 4,426</u>	<u>11,496</u>	<u>15,922</u>



Claire McCaskill

Missouri State Auditor

June 2005

Ex Officio County Collector

Livingston County, Missouri

March 1, 2004 to
December 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

June 2005

Our office conducted an audit of the Ex Officio County Collector, Livingston County, Missouri.

State statute requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On December 31, 2004, a vacancy occurred in the office of the Ex Officio County Collector of Livingston County, Missouri; a successor was appointed and sworn into office effective January 1, 2005. A final settlement for the period March 1, 2004 to December 31, 2004, was filed on January 31, 2005.

Although recommendations have been made in several prior audit reports, the former Ex Officio Collector did not adequately reconcile cash balances to existing liabilities. Monthly bank reconciliations were performed; however, no check register balance or other book balance was maintained. As a result, the reconciled cash balance of \$746,777 at December 31, 2004, was not compared to any book balance or existing liabilities.

As similarly discussed in our prior report, the former Ex Officio Collector did not reconcile abstracted transactions to daily deposits. For some deposits reviewed, we noted unidentified differences existed between the daily abstracted receipts and deposits. The deposit log which the former Ex Officio Collector used to document the payment details and provide support for individual deposits, and some paid tax statements related to the deposits reviewed could not be located.

The former Ex Officio Collector continued to utilize his manual recordkeeping system after the implementation of the computerized property tax system. Although various data was entered into the system and some monthly reports were generated and filed for retention, there was no documentation to show that the manual information was reconciled to the computer reports. The computer information was not thoroughly reviewed and tested.

Rather than resolving penalty interest calculation discrepancies, the former Ex Officio Collector recalculated what the penalty interest amount should have been in total, and adjusted distribution amounts for under and over payments. The practice of distributing amounts that do not agree to amounts collected could result in a bank account overage or shortage at month end.

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YELLOW SHEET

LIVINGSTON COUNTY, MISSOURI
EX OFFICIO COUNTY COLLECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Ex Officio County Collector
Livingston County, Missouri

Section 52.150, RSMo 2000, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. The Ex Officio County Collector of Livingston County, Missouri, resigned effective December 31, 2004; a successor was appointed and sworn into office effective January 1, 2005.

To satisfy our statutory obligation, we have audited the operations of the Ex Officio County Collector of Livingston County, Missouri. The scope of our audit included, but was not necessarily limited to, the period March 1, 2004 to December 31, 2004. The objectives of this audit were to:

1. Determine the financial condition of the accounts of the office of the Ex Officio County Collector.
2. Determine the proper compensation that should have been paid to the replaced Ex Officio County Collector during the audit period and the compensation actually paid during such period.
3. Review internal controls and review compliance with legal provisions as deemed necessary.
4. File a report of our findings with the County Commission and the person appointed to fill the vacancy in the office of the Ex Officio County Collector.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents and interviewing the County Clerk and various personnel of the office of the Ex Officio County Collector.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in

operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

Section 52.150, RSMo 2000, requires the County Commission to accept the state auditor's report and, if necessary, to take certain specific actions if the state auditor finds any monies owing to the county or the past Ex Officio County Collector.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Ex Officio County Collector and was not subjected to the procedures applied in the audit of that office.

The accompanying Management Advisory Report presents our findings arising from our audit of the Ex Officio County Collector of Livingston County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
Audit Staff:	Gary Raines

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

LIVINGSTON COUNTY, MISSOURI
EX OFFICIO COUNTY COLLECTOR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Ex Officio County Collector's Controls and Procedures
--

On December 31, 2004, a vacancy occurred in the Collector's office. The current Ex Officio Collector was appointed and sworn into office effective January 1, 2005. The former Ex Officio Collector prepared a final settlement for the period March 1, 2004, to December 31, 2004. Collections totaled approximately \$1.5 million for this time period.

Cash balances were not reconciled to liabilities, daily deposits were not agreed to abstracted transactions, and interest penalties on back tax collections were not always properly calculated. In addition, some records could not be located and some manual records were not agreed to computer generated reports.

- A. Although recommendations have been made in several prior audit reports, the former Ex Officio Collector did not adequately reconcile cash balances to existing liabilities. Monthly bank reconciliations are performed; however, no check register balance or other book balance is maintained. As a result, the reconciled cash balance of \$746,777 at December 31, 2004, was not compared to any book balance or existing liabilities. Without such comparisons, there is less certainty of the propriety of the reconciled cash balance.

The maintenance of a book balance and adequate reconciliations are necessary to ensure receipts and disbursements are properly accounted for and the cash balance can be properly identified to appropriate liabilities and other reconciling items.

- B. As discussed in our prior report, the former Ex Officio Collector did not reconcile abstracted transactions to daily deposits. With the implementation of the computerized property tax system, the deputy collector entered paid tax receipt information into the system and daily abstract reports were generated and filed with the corresponding deposit slips. However, there was no procedure to reconcile these records and a review of selected bank deposits noted some unidentified differences between the daily abstracted receipts and deposits. The deposit log, which the former Ex Officio Collector used to document the payment details and provide support for individual deposits, and some paid tax receipts related to the deposits reviewed could not be located. Because of the lack of a reconciliation procedure and unavailability of some records, there is less assurance that all receipts were deposited intact.

Daily abstract listings should be agreed to deposits to ensure all receipts have been properly recorded and deposited intact.

- C. The former Ex Officio Collector continued to utilize his manual recordkeeping system after the implementation of the computerized property tax system. Although various data was entered into the system and some monthly reports were generated and filed for retention, there was no documentation that manual information was reconciled to the computer reports. Manual records continued to be used to support significant tasks, such as month-end distributions. As a result, the computer information was not thoroughly reviewed and tested. We noted an instance where a thirty percent commission was calculated for one month rather than the authorized three percent commission. This occurred because commission rates had to be entered into the system each month rather than being incorporated into the program. Because manual records were still being relied upon, this error had no impact on month-end distributions. Since the new Ex Officio Collector is relying on the computer system to perform all tasks, she needs to carefully review all reports generated to ensure their accuracy.
- D. Errors are sometimes made by taxpayers when calculating penalty interest on back taxes and mailing their bills and monies to the Ex Officio Collector's office. In addition, the former Ex Officio Collector sometimes included payments made early in a month with the previous month's abstracted activity so that the monies could be included in the month-end property tax distribution. As a result, the related penalty interest paid appeared to include an extra month. When determining month-end distribution amounts, the former Ex Officio Collector recalculated what the penalty interest amount should have been in total, and adjusted distribution amounts for under and over payments. The practice of distributing amounts that do not agree to amounts collected could result in a bank account overage or shortage at month end. A review of the March 2004 through December 2004 abstract reports identified approximately \$312 had been added to distribution amounts due to this month-end recalculation.

Proper calculation of penalty interest and consistent application of month-end cutoff periods is necessary to ensure appropriate amounts are accounted for and distributed. Any significant discrepancies need to be resolved with the taxpayer.

WE RECOMMEND the Ex Officio County Collector:

- A. Maintain a book balance and reconcile the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and explained on the reconciliations.
- B. Reconcile the daily abstracts to daily deposits ensuring all receipts are deposited intact.
- C. Closely review computer generated information to ensure its propriety and resolve any problems identified.

- D. Resolve any significant penalty interest discrepancies with the taxpayer, consistently and properly cut off activity at month-end, and ensure that amounts distributed agree to amounts collected.

AUDITEE'S RESPONSE

The Ex Officio County Collector provided the following responses:

- A. *I have set up and have been maintaining a running balance for each bank account. I am using a separate 3-ring binder for each account. I have been reconciling the bank accounts each month and have not noted any differences. Liabilities will be identified.*
- B. *Since we are now using the computer, I do a batching, posting, and daily collection procedure for each deposit made. Cash and checks on the daily deposit are compared to the computer information. We then make a copy of the daily deposit slip and this is all kept in a notebook. If there is a difference between the computer reports and the deposit slips an explanation will be given on the deposit slip. We also have been doing a daily balance of our cash drawer and making a note of this on the copied deposit slip.*
- C. *I have been closely reviewing computer-generated information. I have talked with our software company and resolved issues related to method of payment information and commission calculations.*
- D. *All interest and penalties are now calculated by the computer software, and discrepancies are resolved with taxpayers as needed. Our software is also calculating disbursements. We then write checks by hand. A calculator tape of checks is made after checks are written to ensure agreement with the total computer generated disbursement amounts.*

The former Ex Officio County Collector provided the following response:

The audit report fairly and accurately describes the procedures of the office and it appears appropriate that plans regarding the various recommendations be provided by the new Ex Officio County Collector.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

LIVINGSTON COUNTY, MISSOURI
EX OFFICIO COUNTY COLLECTOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Ex Officio County Collector and the township collectors bill and collect property taxes for the county and most local governments. The Ex Officio County Collector is responsible for collecting delinquent taxes not collected by the various township collectors, as well as collecting all current railroad and utility taxes and current surtax. Pursuant to Section 54.030, RSMo 2000, the County Treasurer/Ex Officio County Collector's term of office ends March 31. Annual settlements are to be filed with the county commission for the fiscal year March 1 through February 28(29).

Gordon Smith served as Ex Officio County Collector until December 31, 2004. Deanna Kepner was appointed the Livingston Ex Officio County Collector and sworn into office effective January 1, 2005.

The Ex Officio County Collector received compensation of \$34,110 for the period March 1, 2004 to December 31, 2004. Compensation was in accordance with statutory provisions.

The following schedule reflects amounts from the records of the Ex Officio County Collector on the modified accrual basis. The schedule does not include any of the operating costs of the Ex Officio County Collector's office. Operating costs are paid from the General Revenue Fund of the county.

Appendix

LIVINGSTON COUNTY, MISSOURI
EX OFFICIO COUNTY COLLECTOR
SCHEDULE OF REVENUES AND EXPENDITURES

	Period March 1, 2004 to December 31, 2004
REVENUES	
Property taxes:	\$
Ex Officio County Collector	1,755,871
Township Collectors	6,208,084
Other	143,873
Less Provision for Uncollectible Accounts	(416,560)
Total Revenues	<u>7,691,268</u>
EXPENDITURES	
State of Missouri	41,453
General Revenue Fund	6,041
Assessment Fund	92,710
Health Center Fund	333,956
Senate Bill 40 Board Fund	134,878
School districts	5,313,391
Library district	364,504
Ambulance district	232,758
Nursing home district	207,122
North Central Missouri College	459
Watershed district	702
Fire protection districts	31,188
Township general	140,289
Township road and bridge	580,730
Cities	50,685
County Clerk	1,715
Merchant licenses - General Revenue Fund	5,740
County Employees' Retirement	26,257
Tax Maintenance Fund	12,374
Other	1,505
Commissions and fees:	
Township Collectors	56,280
General Revenue Fund	56,531
Total Expenditures	<u>7,691,268</u>
REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$ 0</u></u>



Claire McCaskill

Missouri State Auditor

June 2005

MENTAL HEALTH

Office of Information Systems



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following was discovered as a result of an audit conducted by our office of the Department of Mental Health, Office of Information Systems (OIS).

The oversight and monitoring by the Department of Mental Health (DMH) of vendors engaged in the development of the department's Customer Information Management, Outcomes and Report (CIMOR) computer system has been inadequate. System development costs and timeframes have significantly exceeded expectations. According to department records, system development costs, as of June 30, 2004, totaled over \$6 million and the implementation date for the first part of the system is now planned for spring 2005. The Director of OIS estimated that for the four years ended June 30, 2004, the department spent approximately \$8,664,000 for computer hardware, such as network upgrades, servers, and PCs which are directly related to the CIMOR project. The funding for the CIMOR project has been achieved by redirecting resources from other systems and services, which included a combination of Office of Information System's (OIS) core money, facility funds, and other department funds.

In September 2000, the DMH and the Office of Administration (OA) awarded a contract, totaling \$3.7 million, to Innovative Systems, Inc. (iServ), for software and license, installation, and training for a comprehensive, integrated computer system. The DMH and iServ amended the contract twice to reflect changes to the software platform, payment and delivery schedule, and other changes. The DMH and OA terminated the contract with iServ in January 2003 because iServ had not complied with the delivery schedule, had delivered software without the required functionality, or had not performed in accordance with other provisions of the contract. DMH immediately hired Rose International (Rose), a subcontractor under the iServ contract, to complete the project. However, Rose did not deliver a functional system either. Rose and DMH negotiated a new agreement in which DMH paid Rose over \$480,000 for the additional work on phase one functions exceeding the original scope.

In March 2004, DMH personnel took over the system development with help from Rose personnel. The CIMOR October 2004 news release indicated that the project's Foundation Release in Spring 2005 would include system administration, organization management, contract management, service codes, and appropriation/allocation management. It is clear that significant, additional costs will be incurred to complete all aspects of the CIMOR project. However, the DMH has not developed an estimate of additional expected costs for the completion of the project, and the oversight committee is again expressing concern about schedule overruns in the development of CIMOR phase two functions.

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YELLOW SHEET

DEPARTMENT OF MENTAL HEALTH
OFFICE OF INFORMATION SYSTEMS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Missouri Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
Jefferson City, MO 65102

We have audited the Department of Mental Health, Office of Information Systems. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objective of this audit was to review the effectiveness of the department's oversight and monitoring practices relating to the development of the department's Customer Information Management, Outcomes and Reporting (CIMOR) system.


Our methodology to accomplish this objective included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objective and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the department.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Mental Health, Office of Information Systems.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Zeb Tharp
	Wendy Groner

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

DEPARTMENT OF MENTAL HEALTH
OFFICE OF INFORMATION SYSTEMS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

Computer System Development

The oversight and monitoring by the Department of Mental Health (DMH) of vendors engaged in the development of the department's new computer information system has been inadequate. This deficiency has resulted in cost overruns and system development delays.

Originally expected to be completed by December 31, 2002, the DMH currently expects the first part of the system (Foundation Release) to be completed by Spring 2005. Through June 2004, the DMH paid vendors approximately \$6.2 million for system development – about \$2.4 million more than the total initial contract for system development and training.

Background Information

In September 1999, the DMH and the Office of Administration (OA), Division of Purchasing and Materials Management, issued a request for proposals for the purchase of a comprehensive, integrated computer system, subsequently named Customer Information Management, Outcomes and Reporting (CIMOR), to replace, enhance, and integrate the various clinical, financial, and administrative systems used throughout the department. The CIMOR is intended to provide for the intake and tracking of consumers, maintenance and tracking of department funding and program expenditures, recording of clinical encounters, generating claims for payment when appropriate, and conformance to federal requirements for security, privacy, and electronic transactions. The DMH wanted to purchase a software package from a vendor which could be modified for its use.

In September 2000, the DMH and OA awarded a contract, totaling \$3.75 million, to Innovative Systems, Inc. (iServ), for software and license, installation, and training. As required by the contract with iServ, the DMH designated employees to participate on an implementation team, which was responsible for overall project management and the development of system requirements. The implementation team assigned employees with expertise in the various operational areas to work groups. These work groups met as necessary to develop requirements for components of the system. The team members usually met weekly throughout the project and its activities included reviewing the functionality of software provided by the vendors. In March 2001, the DMH and iServ developed an implementation plan forecasting project completion on December 31, 2002.

The DMH also formed an oversight committee to monitor the project status and performance of the contractor. This 14 member oversight committee was composed of

13 individuals with the DMH and one person from iServ. Beginning in September 2001, the DMH contracted with an oversight vendor to assist in project oversight by regularly reviewing the project status and progress and offering recommendations to address project issues. The oversight committee usually met monthly throughout the project. Although iServ employees did not work on-site at the DMH's central office, certain employees were made available by iServ for meetings with the department's implementation team and oversight committee.

Subsequently, the DMH and iServ amended the contract twice to reflect changes to the software platform, payment and delivery schedule, and other changes. The DMH and OA terminated the contract with iServ in January 2003 because iServ had not complied with the delivery schedule, had delivered software without the required functionality, or had not performed in accordance with other provisions of the contract. Immediately after canceling the contract with iServ, the DMH hired Rose International (Rose), a subcontractor under the iServ contract, to complete the project.

The funding for the CIMOR project has been achieved by redirecting resources from other systems and services, which included a combination of Office of Information System's (OIS) core money, facility funds, and other department funds. The DMH received a one-time appropriation, totaling \$5.9 million, in fiscal year 2002 for technical planning assistance, server computers, and other network equipment. In addition, starting in 2002, OIS began receiving federal funding of approximately \$2 million per year. These federal funds are a result of Medicaid reimbursements for time spent by OIS for the development of Medicaid applications in CIMOR.

Project Costs

System development costs and timeframes have significantly exceeded expectations. As noted above, the initial cost estimate for the software development was \$3.75 million with an implementation date of December 31, 2002. According to department records, system development costs, as of June 30, 2004, totaled over \$6 million and the implementation date for the first part of the system is now planned for spring 2005.

The software development and oversight costs for the CIMOR project for the four years ended June 30, 2004 were:

<u>Vendor</u>	<u>Services</u>	<u>Cost</u>
Project vendors:		
iServ	Software development	\$ 3,339,191
Rose International	Software development	2,127,043
Other vendors	Software and consulting for consumer banking and pharmacy and pharmacy data bank.	717,596
Total project vendors		<u>6,183,830</u>
DMH and oversight:		
DMH staff	Project management and support	1,175,658
Oversight vendor	Project oversight	177,247
Total DMH and oversight		<u>1,352,905</u>
Total costs		<u>\$ 7,536,735</u>

According to OIS personnel, the total computer hardware costs of the CIMOR project is difficult to calculate because some infrastructure improvements are integrated with other expenses. For example, it is not possible to separate all normal replacement and upgrade expenses from those needed for CIMOR, since, in most cases, these are strategically the same. However, the Director of OIS estimated that for the four years ended June 30, 2004, the department spent approximately \$8,664,000 for computer hardware, such as network upgrades, servers, and PCs which are directly related to the CIMOR project. In addition, numerous hours were spent by department personnel on CIMOR but these costs were not identified as CIMOR expenditures.

Problems Identified

iServ

The DMH paid iServ over \$3.3 million for system development services as follows:

<u>Service</u>	<u>Amount Paid</u>
Planning	\$ 600,060
Prototype	400,000
Software licenses	220,000
Training plans	275,000
Software deliverables	1,520,000
Work group activities	324,131
Total	<u>\$ 3,339,191</u>

However, in January 2003, the state cancelled the contract with iServ for significant breaches of a number of contractual obligations, including pharmacy software license not received, and failure to provide source code, to fulfill deliverable schedules, and to provide technical training.

The following appeared to contribute to the department not receiving a viable system from iServ:

- The department approved changing the software platform twice, which resulted in additional development time and cost. The original agreement with iServ provided for a client-server based system. A year later, in September 2001, the contract was amended to change to a web-based system. According to OIS personnel, the first year of the contract mainly involved planning for the development of CIMOR. Thus, no work was done on the client-server system and the software was developed on the web-based system.

Then, iServ abandoned the web-based system and recommended the use of a more technologically advanced internet system, Microsoft.NET. The DMH believed it would be cost prohibitive to cancel the contract and rebid the services due to the significant investment in the iServ product, and that it would be beneficial for the department to switch to the new system. Thus, the contract was amended in September 2002 for this and other changes. The amendment provided for payments totaling over \$2.6 million for the revised list of deliverables and with the final system acceptance set for August 2003.

- It appears the department did not always clearly define its expectations and requirements, which caused disagreements between the department and iServ. The minutes of the implementation team and oversight committee indicated there was some uncertainty regarding what was or was not in CIMOR. There was some confusion about whether the department or iServ would enter business rules data into CIMOR. In addition, the department and iServ differed on what was included in maintenance and user support or when the department should begin paying for maintenance and user support. Also, the "first half" of the training curriculum was not well defined. In May/June 2002, the oversight committee noted that the "current DMH/iServ communications processes via both formal [PAQ (project assessment quotation), contract, amendments] and informal (email, verbal) methods are recognized as insufficient."
- Although the department believed that iServ consistently failed to provide the promised functionality on the delivered software, the department sometimes paid for the deliverable. For example, the department paid the contract price, totaling \$290,000, for the August 2002 and October 2002 software releases, installation, and documentation from iServ although the release lacked the required functionality and iServ did not supply the source code. Also, the implementation team meeting minutes noted the "functionality of the May 2002 deliverable was not accepted", however, the team recommended the invoice for the deliverable be paid to acknowledge that additional functionality was provided.
- In December 2002, the department paid iServ \$200,000 for the delivery of a software license for a pharmacy subsystem to be purchased and installed by iServ; however, iServ never provided the software license or any other requirements for the pharmacy

subsystem. After cancellation of the iServ contract, it was necessary for the department to purchase the software license for the pharmacy sub-system directly from the vendor subcontracted by iServ to provide the pharmacy software and license. According to OIS personnel, they issued the payment to iServ without receipt of the pharmacy license because they were confident of the functionality of the pharmacy subsystem as two department facilities had previously acquired the pharmacy product and were using it successfully.

- Some issues cited by the OA for cancellation of the contract existed for months before the department and OA acted to cancel the contract. Generally, the implementation team would note deficiencies in iServ's software releases and list those items for iServ to correct in the next software release. OIS personnel indicated the department did not take action against iServ to cancel the contract due to the significant time already invested in the contract.
- On several occasions, the DMH extended the timeframe for the implementation of CIMOR because state funds available for CIMOR development were reduced due to the state budget situation.

Rose

The DMH paid Rose over \$2 million for development services provided through June 30, 2004, as follows:

<u>Service</u>	<u>Amount Paid</u>
Initial technical review	\$ 13,530
Data model support	52,050
WITS framework	9,515
Federal requirements compliance review	44,548
Phase 1 requirement, prototypes, and software	1,763,572
Debugging phase 1 and phase 2 development	243,828
Total	<u>\$ 2,127,043</u>

The DMH made several changes in the project after canceling the contract with iServ. In January 2003, the DMH contracted with Rose to review the project, develop a staffing plan to complete the project, and, for each of the system's functional areas, develop the requirements, documents, and prototype, and develop and deliver the software. In February 2003, the DMH began committing some of its staff to work with Rose on the system development.

The DMH divided the remaining projects into two phases. Phase one, projected to be complete in October 2003, consisted of critical business functions needed for compliance with the new federal Health Insurance Portability and Accountability Act (HIPPA) of 1996 requirements effective in October 2003. Phase two is for other automated functions to be developed after the completion of phase one.

However, Rose did not delivery a functional system either. The following contributed to this result:

- Rose was late with most phase one deliverables. They delivered the requirements and prototypes for most of the subject areas several weeks after the expected dates, and the delivery of most software for phase one occurred in March 2004, five months after the planned delivery in October 2003. The oversight vendor noted continued delays in analysis, design, and development.
- When it became apparent the CIMOR system would not be implemented by October 2003, the DMH had to develop a "legacy bridge" to its existing systems to be compliant with the new federal law. Some of this additional software development would have been unnecessary if the CIMOR system had been completed when originally planned.
- It appears deficiencies in the documentation of project scope, in the communication of the scope, and in the definitions of the responsibility of both parties contributed to the delays in the system development. In response to the concerns raised by the oversight vendor regarding ambiguities in project scope and the management of deliverable timeframes, DMH developed a scope document and required Rose to develop improvement plans related to the missed timeframes.

However, these measures were still not sufficient to prevent additional scope disagreements and missed timeframes. As a result, Rose and the DMH negotiated a new agreement in which the DMH paid Rose over \$480,000 for the additional work on phase one functions exceeding the original scope.

More effective performance monitoring of the vendors and better management of deliverables and payments could have helped ensure the DMH received full value in exchange for payments made. In addition, clear communications about project scope and expectations are necessary to avoid misunderstandings and are important in developing realistic project timeframes. It appears the DMH could have developed clearer scope documents and more realistic timeframes and provided better plans in response to warnings from the oversight vendor. Also, prompt actions to remedy performance deficiencies immediately are necessary to ensure compliance with contract terms. Addressing these issues timely might have facilitated system development closer to expected timeframes and costs.

Current Status

Beginning in March 2004, DMH personnel took over the system development with help from Rose personnel. Rose personnel are now on-site and are paid based on hours worked and tasks completed. The DMH also developed a new implementation plan outlining the individuals' roles and responsibilities, quality assurance and user testing, training, and other issues. The CIMOR October 2004 news release indicated that the project's Foundation Release in Spring 2005 would include system

administration, organization management, contract management, service codes, and appropriation/allocation management. The news release also indicated the Consumer and Services Management Release scheduled for later in 2005 should include facility use of the complete CIMOR system.

Summary and Conclusion

It is clear that significant, additional costs will be incurred to complete all aspects of the CIMOR project. We realize the information technology environment is a rapidly changing area and when a long-term program is initiated that involves such technology the potential for additional costs exists. However, the DMH has not developed an estimate of additional expected costs for the completion of the project, and the oversight committee is again expressing concern about schedule overruns in the development of CIMOR phase two functions. It will continue to be critical for the DMH to monitor the project closely to ensure the system contains the required functionality, the anticipated completion date is met, and cost overruns are kept to a minimum.

WE RECOMMEND the Department of Mental Health closely monitor the project progress and development activities. The department should also ensure concerns raised by the oversight vendor are addressed on a timely basis.

In the future, if the department procures a vendor for computer system development and/or system upgrade, the department should ensure the project scope and responsibilities are clearly defined and communicated. In addition, payments to the vendor should only be made when the vendor meets contract terms regarding functionality and the receipt of the software licenses and codes, as appropriate.

AUDITEE'S RESPONSE

Opening Statement:

“The oversight and monitoring by the Department of Mental Health (DMH) of vendors engaged in the development of the department’s new computer information system has been inadequate. This deficiency has resulted in cost overruns and system development delays.”

Response:

Although we agree in part with the findings, we feel it is important that we underscore the fact that we will soon bring completion to a project that was first presented as a budget decision item in FY 02 forecasting a General Revenue cost of \$22.08 million through FY 05. The actual funding for this projected will be \$16.33 million, all but \$4.68 million funded through federal earnings. Based on these numbers, the entire project is approximately \$5.75 million under budget. The cost to general revenue has been \$17.4 million less than expected. Even with lost opportunity costs included, it is likely that the entire project is within original budget expectations.

The DMH was required to use and was the first agency to employ the Project Management Oversight process under development by the State Office of Information Technology (OIT) and the State Information Technology Advisory Board. We contracted, through OIT, with an independent contractor who reported to OIT and to our own Oversight Group. Although it took almost one year into the project to establish this process, as the first agency to use the process we were also helping OIT to develop a methodology for use with similar projects in other state agencies. This delay did contribute to some problems in development monitoring. Over the course of the project we have worked closely with OIT and the oversight contractor to help improve that process.

We will continue to use this process and will consider any advice from the oversight vendor.

Summary and Conclusion Statement:

“It will continue to be critical for the DMH to monitor the project closely to ensure the system contains the required functionality, the anticipated completion date is met, and cost overruns are kept to a minimum.”

Response:

We agree in part.

We agree that continued monitoring is critical and we will continue to use the prescribed oversight process and to consider any advice from the oversight vendor.

However, we disagree with the implication that the project is over budget. The project includes software development and implementation. Some of the decisions that were made during development did increase software development costs. However, the decisions to change platforms were made after careful thought including their effect on long term maintainability and support costs as well as on the cost of initial infrastructure.

The original FY02 decision item for implementation of the system, including infrastructure upgrades, was \$5.9 million. In that decision item, the future funding needs were identified as \$6.1 million in FY03 and \$2.7 million as an on-going budget increase beginning in FY04. Based on those numbers, the funding expected for the entire project (development and implementation) from FY00 through FY05 was approximately:

<i>\$4.68 million</i>	<i>FY00 Decision Item</i>
<i>\$5.9 million</i>	<i>FY02 Decision Item</i>
<i>\$6.1 million</i>	<i>Expected FY03 Decision Item</i>
<i>\$2.7 million</i>	<i>Expected FY04 Decision Item for on-going funding</i>
<i><u>\$2.7 million</u></i>	<i>On-going funding</i>
<i>\$22.08 million</i>	

All of this was expected to be funded through General Revenue.

The actual funding approved was:

<i>\$4.68 million</i>	<i>FY00 Decision Item</i>
<i>\$5.9 million</i>	<i>FY02 Decision Item</i>
<i>\$1.75 million</i>	<i>FY03 Decision Item for on-going federal funding</i>
<i>\$2.0 million</i>	<i>FY04 Decision Item for increase in federal funding</i>
<u><i>\$2.0 million</i></u>	<i>On-going federal funding</i>
<i>\$16.33 million</i>	

Only the first \$4.68 million was actually funded by General Revenue. Increased federal earnings funded all subsequent decision items.

Based on these numbers, the entire project is approximately \$5.75 million under budget. The cost to general revenue has been \$17.4 million less than expected. Even with lost opportunity costs included, it is likely that the entire project is within original budget expectations.

We believe that the overruns in software costs must be considered in relation to the entire project cost.

AUDITOR'S COMMENT

The department's response is misleading. Since the project was first presented as a decision item, the system's design, size, and complexity have changed significantly. Any attempt by the department to simply compare the initial plan and estimate to the actual project and costs do not appear valid. Furthermore, if any cost reductions were realized, it appears they could have been even greater had the department more effectively monitored the vendors and not paid for items and services that were not provided.

STATE CHIEF INFORMATION OFFICER'S RESPONSE

Thank you for the opportunity to review the draft audit report of the Department of Mental Health Customer Information Management Outcomes and Reporting (CIMOR) System.

I agree with the finding that the CIMOR System is over two years behind the original projected completion date of December 1, 2002. In conversations with the DMH IT Director over the past four months, this appears to be the result of their initial failure to accurately estimate the size and complexity of this system, their failure to fully articulate one or more of what has turned out to be major components of the system and at least two years of reduced funding levels in the state budget process.

It is my understanding that the major portion of CIMOR is completed and will be ready to demonstrate in less than a month. The Department of Mental Health was wise to deploy project management and project oversight since the beginning of this project. I believe these initiatives have significantly contributed to the project staying on course to completion, even if over two years later than the original estimate. The sheer size and complexity of major state agency

systems like CIMOR makes managing the process of developing them very challenging. Scope changes and budget reductions only add to the problem.

In summary, the CIMOR System, while nearly complete, is over two years behind schedule due to some factors under DMH control and some which are not.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
OFFICE OF INFORMATION SYSTEMS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Mental Health was established by the Omnibus State Government Reorganization Act, effective July 1, 1974. State law provides three principal missions for the department: (1) The prevention of mental disorders, developmental disabilities, substance abuse, and compulsive gambling; (2) The treatment, habilitation, and rehabilitation of Missourians with those conditions; and (3) The improvement of public understanding and attitudes about mental disorders, developmental disabilities, substance abuse, and compulsive gambling.

The Mental Health Commission serves as the principal policy advisor to the department and is composed of seven members appointed to four-year terms by the Governor, with the consent of the Senate. The members of the commission as of June 30, 2004 were:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Clifford L. Sargeon	Chairman	June 28, 2004*
Mary Louise Bussabarger, M.A.	Secretary	June 28, 2006
Shirley A. Fearon, R.N., M.N.	Member	June 28, 2004*
George J. Gladis	Member	June 28, 2005
Larry A. Jones, M.D., M.B.A.	Member	June 28, 2006
Alan Baumgartner	Member	June 26, 2005
John N. Constantino, M.D.	Member	July 23, 2007

*Continues to serve until a replacement is appointed.

The director of the department is appointed by the Mental Health Commission with the consent of the Senate. Dorn Schuffman, was appointed Director on December 17, 2001, and continues in that position.

The Office of Information Systems (OIS) is responsible for the development, operation, and coordination of the department's computer information systems, including clinical systems and financial and administrative applications. Organizationally, the OIS consists of four main groups: Software Services, Technical Services, Project Management, and Facility Information Technology (IT) Coordination.

Software Services provides software application development, application maintenance, application support, database administration, and decision support to OIS customers. This group supports applications, data bases and reporting requirements on multiple platforms.

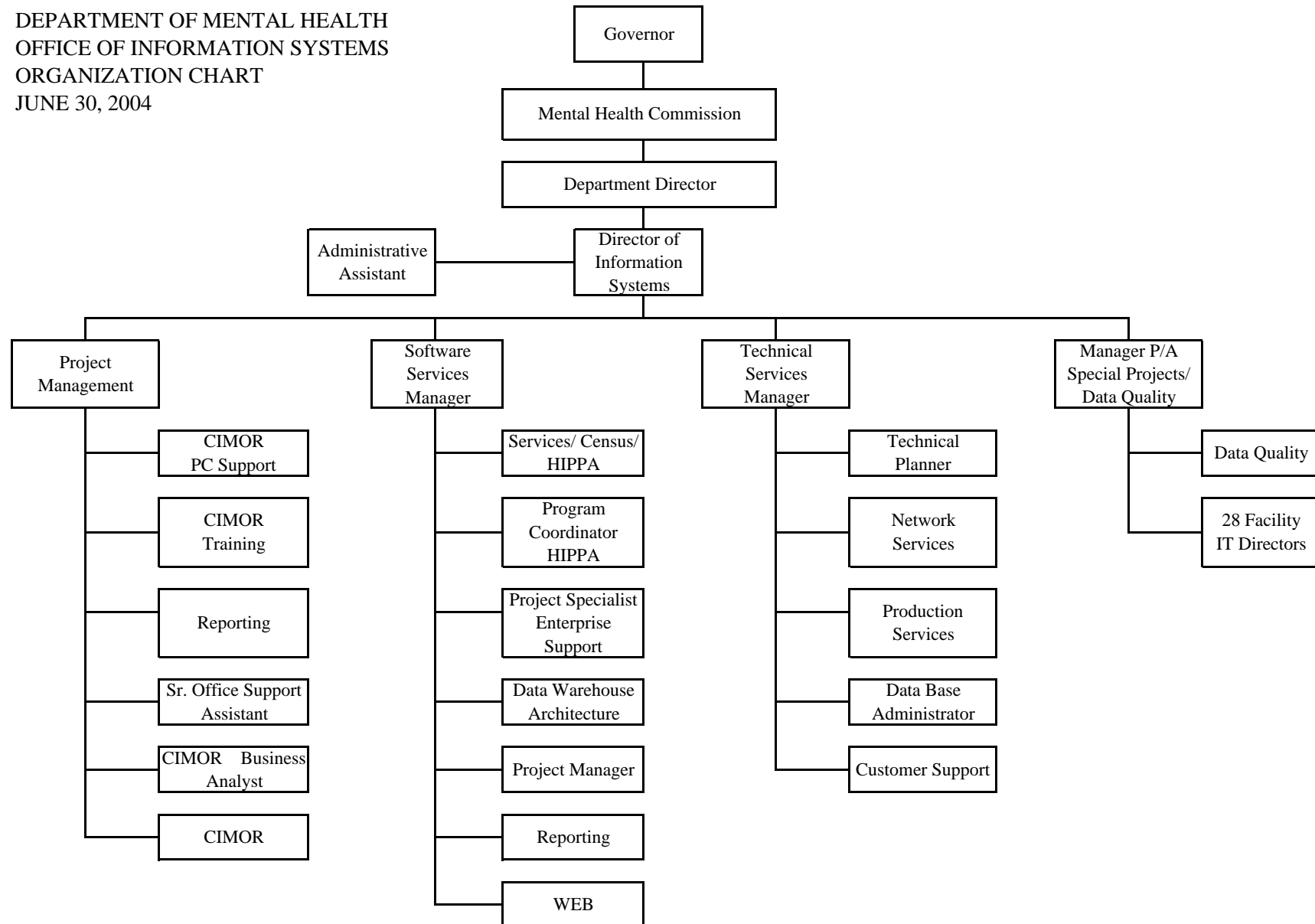
Technical Services provides technical leadership, support, and consultation to OIS customers for: E-mail, Internet, Local Area Network and Wide Area Network services; and NT and other server maintenance, administration, and support; Help Desk and PC Support. This group also provides production support for various hardware platform environments.

Project Management is responsible for assuring that project management practices are applied to departmental IT projects. This group is responsible for the CIMOR project management, and provides coordination between IT projects.

Facility IT Coordination is responsible for communication and coordination between and among the OIS and the IT directors of the department's various facilities. This group also is responsible for SAM II coordination and data quality issues.

At June 30, 2004, the Office of Information Services had approximately 74 employees. An organization chart follows:

DEPARTMENT OF MENTAL HEALTH
OFFICE OF INFORMATION SYSTEMS
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

DEPARTMENT OF MENTAL HEALTH
OFFICE OF INFORMATION SYSTEMS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES
TWO YEARS ENDED JUNE 30, 2004

	2004			2003		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Services	\$ 3,026,629	3,018,148	8,481	3,185,287	3,080,243	105,044
Expense and Equipment	2,793,259	2,793,259	0	3,257,554	2,455,424	802,130
Total General Revenue Fund - State	<u>5,819,888</u>	<u>5,811,407</u>	<u>8,481</u>	<u>6,442,841</u>	<u>5,535,667</u>	<u>907,174</u>
MENTAL HEALTH INTERAGENCY PAYMENTS						
Expense and Equipment	2,800,000	2,606,771	193,229	2,800,000	2,628,546	171,454
GENERAL REVENUE FUND - FEDERAL						
Personal Services	41,240	34,342	6,898	40,640	39,713	927
Expense and equipment	<u>2,006,691</u>	<u>2,006,691</u>	<u>0</u>	<u>1,756,691</u>	<u>1,438,084</u>	<u>318,607</u>
Total General Revenue Fund - Federal	<u>2,047,931</u>	<u>2,041,033</u>	<u>6,898</u>	<u>1,797,331</u>	<u>1,477,797</u>	<u>319,534</u>
Total All Funds	<u>\$ 10,667,819</u>	<u>10,459,211</u>	<u>208,608</u>	<u>11,040,172</u>	<u>9,642,010</u>	<u>1,398,162</u>

Note: Certain other information systems expenditures were charged to other department appropriations.

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2004	2003
General Revenue Fund -State		
Personal Services	\$ 8,481	105,044
Expense and Equipment	0	801,878
Total General Revenue Fund - State	<u>\$ 8,481</u>	<u>906,922</u>

Appendix B

DEPARTMENT OF MENTAL HEALTH
OFFICE OF INFORMATION SYSTEMS
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2004	2003
Salaries and wages	\$ 3,052,490	3,119,957
Travel, in-state	33,356	22,769
Travel, out-of-state	432	247
Supplies	70,217	8,922
Professional development	83,520	103,482
Communication service and supplies	685,227	747,029
Professional services	2,370,952	983,233
Maintenance and repair services	902,673	859,499
Computer equipment	3,215,599	3,691,038
Office equipment	0	320
Other equipment	14,300	5,076
Property and improvements	0	5,865
Debt service	1,469	5,602
Equipment rental and leases	28,976	88,956
Miscellaneous expenses	0	15
Total Expenditures	\$ 10,459,211	9,642,010

Appendix C

DEPARTMENT OF MENTAL HEALTH OFFICE OF INFORMATION SYSTEMS DEPARTMENT-WIDE COMPUTER EQUIPMENT COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,				
		2004	2003	2002	2001	2000
Computer equipment under \$1,000	\$	1,327,402	1,786,608	3,226,967	0	0
Non-mainframe computer equipment		577,986	660,407	2,209,933	1,515,186	2,117,665
IT network and communication equipment		190,680	0	0	0	0
Mainframe equipment		687,379	20,936	121,547	1,139,768	866,071
Non-mainframe computer software		493,990	1,192,732	560,577	789,226	608,153
Mainframe computer software		226,656	0	0	0	0
Other computer equipment		0	214,840	2,118,221	483,888	722,355
Total	\$	<u>3,504,093</u>	<u>3,875,523</u>	<u>8,237,245</u>	<u>3,928,068</u>	<u>4,314,244</u>

Note: Computer equipment purchases were charged to appropriations for the Office of Information Systems and various other department facilities and offices.



Claire McCaskill
Missouri State Auditor

June 2005

City of Marquand, Missouri

Year Ended December 31, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Marquand, Missouri.

The City of Marquand does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the year ended December 31, 2004, bids were either not solicited or bid documentation was not retained for some purchases including \$4,424 in sewer maintenance work and \$1,004 for a computer system.

Board minutes do not indicate that a board member abstained from voting on the approval of a raise for his son. Discussions and decisions concerning situations where a conflict of interest may exist should be completely documented so that the public has assurance that no city official has acted improperly.

The Board of Alderman approved a \$200 a month raise for the City Clerk in January 2005, during her term of office. The Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office.

The former Collector was not compensated during her term of office from April 2002 to April 2004. A letter from the City Attorney indicated no payments were made because the Collector had not done the work or attended monthly board meetings, however there was no documentation to indicate the Board considered removing the Collector from office for failure to perform her duties.

The city did not properly report wages, withhold taxes, or pay the employer's share of social security on compensation paid to two part-time maintenance workers and the City Collector, or on overtime paid to the Sewer Superintendent as required by the Internal Revenue Code.

A budget and a street maintenance plan were not adopted for the year ended December 31, 2004. In addition, city financial statements were not published and there is no documentation supporting how the city clerk's salary is allocated between funds.

Numerous problems were noted with the city's procedures for documenting board meetings, providing public access to records and maintaining ordinance records.

Also included in the report are recommendations related to the segregation of duties, banking agreements and collateral securities, expenditures, timesheets and overtime policies, contracts, and restricted revenues.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF MARQUAND, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Marquand, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Marquand, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with

the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Marquand, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 3, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Debra S. Lewis, CPA
In-Charge Auditor: Chris Vetter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF MARQUAND, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Accounting Controls and Procedures
--

There are no segregation of duties or independent review of the City Clerk's work and collateral securities are not pledged by the city's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. In addition, banking services are not bid and there are no written agreements with the city's depository banks.

- A. There are no segregation of duties or independent review of the City Clerk's work. The City Clerk is responsible for all record keeping duties of the city, including duties which would normally be performed by a City Treasurer. The duties include billing water, sewer, and trash fees, monitoring delinquent water, sewer, and trash fee accounts, receiving and depositing monies, maintaining payroll records, reviewing invoices, preparing and distributing checks, recording receipts and disbursements, and preparing monthly financial reports and bank reconciliations. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. Holding two of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent review should be established.

- B. Collateral securities are not pledged by one of the city's depository banks for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage of \$100,000. During the year ended December 31, 2004, the combined balances of the city's certificate of deposit and checking account at one banking institution exceeded \$100,000 each month. The highest bank balance noted was approximately \$151,600 in December 2004. Section 110.020, RSMo 2000, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave city funds unsecured and subject to loss in the event of bank failure.

- C. Written agreements with the city's depository banks are not prepared and banking services are not bid. The city has maintained its checking and saving accounts with the same banks for a number of years. To ensure the quality of banking services and ensure interest earnings received are maximized, the city should procure its banking services through a bid process. In addition, the city should enter into a written agreement with its depository banks.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.
- C. Seek bids and enter into a written agreement for its banking services on a periodic basis.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *The City does not have the revenue or the workload to appoint a treasurer. The Board or the Mayor will review the bank reconciliations and other documents in the future.*
- B. *The City was not aware that securities should be pledged. This recommendation will be implemented.*
- C. *This recommendation will be implemented.*

2. Budgets, Street Maintenance Plan, and Financial Reports

A budget and a street maintenance plan were not adopted for the year ended December 31, 2004. In addition, financial statements were not published.

- A. While the city had prepared a budget in prior years, an annual budget was not prepared or adopted for 2004. Section 67.010, RSMo 2000, requires the preparation of an annual budget which presents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing

budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding years.

- B. An annual maintenance plan for city streets was not approved for 2004 or prior years by the Board. A formal maintenance plan should be approved in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan serves as a useful management tool and provides greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

- C. The city did not publish semi-annual financial statements for 2004 or prior years as required by state law. Section 79.160, RSMo 2000, requires the board to prepare and publish semiannual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Approve a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.
- C. Publish semi-annual financial statements as required by state law.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *A budget was adopted for 2005. Special circumstances led to the failure to budget in 2004.*

- B. *The street projects done are determined by the availability of grants. This recommendation will be implemented.*
- C. *The City was not aware that a financial statement was required to be published. This recommendation will be implemented.*

3. Expenditures

The city does not have a formal bidding policy, and the City Marshal was paid for work performed outside of his official duties. In addition, the Board of Aldermen's approval of expenditures is not properly documented.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the year ended December 31, 2004, bids or proposals were solicited and documentation was retained for \$1,589 in engineering services and \$12,550 in building removal services; however, during the same time period, bids were either not solicited or bid documentation was not retained for some purchases including \$4,424 in sewer maintenance work and \$1,004 for a computer system.

Formal bidding procedures for major purchases would provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with bidders that offer the best value. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Not only can bids be handled by telephone quotation but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate based on the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. During the year ended December 31, 2004, the City Marshal was paid approximately \$241 for maintenance and repair work on city streets in addition to his regular salary. Officers and agents of a city serve in a fiduciary capacity. Personal interests in business matters of the city create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness. The city should refrain from paying officials for services that appear to be a conflict of interest unless such services are properly bid.
- C. The Board of Aldermen's approval of expenditures is not properly documented. The City Clerk prepares a listing of expenditures which the board approves for payment; however, these listings are not signed or initialed to indicate the board's approval nor do they always accompany the minutes of the meeting where the expenditures are approved. The board minutes simply note that expenditures

were approved for payment. Also, the minutes for the April 2004 meeting did not note any indication that disbursements were approved.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by a representative of the board to denote its approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Aldermen before payment is made to ensure all disbursements represent valid operating costs of the city.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids.
- B. Refrain from paying officials for services provided to the city unless such services are properly bid.
- C. Ensure the approval of all expenditures is adequately documented by including a listing of all approved expenditures in the board minutes.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *Both of the purchases noted were emergency purchases, which will be better documented in the future. This recommendation will be implemented.*
- B. *The Marshal was readily available and willing to do this work when they could not find anyone else. This will be better documented in the future.*
- C. *Every alderman gets a copy of the expenditure list to review. In the future, they will sign off on the list and include it with the minutes.*

4. City of Appointments, Payroll, and Personnel
--

The Board of Alderman approved a mid-term raise for the city clerk, board minutes did not indicate that a board member abstained from voting for a raise for his son, and the former collector was not compensated during her term of office. In addition, timesheets are not submitted by some city employees and the appropriate signatures were not documented for those timesheets that were submitted. Also, the city does not have a written overtime policy or properly report wages, withhold taxes, or pay the employer's share of social security on some compensation paid.

- A. The Board of Alderman approved a \$200 a month raise for the City Clerk in January 2005, during her term of office. The City Clerk's two-year term of office, which is set by city ordinance 67-13, began in April 2003. Article VII, Section 13, of the Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition, Section 79.270, RSMo 2000, states that the salary of a municipal officer shall not be changed during the time for which he/she is elected or appointed. Salary raises should be approved before a term of office begins and then implemented when the official begins their term.
- B. Board minutes do not indicate that a board member abstained from voting on the approval of a raise for his son. The December 2004 board meeting minutes indicate the alderman made the motion to give raises to several city employees including his son. The minutes did not indicate whether the alderman voted, stating only that the "motion carried".

Discussions and decisions concerning situations where a conflict of interest may exist should be completely documented so that the public has assurance that no city official has acted improperly. City officials should refrain from approving the salary of relatives and their abstention should be clearly documented in the minutes.

- C. The former Collector was not compensated during her term of office from April 2002 to April 2004. City ordinance 67-11 states the city collector shall be paid 10% of all taxes levied and collected in the city. A letter from the City Attorney indicated no payments were made because the collector had not performed the work or attended monthly board meetings. The minutes for the April 13, 2004 board meeting indicated the Board wanted to lower the percentage since tax calculations and bill preparations are now performed by computers; however, as of February 3, 2005, the city ordinance had not been changed. There was no documentation to indicate the Board considered removing the Collector from office for failure to perform her duties. The Board should review this situation and take appropriate action.
- D. Timesheets are not prepared by some of the employees and an employee signature or supervisory review was not noted on 16 of 21 timesheets submitted in 2004. During the year ended December 31, 2004, the city did not require the City Clerk, City Marshal, Sewer Superintendent, or Water Superintendent to submit timesheets. In addition, numerous timesheets submitted by other city employees were not signed by the employee or approved by their supervisor. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month. The Board should require timesheets be submitted by all city employees and signed by both employees and their supervisors.

- E. The city has not adopted a written overtime policy. The city paid the Sewer Superintendent \$270 for overtime in 2004. As noted in part D, the Sewer Superintendent does not prepare a timesheet. Without a timesheet, the city does not have assurance that the overtime work was performed outside of the Sewer Superintendent's normal working hours. The city should establish written policies to address situations in which overtime may be necessary, document how overtime will be awarded, and ensure compliance with the Fair Labor Standards Act. Complete and detailed written policies are necessary to provide guidance to city employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings.
- F. The city did not properly report wages, withhold taxes, or pay the employer's share of social security on compensation paid to two part time maintenance workers and the City Collector, or on overtime paid to the Sewer Superintendent. The following table indicates the compensation or overtime paid during the year ended December 31, 2004, which was not subjected to withholdings and not reflected on a W-2:

Position	Amount Paid
Maintenance Worker	\$1,774
Maintenance Worker	1,616
City Collector	525
Sewer Superintendent	270

The city did file IRS form 1099's for the maintenance workers; however, these payments appear to represent compensation subject to Form W-2 reporting and payroll tax withholding. The Internal Revenue Code requires employers to withhold and remit federal income taxes and report accurate wages on Form W-2. Similarly, Chapter 143, RSMo 2000, includes requirements for reporting wages and withholding state income taxes.

WE RECOMMEND the Board of Aldermen:

- A. Ensure salaries of the city officials are not changed during their term of office.
- B. Ensure board members abstain from discussing and voting on issues related to a relative's employment. Such matters should be fully documented so that the public has assurance that no city official or agent has acted improperly.
- C. Review this situation and take appropriate action.
- D. Ensure timesheets are maintained and signed by employees and their supervisors.
- E. Establish written policies regarding employee overtime.

- F. Ensure payroll taxes are properly withheld and remitted for any wages or salaries paid. In addition, the board should ensure the compensation amounts paid are properly reported.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *The City Clerk repaid her salary increase. The Board was unaware that mid-term raises were not allowed. This recommendation will be implemented.*
- B. *The City did not realize that votes needed to be recorded. This recommendation will be implemented.*
- C. *They feel they have reviewed this situation and taken appropriate action. They have documentation that the Collector did not fulfill her duties.*
- D. *This recommendation will be implemented.*
- E. *They will adopt an overtime policy.*
- F. *This was an oversight. This recommendation will be implemented.*

5. Minutes, Records, and Ordinances
--

Numerous problems were noted with the city's procedures for documenting board meetings, providing public access to records, and maintaining ordinance records.

- A. Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the Mayor and City Clerk upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings. In addition, Board minutes do not always adequately document matters discussed and actions taken. There were numerous instances where the minutes indicated that a decision or appointment of an official was made but did not indicate the number of votes for and against the particular issue.

Section 610.020, RSMo 2000, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted. Board minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

- B. The city does not have a formal policy regarding access to public records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies to public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed ten cents per page and the city's average hourly rate of pay for clerical staff. In addition, research time may be charged at actual cost.

- C. The following concerns were noted regarding city ordinances:

- 1) The city has not adopted an ordinance to set the current compensation of city officials and employees. Section 79.270, RSMo 2000, requires that the compensation of city officials and employees be set by ordinance.
- 2) The city clerk has not been elected as required by city ordinance. The City Clerk was appointed to her position in July 1997. City Ordinance 67-13 states "the City Clerk shall be elected at regular city election held in the city on the 1st Tuesday of April of odd years, for a term of two years." The City Clerk position has not been placed on the ballot since the current City Clerk took office. The minutes for the June 2004 Board of Aldermen meeting indicated the Mayor wanted to change the city clerk position to an appointed office; however, as of February 3, 2005, this had not been done. The Board should put the office of the city clerk up for election, or amend the city ordinance to make the office of the city clerk an appointed position.
- 3) The city's ordinances are not codified. The summary listing of ordinances passed and rescinded has not been updated since 1999. Codification of the city's ordinances would assist the city in keeping track of additions and changes made to the city's ordinances.

Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. The Board should establish compensation of city officials and employees by ordinance as required by state law. In addition, an index of all ordinances passed and repealed by the city could help keep track of additions and changes made to city ordinances.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy and ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- B. Develop written policies regarding procedures to obtain access to, or copies of public city records.
- C.1. Establish compensation of city officials and employees by ordinance as required by state law.
- 2. Comply with city ordinance by placing the City Clerk position on the ballot every two years or amend the ordinance to make the position appointed by the Mayor.
- 3. Ensure an index of ordinances passed and repealed by the city is maintained.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

A&

C.2. These recommendations have been implemented.

B. This recommendation will be implemented.

C.1. They have discussed how to adopt this ordinance with the city attorney.

- 3. They have determined it would be too costly to codify the city ordinances, but they will try to update the summary listing of ordinances and keep it up to date in the future.*

6. Contracts

The city did not always enter into written contracts defining services to be provided and benefits to be received for some services. In addition, two written city contracts had not been signed by the Mayor.

- A. There is no written contract between the city and the non-profit organization that makes improvements to the city's parks. Citizens Realizing Our Potential (CROP) receives tax credits from the Missouri Department of Economic Development and donations to maintain and improve the city's parks. In March 2004, the Board approved CROP's plan to perform work on city property; however, there is not a formal written agreement defining the services to be provided and the benefits to be received and giving CROP permission to perform work on city property.

- B. Two city contracts were not signed by the Mayor. The contract for backhoe services for the water and sewer systems, awarded in February 2003, had not been signed and the contract did not specify a contract period. The city spent \$4,550 for backhoe services in 2004. In addition, the agreement with the Madison County Sheriff, for the use of a mobile radio, has not been signed. This agreement was made in October 2004; however, the city did not receive a copy of the agreement until February 2005 which had only been signed by the Madison County Sheriff.

Written contracts between the city and applicable parties should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. If a length of time is not specified in the contract, the city should reevaluate the contract at least every two years to ensure they are using city resources efficiently. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

WE RECOMMEND the Board of Aldermen enter into, approve, and sign written contracts with all applicable parties which clearly define the work to be performed and the compensation to be paid or benefits to be received. In addition, contracts without a stated length of time should be reevaluated at least every two years.

AUDITEE'S RESPONSE

The Mayor and the Board indicated they will enter into a formal agreement with CROP, that the mobile radio contract has now been signed, and the backhoe contract was an oversight. This recommendation will be implemented.

7. Restricted Revenues

The city used restricted revenues on engineering costs for a city-owned parking lot. In addition, the City Clerk does not have adequate documentation to support the allocation of her salary to the various city funds.

- A. The city spent approximately \$1,589 from the Street Fund on engineering costs to pave a city-owned parking lot, which does not appear to be an appropriate use of this money. During the year ended December 31, 2004, the city deposited \$10,446 of state motor vehicle related receipts and \$4,266 in sales tax receipts into the Street Fund. Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets. In addition, city ordinance 89-1c requires the sales tax monies be used for street repair, fire protection, and emergency purposes. Engineering costs on a city-owned parking lot does not appear to be an

appropriate use of this money. To ensure compliance with the Missouri Constitution and city ordinances, the city should ensure receipts are only spent on purposes allowed by the constitution and city ordinances.

- B. Documentation does not exist to support the allocation of the City Clerk's salary to the various city funds. The City Clerk's salary is paid \$200 from the General Fund and \$300 from the Sewer Fund. Documentation is not maintained denoting how much of her time is spent on sewer duties or noting why her salary is not also allocated to the Water Fund, since she performs the same duties for that fund as for the Sewer Fund. Adequate documentation to support the allocation of payroll expenditures is necessary to accurately determine the results of operations of specific activities, thus enabling the city to establish user charges necessary to meet all operating costs without generating profits to subsidize other city services. The Board should ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

WE RECOMMEND the Board of Aldermen:

- A. Ensure that disbursements of motor vehicle receipts and sales tax receipts are spent in compliance with the Missouri constitution and city ordinances. In addition, the Board of Aldermen should transfer \$1,589 from the General Fund to the Street Fund.
- B. Ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *They feel the parking lot is part of the city street system and Street Fund monies should be used.*
- B. *They will determine a proper allocation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF MARQUAND, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Marquand is located in Madison County. The city was incorporated in 1967 and is currently a fourth-class city. The population of the city in 2000 was 251.

The city government consists of a mayor and a four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2004, are identified below. The Mayor and the Board of Aldermen do not receive compensation.

Mayor and Board of Aldermen	Dates of Service During the Year Ended December 31, 2004	Compensation Paid for the Year Ended December 31, 2004	
Dennis Ward, Mayor Warren Huffman, Mayor Edwin Kennon, Alderman (1) Dennis Ward, Alderman Denise Johnson, Alderwoman C. Howell Bishop, Alderman C. Howell Bishop, Alderman (2) Doyle Smith, Alderman Robert Homan, Alderman	April 2004 – December 2004 January 2004 – April 2004 May 2004 – December 2004 January 2004 – April 2004 April 2004 – December 2004 January 2004 – April 2004 July 2004 – December 2004 January 2004 – July 2004 January 2004 – December 2004	\$	
Other Elected Officials	Dates of Service During the Year Ended December 31, 2004		
Jane Hanks, City Collector Pat Starkey, City Collector	April 2004 – December 2004 January 2004 – April 2004	\$	
		525 0	

Other Principal Officials	Dates of Service During the Year Ended December 31, 2004	Compensation Paid for the Year Ended December 31, 2004
Kay Durso, City Clerk	January 2004 – December 2004	\$ 6,000
Claude Medlin, City Marshal (3)	January 2004 – December 2004	10,261
Robert Homan, Jr., Sewer Superintendent	January 2004 – December 2004	6,270
Lisa Hovis, Water Superintendent	January 2004 – December 2004	6,600
Stephen Gray, City Attorney	January 2004 – December 2004	1,081

- (1) Appointed to serve the remainder of Dennis Ward's term when he was elected as mayor.
(2) Appointed in July 2004 to fill Doyle Smith's seat after Alderman Smith resigned.
(3) Term expired in April 2004. Mr. Medlin was then appointed marshal after no one ran for the position during the April 2004 election.

In addition to the officials identified above, the city employed two part-time employees on December 31, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 530,800
Personal property	198,650
Railroad and utility	227,161
Total	<u>\$ 956,611</u>

TAX RATE PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$ 0.8679</u>

TAX RATE PER \$1 OF RETAIL SALES

	Rate
General	<u>\$ 0.0100</u>

A summary of the city's financial activity for the year ended December 31, 2004, is presented on the next page.

Year Ended December 31, 2004

		General Fund	Street Fund	Water Fund	Sewer Fund	Community Development Block Grant	TOTAL
Receipts:							
Property taxes	\$	6,840	0	0	0	0	6,840
Sales taxes		4,266	4,266	0	0	0	8,532
Insurance proceeds		10,000	0	0	0	0	10,000
Court fees and fines		894	0	0	0	0	894
Surtax and utility taxes		2,408	0	0	0	0	2,408
Franchise taxes		7,190	0	0	0	0	7,190
Interest		2,023	26	124	205	0	2,378
Motor fuel taxes		0	10,446	0	0	0	10,446
Water, sewer, and trash collections		9,853	0	27,523	27,592	0	64,968
Sale of equipment		0	3,250	0	0	0	3,250
Grants		0	0	0	0	10,500	10,500
Other		2,880	0	500	0	0	3,380
Total Receipts	\$	46,354	17,988	28,147	27,797	10,500	130,786
Disbursements:							
Salaries and benefits	\$	13,844	731	8,235	9,899	0	32,709
Utilities and telephone		1,304	4,590	4,455	3,645	0	13,994
Disaster expense		12,550	0	0	0	0	12,550
Repair and maintenance		0	1,584	723	912	0	3,219
Contracted trash service and labor		9,669	3,674	4,230	320	0	17,893
Bond payments		0	0	8,004	7,728	0	15,732
Office supplies and equipment		1,776	474	472	274	0	2,996
Operations and maintenance		575	167	21	5,476	0	6,239
Insurance		3,075	723	1,480	0	0	5,278
Distribution materials		1,336	362	6,201	153	0	8,052
Street project		0	1,823	0	0	0	1,823
Parking lot and water projects		0	1,589	0	0	10,496	12,085
Taxes and fees		1,361	900	762	730	0	3,753
Fire department		2,133	0	0	0	0	2,133
Other		832	0	690	0	0	1,522
Total Disbursements	\$	48,455	16,617	35,273	29,137	10,496	139,978
Receipts Over (Under) Disbursements		(2,101)	1,371	(7,126)	(1,340)	4	(9,192)
Cash Balance January 1, 2004		171,018	8,458	42,450	37,533	272	259,731
Cash Balance December 31, 2004	\$	168,917	9,829	35,324	36,193	276	250,539



Claire McCaskill

Missouri State Auditor

June 2005

Forty-Fifth Judicial Circuit

Municipal Divisions



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following audit report presents our findings and recommendations for certain municipal divisions of the Forty-Fifth Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

City of Bowling Green	pages 5-10
City of Curryville	page 10
City of Elsberry	page 11
City of Foley	pages 11-15
City of Louisiana	pages 15-17
City of Moscow Mills	page 18
City of Old Monroe	pages 18-19

A separate report on the Troy Municipal Division misappropriation, including recommendations, was issued by the State Auditor's Office in March 2005.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

FORTY-FIFTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
and
Municipal Judges
Forty-Fifth Judicial Circuit

We have audited certain operations of the municipal divisions of the Forty-Fifth Judicial Circuit. However, the city of Troy Municipal Division is reported on separately. The scope of this audit included, but was not necessarily limited to, the municipal divisions' two years ended 2004 or 2003. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal divisions, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of those divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the municipal divisions of the Forty-Fifth Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 27, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Regina Pruitt, CPA
In-Charge Auditor: Stacy Griffin-Lowery
Audit Staff: Kelly Davis, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

FORTY-FIFTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	City of Bowling Green Municipal Division
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- A. Neither the police department nor the municipal division has adequate procedures to account for traffic tickets or summonses issued and their ultimate disposition. The municipal division does assign and have police officers complete an “assignment receipt form” for specific ticket sequences, however, there is no effort made to account for the issuance and ultimate disposition of these tickets. A comparison of ticket assignment records to tickets later processed by the municipal division showed that tickets were not always assigned to officers in sequential order, some assignment receipt forms were not retained, and some ticket books were not turned back in by officers after all tickets had been issued.

The municipal division and police department were unable to locate any assignment or issuance information for one entire ticket book (25 tickets). In addition, for 10 of 50 tickets we selected for testing neither the municipal division nor the police department could locate a ticket copy or any case information related to the ticket.

Summons forms, which are issued for non-traffic violations, are prenumbered. However, there are no records kept of which books are assigned to the officers and no effort is made to account for the numerical sequences of these forms. We noted that one summons book turned back in to the municipal division by an officer was missing 41 of 50 copies.

Without a proper accounting for the numerical sequence of tickets and summonses, the police department and the municipal division cannot be assured that all documents issued were properly submitted to the municipal division for processing. A log listing each ticket/summons in numerical order, the date issued, and the violator's name would help ensure all tickets and summonses issued have been submitted to the municipal division for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket/summons should also be maintained to ensure all tickets have been accounted for properly. Tickets or summonses that are not processed could result in lost revenue to the city and state.

A similar condition was also noted in our prior reports.

- B. The Court Clerk is primarily responsible for receiving, recording, depositing and disbursing monies, and performing month-end reconciliations. As a result, the duties of receiving and depositing monies are not adequately segregated from the

recording of transactions. In addition, there is no supervisory review performed of the Court Clerk's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of the reconciliations between receipts and deposits, and a review of the monthly account reconciliations.

- C. The municipal division accepts cash, checks, and money orders for the payment of traffic and ordinance violations, and utilizes prenumbered receipt slips. However, the Court Clerk does not always issue receipt slips for monies received or record the method of payment on receipt slips, and there is no reconciliation of the composition of monies received to the composition of monies deposited. Also, receipt slips were not used in numerical sequence and some receipt books were not retained. For example, although it appears monies were received during the time period December 10, 2002 through January 6, 2003, the division could not locate any receipt slips issued for this period.

Receipts are not always deposited intact or on a timely basis, and the composition of receipts often did not agree to the composition of deposits. Our review of deposits identified numerous problems. Receipt slips comprising the cash amounts deposited were not identified and the cash amounts deposited were often more or less than amounts recorded in the receipts records. There were several checks deposited for which there did not appear to be a corresponding receipt slip. Deposits were made about once or twice weekly. Although the court account deposits frequently included significant amounts of cash, the Court Clerk withheld varying amounts of cash from deposits for use as a change fund.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a prenumbered receipt slip noting the method of payment should be issued immediately for all monies received, and the composition of monies received should be reconciled to the composition of monies deposited. Furthermore, receipts should be deposited intact daily or when accumulated receipts exceed \$100. If a change fund is needed, it should be established and maintained at a constant amount.

- D. The Court Clerk does not prepare monthly bank reconciliations for the court account or the bond account. Also, as discussed in the prior report, a monthly listing of open items (liabilities) is not prepared and reconciled to the bank balance. The court account check register lists checks written only and provides no deposit information or a running balance. As a result, only checks written are compared to the bank statement information. Bank statements for the bond account are only received once each year. At September 30, 2004, the court and

bond bank account balances were approximately \$20,700 and \$2,439, respectively.

Monthly bank reconciliations are necessary to ensure the bank accounts are in agreement with the accounting records and to detect errors on a timely basis. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities.

- E. The municipal division has not implemented adequate procedures to follow up on old outstanding checks. At September 30, 2004, the court and bond account balances included several old checks totaling at least \$209 that had been outstanding for more than one year.

Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If, after sufficient efforts have been made to locate payees, some old checks remain outstanding, various statutory provisions provide for the disposition of unclaimed monies.

- F. Procedures to monitor and collect accrued fines and costs could be improved. The municipal division allows defendants to pay fines and costs over a period of time. The division maintains a listing of cases with unpaid amounts but does not reconcile the listing to the individual cases to ensure its accuracy. The June 2004 listing showed receivables totaling over \$75,000. About 40 percent of this amount related to cases from 2002, 2001, and 2000.

Although the division does utilize show cause orders and issue warrants for failure to appear, these procedures are applied early in the case process and minimal future efforts are made to collect amounts due the division if these procedures are not successful.

Recent legislation has increased the municipal division's opportunities to collect debts owed for court cases:

- Section 488.5028, RSMo Cumulative Supp. 2004, gives courts the right to report debts in excess of twenty-five dollars to the State Court's Administrator's Office and request they seek a setoff of an income tax refund.
- Section 488.5030, RSMo Cumulative Supp. 2004, gives courts the prospect of contracting with a collection agency to pursue past-due court-ordered penalties, fines, restitution, sanctions, and court costs. The statute also allows any fees or cost associated with such collection efforts be added to the amount due, but such fees and costs shall not exceed twenty percent of the amount collected.

- Section 302.341, RSMo 2000, gives courts the authority to forward suspension information to the Missouri Department of Revenue (DOR) for any court cases where the defendant, a Missouri resident, failed to appear or failed to pay the fines and costs assessed for moving violations. Also, Section 544.046, RSMo 2000, allows courts to file a nonresident violator suspension form for non-Missouri residents that will suspend the defendant's drivers license.

The division could also consider reporting the unpaid debt to one of the three main credit reporting bureaus. Without the active and timely pursuit of unpaid fines and costs, revenues to the state and city could be lost.

- G. Bond monies are not always being properly disbursed by the division. The Court Clerk maintains a fines and costs receipts ledger which is used at month-end to determine amounts to be paid to the city and state. Bond monies which are ordered to be applied to fines and costs are transferred from the bond account to the court account for disbursement; however, the Court Clerk generally does not record the applied bonds information into the fines and costs ledger. As a result, these amounts were not included in month-end disbursements totals and a significant amount of monies remain in the court account which are due to the city and state. The Court Clerk needs to identify bond monies that remain in the court account and make disbursements to the city and state as appropriate, and ensure that future applied bonds are properly accounted for in the fines and costs receipts ledger.
- H. The municipal division collects Crime Victims' Compensation (CVC), Law Enforcement Training (LET), Peace Officer Standards and Training Commission (POST), and Victims of Domestic Violence (VDV) surcharges on dismissed cases. Sections 488.607, 488.5336, and 488.5339, RSMo Cumulative Supp. 2004, require these surcharges to be assessed on all municipal violations, except when the proceeding or defendant has been dismissed by the court or court costs are to be paid by the state, county, or municipality.

In addition, the LET surcharge is collected on non-moving traffic violations even though the city's ordinance provides for this surcharge to be assessed in all cases except non-moving traffic violations. Section 488.5336, RSMo Cumulative Supp. 2004, indicates that this surcharge cannot be collected unless it is authorized by the municipal government. The municipal division needs to work with the city to resolve any inconsistencies between state law and city ordinance requirements regarding court fees, and ensure the LET surcharge is assessed as intended by the city.

- I. Procedures for maintaining municipal division records need improvement. Municipal division personnel had difficulty locating some records, and never did locate some ticket copies, ticket assignment records, and receipt slips. The

records were stored in multiple locations and often lengthy searches were required to locate the information needed.

Supreme Court Administrative Rule No. 8 requires that all financial records be maintained for five years or upon completion of an audit. Retention of applicable records is necessary to properly account for the municipal division's financial activity.

WE RECOMMEND the city of Bowling Green Municipal Division:

- A. Work with the police department to implement the necessary procedures and records to account for the numerical sequence of all tickets and summons issued.
- B. Adequately segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of the composition of receipt slips issued to the amount and composition of bank deposits, and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated.
- C. Issue prenumbered receipt slips, noting the method of payment, for all monies received and reconcile the composition of monies received to the composition of deposits. In addition, we recommend the municipal division deposit receipts daily or when accumulated receipts exceed \$100. If a change fund is needed, it should be set at a constant amount and reimbursed by check.
- D. Obtain bank statements monthly, prepare monthly bank reconciliations and listings of open items, and reconcile the cash balance to the liabilities. In addition, deposits and a running balance should be included in the check register.
- E. Periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- F. Ensure individual accounts receivable records are in agreement with the overall accounts receivable listing. In addition, the division should establish more formal and consistent procedures for pursuing amounts due the court and/or assessing the likelihood of their collection.
- G. Identify bond monies that remain in the court and/or bond bank accounts and ensure monies are disbursed as appropriate. In addition, the Court Clerk needs to develop a recordkeeping method that will ensure that bond transactions are properly accounted for and disbursed in a timely manner.
- H. Assess surcharges in accordance with state law, and work with the city to ensure the LET surcharge is assessed as intended by the city.

- I. Ensure that division records are organized for more efficiency and appropriately retained as required by court rules.

AUDITEE'S RESPONSE

The Municipal Judge provided the following responses:

A,C,
D,E,

G&I. All of these recommendations are in the process of implementation at the present time. We hope to have all of these completed or substantially implemented by September 1, 2005.

B. We are conferring with the city aldermen and administrator to see if a segregation of duties can be accomplished. If not, we will use the alternate suggestion of your recommendation.

F. We are in process of implementing this recommendation and working on the collection of old fines through the various methods suggested in your report and will hopefully have that fully implemented by September 1, 2005.

H. We are no longer charging the LET surcharge on non-moving traffic charges and have asked the city prosecutor to review the current ordinance with the aldermen to see if they wish to revise it. We are also not dismissing charges upon payment of costs.

2. City of Curryville Municipal Division

Some surcharges collected are not being remitted to the appropriate city and state funds. The municipal division collects CVC, POST, and LET surcharges on all cases other than those dismissed by the court. However, LET and POST surcharges collected on non-moving violations cases and LET, POST, and CVC surcharges collected on suspended imposition of sentence cases are not being remitted to state and city funds established to account for these fees. Rather, these monies are improperly deposited into the city's general operating fund. As a result, \$1,102 is due to the city and \$594 is due to the state for the two years ended December 31, 2003.

Sections 488.5336 and 488.5339, RSMo Cumulative Supp. 2004 provide guidance on collection and distribution of these surcharges.

WE RECOMMEND the city of Curryville Municipal Division disburse amounts due to the state and city as appropriate, and develop procedures to ensure future disbursements of surcharges comply with state law.

AUDITEE'S RESPONSE

The Court Clerk responded that the municipal division is now disbursing surcharges as provided by state law and plans to disburse the amounts cited above to the city and state.

3. City of Elsberry Municipal Division

There are inconsistencies between state laws, city ordinances, and the municipal division's procedures related to some court fees. The LET surcharge is collected on non-moving traffic violations even though city ordinance provides for this surcharge to be assessed in all cases except non-moving traffic violations. Section 488.5336, RSMo Cumulative Supp. 2004, indicates that this surcharge cannot be collected unless it is authorized by the municipal government.

The CVC surcharge is also collected on non-moving traffic violations even though city ordinance provides for this surcharge to be assessed in all cases except non-moving traffic violations. Section 488.5339, RSMo Cumulative Supp. 2004, requires this surcharge to be assessed on all municipal violations, except when the proceeding or defendant has been dismissed by the court or court costs are to be paid by the state, county, or municipality.

The municipal division needs to work with the city to resolve any inconsistencies between state law and city ordinance requirements regarding court fees, and ensure surcharges are assessed as required by city ordinance and state law.

WE RECOMMEND the city of Elsberry Municipal Division assess surcharges in accordance with state law, and work with the city to ensure the LET surcharge is assessed as intended by the city.

AUDITEE'S RESPONSE

The Court Clerk responded that the city adopted a new ordinance in February 2005, and the court has modified procedures to ensure compliance with state law and city ordinance.

4. City of Foley Municipal Division
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- A. Neither the police department nor the municipal division maintains adequate records to account for traffic tickets assigned and issued, and their ultimate disposition. A ticket book is assigned to the police car and all officers use the same book. No log is maintained to provide ticket issuance information.

Without a proper accounting for the numerical sequence and ultimate disposition of traffic tickets, the police department and the municipal division cannot be assured that all tickets assigned and issued are properly submitted to the division.

A log listing ticket books assigned, each ticket number, the date issued, and the violator's name would ensure all tickets issued are submitted to the division for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly.

- B. The Court Clerk, who also serves as the City Clerk, is primarily responsible for receiving, recording, depositing and disbursing monies, and performing month-end reconciliations. As a result, the duties of receiving and depositing monies are not adequately segregated from the recording of transactions. In addition, there is no supervisory review performed of the Court Clerk's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of the reconciliations between the composition of receipt slips issued and the composition of bank deposits, and a review of the monthly account reconciliations.

This condition was also noted in our prior report.

- C. A monthly listing of open items (liabilities) is not prepared and reconciled to the balance of bonds being held in trust in the city's bank account. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the city are sufficient to meet liabilities. Any discrepancies or fluctuations should be promptly investigated.

- D. We noted the following concerns with the collection of court costs:

1. As similarly discussed in our prior report, the municipal division collects CVC, LET, POST, and VDV surcharges on dismissed cases. Sections 488.607, 488.5336, and 488.5339, RSMo Cumulative Supp. 2004, require these surcharges to be assessed on all municipal violations, except when the proceeding or defendant has been dismissed by the court or court costs are to be paid by the state, county, or municipality.
2. The LET surcharge is collected on non-moving traffic violations even though the city's ordinance provides for this surcharge to be assessed in all cases except non-moving traffic violations. Section 488.5336, RSMo Cumulative Supp. 2004, indicates that this surcharge cannot be collected unless it is authorized by the municipal government. The municipal division needs to work with the city to resolve any inconsistencies between state law and city ordinance requirements regarding court fees, and ensure the LET surcharge is assessed as intended by the city.

- E. The Court Clerk does not always forward records of convictions on traffic offenses to the DOR. Our review of tickets determined that 19 of the 31 tickets which should have been filed with the DOR had not been filed. Most of these tickets pertained to 2002 and early 2003. The Court Clerk appears to have improved this procedure and no problems were noted for the latter part of the audit period. The failure to forward tickets as required prevents the DOR from properly recording the number of points accumulated by the defendant. Tickets should be sent into the appropriate state agency to ensure that state records of violations are accurate.

Section 302.225, RSMo 2000, requires records of any plea or finding of guilty on traffic violations under the laws of the state, county, or municipal ordinance shall be forwarded to the DOR within ten days of the conviction date.

A similar condition was also noted in our prior report.

- F. We noted some receipting, disbursing, and record retention concerns during 2002. It appears the problems relate to three different individuals serving as Court Clerk during 2002.
1. The municipal division accepts cash, checks, and money orders for the payment of traffic and ordinance violations. A complete receipts record was not available from January 2002 through mid-June 2002. From January 2002 through April 2002, the receipt slip copies were not retained in the receipt book; but, were instead attached to the individual case record. Also, prenumbered receipt slips were not issued from May 2002 through mid-June 2002. Rather, an unnumbered slip of paper was attached to the individual case file showing the ticket number, defendant's name, amount paid, and the date the money was deposited into the bank account. Effective June 19, 2002, the division began issuing prenumbered receipt slips for all monies received and accounting for their numerical sequence.
 2. The POST and CVC surcharges were not disbursed timely to the state for several months. For example, fees collected in December 2002 through February 2003 were not disbursed until June 2003. This continued to be a problem during much of 2003 because month-end reports had not been completed by the former clerk, so the current Court Clerk had to compile information for past months before disbursements could be made.
 3. The March and August 2002 court dockets could not be located, and courts dockets for several months of 2002 were not complete. In addition, the ticket copy and case information pertaining to two tickets selected for review could not be located by division personnel.

While these issues existed during a large portion of the audit period, it appears the division has now corrected these problems.

WE RECOMMEND the city of Foley Municipal Division:

- A. Work with the police department to implement the necessary procedures and records to account for the numerical sequence of all tickets issued and their ultimate disposition.
- B. Adequately segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of the composition of receipt slips issued to the amount and composition of bank deposits, and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated.
- C. Prepare monthly listings of open items and reconcile these listings to monies held in trust.
- D. Assess surcharges in accordance with state law, and work with the city to ensure the LET surcharge is assessed as intended by the city.
- E. Forward traffic violations records to the DOR as required by state law.
- F. Continue to issue prenumbered receipt slips and disburse surcharges to the state timely, and ensure all records are retained as required by Supreme Court rules.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk provided the following responses:

- A. *A system has now been established to track when ticket books are issued and depleted. This information includes dates and ticket numbers. The ticket numbers have also been added to the court docket providing information regarding the person the ticket was issued to.*
- B. *The Municipal Judge will review all the financial dealings regarding the court and sign the financial summary retained in the court records.*
- C. *Open items information has been added to the docket and the court financial summary.*
- D. *The various fees (CVC, LET, POST, and VDV) are no longer collected on DPC (dismissed on payment of cost) cases.*
- E. *Tickets are now submitted timely.*

- F. *Sequentially numbered receipt slips are now issued for all collections. All surcharges are now submitted to the appropriate state departments in a timely manner, and all court records including the docket are now filed together by the court date.*

5. City of Louisiana Municipal Division
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- A. The municipal division collects CVC, LET, POST, and VDV surcharges on some dismissed cases. Sections 488.607, 488.5336, and 488.5339, RSMo Cumulative Supp. 2004, require these surcharges to be assessed on all municipal violations, except when the proceeding or defendant has been dismissed by the court or court costs are to be paid by the state, county, or municipality.
- B. The municipal division has not implemented adequate procedures to follow up on old outstanding checks. At May 31, 2004, the court bank account balance included several old checks totaling approximately \$1,480 that had been outstanding for more than one year.

Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If, after sufficient efforts have been made to locate payees, some old checks remain outstanding, various statutory provisions provide for the disposition of unclaimed monies.

- C. While monthly bank reconciliations are performed and compared to the check register balance, for various reasons the division is uncertain as to amount of monies which should be in the court bank account. As discussed on our prior report, listings of open items (liabilities) have not been prepared on a regular basis and differences identified when such a listing was prepared were not resolved. Division personnel indicated the listing is not being generated or compared to the cash balance because they know it will not reconcile. Monies were determined to be missing from the court account several years ago. However, a new bank account was not opened and efforts to clean up the old account and reconcile the cash balance to liabilities have generally been unsuccessful.

In August 2002, the Court Clerk transferred \$20,000 from the court account to the city on the suggestion of the city's auditor. However, neither the division nor the city have any documentation to support the amount of this transfer, but explained it likely pertained to old bond monies that have been in the court account for several years. A comparison of the May 31, 2004, reconciled bank balance to liabilities showed total liabilities exceeded the reconciled cash balance by about \$4,200.

Monthly listings of open items should be prepared and reconciled to the cash balance to ensure proper accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities. Despite the

problems with the court account balance, the division needs to perform this reconciliation and monitor the unreconciled differences from month to month. Any discrepancies or fluctuations should be promptly investigated.

- D. Procedures to monitor and collect accrued fines and costs could be improved. The division does not generate a listing of cases with unpaid amounts and is not actively pursuing monies due the court when a case is past due or when a defendant fails to appear in court. Upon our request, the Court Clerk generated a receivables listing as of May 2004, which totaled approximately \$60,114. While warrants are issued for failure to appear, no other follow-up, including sending periodic letters to request payments or reporting the failure to appear to DOR, is performed for delinquent cases.

Recent legislation has increased the municipal division's opportunities to collect debts owed for court cases:

- Section 488.5028, RSMo Cumulative Supp. 2004, gives courts the right to report debts in excess of twenty-five dollars to the State Court's Administrator's Office and request they seek a setoff of an income tax refund.
- Section 488.5030, RSMo Cumulative Supp. 2004, gives courts the prospect of contracting with a collection agency to pursue past-due court-ordered penalties, fines, restitution, sanctions, and court costs. The statute also allows any fees or cost associated with such collection efforts be added to the amount due, but such fees and costs shall not exceed twenty percent of the amount collected.
- Section 302.341, RSMo 2000, gives courts the authority to forward suspension information to the DOR for any court cases where the defendant, a Missouri resident, failed to appear or failed to pay the fines and costs assessed for moving violations. Also, Section 544.046, RSMo 2000, allows courts to file a nonresident violator suspension form for non-Missouri residents that will suspend the defendant's drivers license.

The division could also consider reporting the unpaid debt to one of the three main credit reporting bureaus. Without the active and timely pursuit of unpaid fines and costs, revenues to the state and city could be lost.

A similar condition was also noted in our prior report.

WE RECOMMEND the city of Louisiana Municipal Division:

- A. Assess surcharges in accordance with state law.

- B. Periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- C. Prepare monthly listings of open items and reconcile these listings to monies held in trust. Any discrepancies or unusual fluctuations should be promptly investigated. Furthermore, ensure any transfers are supported with sufficient documentation.
- D. Establish adequate records and procedures to monitor and collect amounts due the court.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk provided the following responses:

- A. *Since June 2004, the court has ceased dismissing cases upon payment of costs. We intend to assess surcharges as appropriate under state law.*
- B. *The Court Clerk is presently working to clear the old outstanding checks. We are attempting to contact each individual regarding any outstanding checks. Effective immediately, the court will implement a policy to begin "forfeiture" of any checks that are not cashed within six months. The Court Clerk will work with the state to facilitate the forfeiture and allow the funds to escheat to the state as unclaimed property.*
- C. *The Municipal Judge will attempt to contact the city's auditor who had previously recommended the transfer of \$20,000 from the court account to the city account to determine if this was an arbitrary amount or whether there was some basis for the amount transferred. The Court Clerk will establish a new bank account to be used exclusively for holding bond monies deposited with the court. We expect to transfer most of the \$20,000 back to the court to be deposited into the new bond account, as there is presently not enough in the court account to cover all bonds that have been posted. The Court Clerk has begun to review records each week to ensure that all fines and costs and bond money are properly distributed to the appropriate accounts. We expect that we will need additional guidance from the State Auditor's office to rectify this old account, in light of the fact that we do not know where the funds were originally taken from when the fraud by previous personnel was discovered. Likewise, we do not know where to apply the \$3,800 of restitution that was paid to the city.*
- D. *The court will continue to focus on unpaid fines and costs by ordering payments by specific dates and ordering defendants to appear if those payments are missed. We will continue to first send a warning letter with a new court date, then issue warrants in the event of a second failure to appear, and the Court Clerk will begin to also notify the state Department of Revenue whenever a warrant is issued for failure to appear.*

6.

City of Moscow Mills Municipal Division

The municipal division collects the LET surcharge on non-moving traffic violations even though the city ordinance provides for this surcharge to be assessed on all cases except those dismissed by the court and non-moving traffic violations. Section 488.5336, RSMo Cumulative Supp. 2004, indicates that this surcharge cannot be collected unless it is authorized by the municipal government. The municipal division needs to work with the city to resolve any inconsistencies between state law and city ordinance requirements regarding court fees, and ensure the LET surcharge is assessed as intended by the city.

WE RECOMMEND the city of Moscow Mills Municipal Division work with the city to ensure the LET surcharge is assessed as intended by the city.

AUDITEE'S RESPONSE

The Court Clerk responded that this recommendation has been provided to the city attorney so that the city ordinance can be amended at the May 2005 city council meeting to allow the LET surcharge on nonmoving violations.

7.

City of Old Monroe Municipal Division

A. The LET surcharge is collected on non-moving traffic violations even though city ordinance provides for this surcharge to be assessed in all cases except non-moving traffic violations. Section 488.5336, RSMo Cumulative Supp. 2004, indicates that the LET surcharge cannot be collected unless it is authorized by the municipal government. The municipal division needs to work with the city to resolve any inconsistencies between state law and city ordinance requirements regarding court fees, and ensure the LET surcharge is assessed as intended by the city.

B. The municipal division has not implemented adequate procedures to follow up on old outstanding checks. At December 31, 2003, the court bank account balance included several old checks totaling approximately \$1,430 that had been outstanding for more than one year.

Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If, after sufficient efforts have been made to locate payees, some old checks remain outstanding, various statutory provisions provide for the disposition of unclaimed monies.

C. A monthly listing of open items is not prepared and reconciled to the bank and book balances. A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to

meet liabilities. Any discrepancies or fluctuations should be promptly investigated.

WE RECOMMEND the city of Old Monroe Municipal Division:

- A. Assess surcharges in accordance with state law, and work with the city to ensure that city ordinances are consistent with state laws regarding when to assess the LET surcharge.
- B. Periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- C. Prepare monthly listings of open items and reconcile these listings to monies held in trust.

AUDITEE'S RESPONSE

The Court Clerk provided the following responses:

- A. *The city is currently working on a new codification and will consider the LET surcharge issue.*
- B. *Monies related to old outstanding checks will be remitted to the State Treasurer's Unclaimed Property Section. Outstanding checks will be followed up on more regularly from now on.*
- C. *An open items listing will be prepared and reconciled to the bank and book balances.*

8. City of Troy Municipal Division

During our audit of the various municipal divisions of the Forty-Fifth Judicial Circuit, we noted a cash shortage existed in the city of Troy Municipal Division. A separate report was issued by the State Auditor's office in March 2005, for the city of Troy Municipal Division. Our audit identified receipts of cash totaling at least \$50,950 were collected by the division from June 2002 to September 2004, but were not deposited in a municipal division bank account. The majority of the undeposited monies appeared to relate to bond payments. Recommendations concerning internal controls and accounting records of the city of Troy Municipal Division are included in that report and are not included in this report.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

FORTY-FIFTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the municipal divisions of the Forty-Fifth Judicial Circuit on findings in the Management Advisory Report (MAR) of our prior audit report issued for the 2 years ended 1998 or 1997, and our report for the City of Louisiana, Missouri, for the year ended May 31, 2000. Neither the City of Elsberry nor the City of Moscow Mills operated a municipal division during the prior audit period. The prior recommendations which have not been implemented are repeated in the current MAR.

FORTY-FIFTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
TWO YEARS ENDED 1998 AND 1997

1. City of Bowling Green Municipal Division

- A. Some receipt books used were not prenumbered. In addition, receipt slips that are prenumbered were not always issued in numerical order.
- B. The Court Clerk, Deputy Court Clerk, and police dispatcher were not bonded.
- C. A monthly listing of open items was not prepared.
- D. Neither the police department nor the municipal division had adequate procedures to account for traffic tickets or summonses issued and their ultimate disposition.

Recommendations:

The city of Bowling Green Municipal Division:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of receipt slips issued.
- B. Request the city obtain bond coverage for all persons handling municipal division monies.
- C. Prepare monthly listings of open items and reconcile the listing to monies held in trust by the municipal division.
- D. Request the police department to issue prenumbered summons forms, and work with the police department to implement the necessary procedures and records to account for the numerical sequence of all tickets and summons issued.

Status:

A&C. Not implemented. See MAR finding number 1.

B. Implemented.

D. Partially implemented. The police department is now issuing prenumbered summons forms but no procedures have been established to adequately account for the numerical sequence of tickets and summons issued. See MAR finding number 1.

2. City of Clarksville Municipal Division

The municipal division improperly assessed court costs of \$16 and \$14 for moving and nonmoving violations, respectively, rather than \$12 per case as allowed by state law.

Recommendation:

The city of Clarksville Municipal Division should assess court costs in accordance with state law.

Status:

During the audit period, this city did not operate a municipal division. Should operations resume, the municipal division should consider implementing this recommendation.

3. City of Curryville Municipal Division

A. Checks and money orders were not restrictively endorsed until deposits were prepared.

B. Neither the police department nor the municipal division maintained adequate records to account for traffic tickets issued and their ultimate disposition.

C. The municipal division improperly assessed court costs of \$15 for all traffic violations, rather than \$12 per case as allowed by state law.

D. The municipal division allowed the Court Clerk to amend certain violations payable through the traffic violation bureau (TVB) from point violations to non-point violations if the defendant requested the change and no other violations were pending.

Recommendations:

The city of Curryville Municipal Division:

- A. Restrictively endorse all checks and money orders immediately upon receipt.
- B. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.
- C. Assess court fees in accordance with state law.
- D. Ensure the City Attorney or Municipal Judge is aware of and authorizes any amendment of charges or nolle pros ticket dispositions prior to the Court Clerk taking such action.

Status:

A,B

&D. Implemented.

- C. Implemented. While the municipal division is assessing the proper court costs, problems were noted with division's disbursement of various surcharges collected. See MAR finding number 2.

4. City of Foley Municipal Division

- A. The duties of receiving, recording, and depositing court receipts were not adequately segregated.
- B. Receipts were not always recorded and deposited on a timely basis.
- C. The Municipal Judge did not review and sign the court docket after case disposition had been recorded.
- D. The municipal division did not always forward required records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP) in a timely manner.
- E. The Crime Victims Compensation (CVC), Law Enforcement Training (LET), and Peace Officers Standards and Training Commission (POST) fees were assessed on some dismissed cases.
- F. The municipal division improperly assessed court costs of \$15 for all traffic violations, rather than \$12 per case as allowed by state law.

Recommendations:

The city of Foley Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum there should be documented supervisory review of the reconciliation between receipts and deposits, and a review of the account reconciliations.
- B. Restrictively endorse checks and money orders immediately upon receipt, record monies received promptly, and deposit receipts daily or when accumulated receipts exceed \$100.
- C. Require the Municipal Judge to review all court dockets for propriety and sign the dockets.
- D. Forward traffic tickets involving moving traffic violations to the MSHP as required by state law.
- E. Assess fees in accordance with state law.
- F. Assess court costs in accordance with state law.

Status:

A,D

&E. Not implemented. See MAR finding number 4.

B,C

&F. Implemented.

5. City of Frankford Municipal Division

- A. The duties of receiving, recording, and depositing court receipts were not adequately segregated.
- B. Prenumbered receipt slips were inconsistently used and generally did not indicate the method of payment. Receipts were sometimes recorded on the court docket or a receipt ledger; however, these records did not indicate the date of receipt or the method of payment. Also, some monies deposited were not recorded in any municipal division records.
- C. The Police Chief and Court Clerk were not bonded.
- D. The Court Clerk did not maintain a checkbook register or prepare bank reconciliations for the municipal division bank account.

- E. A monthly listing of open items was not prepared.
- F. Several instances were noted where the court clerk issued checks from the court account that were not prenumbered.
- G. The municipal division operated a TVB that allowed certain offenses to be paid prior to the court date; however, a court order could not be located formally establishing the TVB.
- H. The Municipal Judge did not record or approve his case decisions.
- I. The municipal division did not file with the city a monthly report of all cases heard in court.
- J. The traffic ticket issuance log maintained by the police department was not always complete.

Recommendations:

The city of Frankford Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing municipal division receipts. At a minimum there should be documented supervisory review of the reconciliation between receipts and deposits, and a review of the account reconciliations.
- B. Ensure that prenumbered receipt slips are issued for all collections and reconciled to bank deposits, restrictively endorse all checks and money orders immediately upon receipt, and deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Request the city obtain bond coverage for all persons handling municipal division monies.
- D. Maintain a complete checkbook register and reconcile it monthly to the bank statement.
- E. Prepare monthly listings of open items and reconcile the listing to monies held in trust by the municipal division.
- F. Use only prenumbered checks specific to the official bank account and account for their numerical sequence.
- G. Prepare a court order authorizing the establishment of a TVB.

- H. Require the Municipal Judge to review all court dockets for propriety and sign the dockets.
- I. Prepare monthly reports of court actions and file these with the city in accordance with state law.
- J. Work with the police department to ensure all traffic tickets issued are accounted for properly.

Status:

During the audit period, this city did not operate a municipal division. Should operations resume, the municipal division should consider implementing these recommendations.

6. City of Louisiana Municipal Division

- A. The duties of receiving, recording, and depositing court receipts were not adequately segregated.
- B. Receipt slips issued for the receipt of dog fines and police reports were not prenumbered and did not indicate the method of payment.
- C. Court receipts were not always deposited on a timely basis.
- D. Listings of open items were not prepared on a regular basis throughout the audit period. Approximately \$530 in old unidentified bond monies and monies pertaining to two bonds received in 1990 and 1992 remained outstanding and were not turned over to the appropriate parties.
- E. There were not set procedures or periodic accounts receivable reports utilized to monitor amounts due to the municipal division.
- F. Neither the police department nor the municipal division maintained adequate records to account for the traffic tickets and summons issued and their ultimate disposition.

Recommendations:

The city of Louisiana Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum there should be documented supervisory review of the reconciliation between receipts and deposits, and a review of the account reconciliations.

- B. Issue prenumbered receipt slips for all monies received, indicate the method of payment on each receipt slip issued, and reconcile the composition of monies received to the composition of monies transmitted.
- C. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- D. Prepare monthly listings of open items and reconcile the listings to monies held in trust by the municipal division. Any bonds remaining on hand over a period of time should be followed-up on and either refunded, forfeited, or turned over to the state's Unclaimed Property section.
- E. Establish adequate accounts receivable reporting and follow-up procedures. In addition, the listing of accounts receivable should be reconciled to the individual accounts receivable records on a periodic basis.
- F. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets and summonses issued.

Status:

A,B,
C&F. Implemented.

D&E. Not implemented. See MAR finding number 5.

7. City of Old Monroe Municipal Division

- A. The duties of receiving, recording, depositing, and disbursing court receipts were not adequately segregated.
- B. The Municipal Judge did not always record or approve case decisions in the individual ticket files during court. The court dockets prepared by the Court Clerk included payment information but did not include case dispositions and fines and court costs assessed by the judge. In addition, the Municipal Judge did not review the court dockets after case information had been recorded.
- C. Neither the police department nor the municipal division maintained adequate records to account for municipal summons assigned and issued, and their ultimate disposition.
- D. A monthly listing of open items was not prepared for the bond or court accounts.
- E. Several instances were noted where the state's portion of CVC and POST fees were not remitted on a timely basis.

Recommendations:

The city of Old Monroe Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum there should be documented supervisory review of the reconciliation between receipts and deposits, and a review of the account reconciliations.
- B. Record case dispositions and fines and costs assessed on the court dockets and ensure the dockets are reviewed and signed by the Municipal Judge.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all municipal summonses issued.
- D. Prepare monthly listings of open items and reconcile the listing to monies held in trust by the municipal division.
- E. Remit CVC and POST fees in accordance with state law.

Status:

A,B,
C&E. Implemented.

D. Not implemented. See MAR finding number 7.

8. City of Troy Municipal Division

A separate report was issued by the State Auditor's Office in March 2005, for the city of Troy Municipal Division, and follow up on prior audit findings is included in that report.

CITY OF LOUISIANA, MISSOURI
YEAR ENDED MAY 31, 2000

Municipal Court

- A. During the period between December 1998 and January 2000, fines, court costs, and bonds received by the court totaling over \$3,800, were not deposited to the court's bank account.
- B. Court receipts were not always transmitted to the City Treasurer intact on a timely basis.

- C. Receipt slips were not issued for some monies received and copies of some voided receipt slips were not retained. The method of payment was not consistently and accurately noted on receipt slips.
- D. Accounting duties were not adequately segregated and the City Treasurer did not perform a reconciliation of bank amounts to the court clerk's records.
- E. Listings of open items were not prepared on a regular basis.
- F. Accounts receivable records and procedures were not adequate to account for and collect amounts due to the court. Instances were noted where no follow up action was taken on missed payments, accounts receivable records were not updated for payments or did not include some balances due, payment plan agreements were not on file, and individual records did not agree to the summary listing.
- G. Neither the police department nor the municipal division maintained adequate records to account for traffic tickets issued or their ultimate disposition.
- H. The court docket, which lists all cases for the month, was not always complete and accurate.

Recommendations:

The Municipal Court:

- A. Along with the city, work with law enforcement officials regarding any criminal prosecution and to obtain restitution of the missing funds.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Issue receipt slips for all monies received and retain all voided receipt slips. Additionally, the method of payment should be indicated on each receipt slip issued, and the composition of monies received should be reconciled to the composition of monies deposited by an independent person.
- D. Adequately segregate duties between available employees and/or require the City Treasurer to review and reconcile the municipal division records.
- E. Prepare monthly listings of open items and reconcile the listing to monies held in trust by the municipal division. Any bonds remaining on hand over a period of time should be followed-up on and either refunded, forfeited, or turned over to the state's Unclaimed Property Section.
- F. Establish adequate accounts receivable reporting and follow up procedures including an accurate accounts receivable listing. In addition, the listing of accounts receivable should be reconciled to the individual accounts receivable records on a periodic basis.

G. Work with the police department to establish a log of tickets issued to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

H. Ensure every case is entered on the court docket accurately.

Status:

A,B,
C,D,
G&H. Implemented.

E&F. Not implemented. See MAR finding number 5.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FORTY-FIFTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Forty-Fifth Judicial Circuit is composed of Lincoln and Pike Counties. The Honorable Dan Dildine serves as Presiding Judge. There are eight municipal divisions within the Forty-Fifth Judicial Circuit. The city of Troy Municipal Division is reported on separately.

The municipal divisions are governed by Chapter 479, RSMo 2000 and RSMo Cumulative Supp. 2004, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality, the county, or the state of Missouri, as applicable.

Municipal Division Organization, Personnel, and Financial and Caseload Information

1. City of Bowling Green

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. The municipal division maintains two bank accounts. Fines and court costs are deposited into one bank account and transmitted by check to the city treasury and state monthly. Bond monies are deposited into another bank account pending disposition. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court. The Associate Circuit Judge of Pike County serves as the judge for the municipality.

Personnel

Associate Circuit Judge*	David Ash
Court Clerk	Connie Bay

* Candide Copper served as Municipal Judge prior to January 2003.

Financial and Caseload Information

	<u>Year Ended September 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts	\$101,107	74,440
Number of cases filed	1,042	827

2. City of Curryville

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. A police department dispatcher collects fines and costs during court, and when the Court Clerk is not available. Bonds, fines, and court costs are transmitted to the City Treasurer for deposit into a city escrow account. Monies are disbursed by check from this account to the state and city treasury monthly. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge*	David Ferman
City Clerk/Court Clerk**	Barbara Smith

* Donald Watts served as Municipal Judge prior to March 2003.

**Retired on January 12, 2005. Sandra Parrott was hired as Court Clerk in March 2005.

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$97,121	77,563
Number of cases filed	992	721

3. City of Elsberry

Organization

The City Treasurer serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The municipal division maintains two bank accounts. Fines and court costs are deposited into one bank account and are transmitted by check to the city treasury and state monthly. Bond monies are deposited into another bank account pending disposition. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court. The Associate Circuit Judge of Lincoln County serves as the judge for this municipality.

Personnel

Associate Circuit Judge	Amy Kinker
City Treasurer/Court Clerk	Tammy Sharpe

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$40,649	51,702
Number of cases filed	494	803

4. City of Foley

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited directly into the city treasury several times a week. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge*	Brian Zink
City Clerk/Court Clerk**	Sylvia Collier

* William W. Cheeseman served as Municipal Judge prior to May 2002.

** Tina Simons served as Court Clerk prior to May 2002, and Lori Tilley served as Court Clerk between May 2002 and September 2002.

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$77,557	68,753
Number of cases filed	1,006	806

5. City of Louisiana

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited into a court bank account. Fines and court costs are transmitted by check to the city treasury monthly. Bond monies are maintained in the court bank account pending disposition. The police dispatchers receive bonds, fines, and court costs when the Court Clerk is not present. The Court Clerk collects and deposits these monies daily. The municipal division occasionally collects monies for copies of police and accident reports, restitution for victims, and dog violation fines. Restitution payments are deposited into and disbursed from a court bank account, while report copies and dog violation fines are held and transmitted to the city treasury monthly. Court is held twice a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Bruce McGuire
Court Clerk	Kris Bransetter

Financial and Caseload Information

	<u>Year Ended May 31,</u>	
	<u>2004</u>	<u>2003</u>
Receipts	\$215,642	179,755
Number of cases filed	1,795	1,717

6. City of Moscow Mills

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited directly into the city treasury several times a month. Court is held once a month. Division operations started in November 2002. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Michael Shrappe
Court Clerk	Debra Freise

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002*</u>
Receipts	\$249,839	15,359
Number of cases filed	2,397	271

* The city began operating a municipal division in November 2002. Prior to that municipal cases were handled by the Lincoln County Associate Division.

7. City of Old Monroe

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The municipal division maintains two bank accounts. Fines and court costs are deposited into one bank account and transmitted by check to the city treasury and state monthly. Bond monies are deposited into another bank account pending disposition. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court.

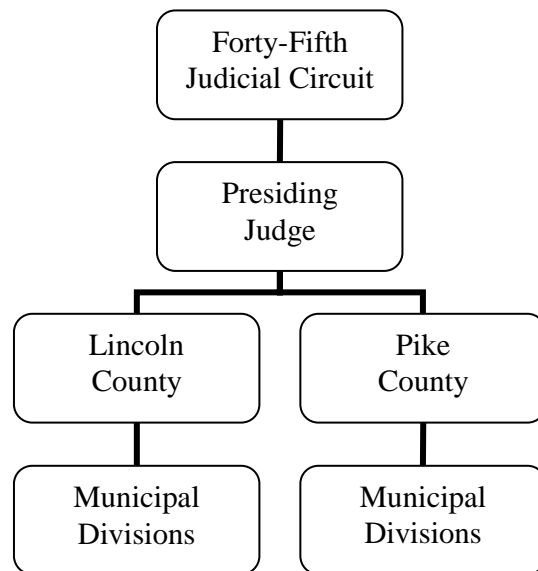
Personnel

Municipal Judge	Patrick Coyne
City Clerk/Court Clerk	Becky Stille

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$28,084	30,761
Number of cases filed	274	293

FORTY-FIFTH JUDICIAL CIRCUIT
ORGANIZATION CHART



City of Elsberry
City of Foley
City of Moscow Mills
City of Old Monroe
City of Troy*

City of Bowling Green
City of Curryville
City of Louisiana

* The city of Troy Municipal Division is reported on separately.



Claire McCaskill
Missouri State Auditor

May 2005

City of O'Fallon, Missouri

Year Ended December 31, 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2005

The following problems were discovered as a result of an audit conducted by our office of the City of O'Fallon, Missouri.

Salary incentives totaling \$230,500 and \$129,750 were paid to various City of O'Fallon executive team members and other staff during 2003 and 2002, respectively. In 2003, these incentives ranged from \$2,500 to \$35,000. The incentive program was not a part of the city's personnel policy and there was no documentation that the Board approved the amounts, the tasks involved, or the time required. Many of the incentives appeared to be for tasks that may have been completed by respective positions regardless of the additional compensation. In 2003, the city contracted with an outside firm at a cost of \$32,000 to perform a salary survey of positions in similar communities. In 2004, the city dropped the incentive plan; however, instead of basing the new salaries on the survey results, salaries were increased in the amount of the 2003 incentives to form new base salaries. Some of these salaries significantly exceed the survey data.

In January 2004, the former mayor, former city administrator, and seven board members along with their spouses traveled to Ireland with six business representatives and guests to try to establish a "sister city program". The trip was funded by donations from local businesses. In September 2004, a reconciliation of trip expenditures totaling \$40,984 and donations received totaling \$44,000 was completed. There is no accounting for the remaining \$3,016, and \$300 in costs did not have supporting receipts or invoices. There was no documentation of any formal reporting on the results of the trip in a board meeting and the city has not entered into a "sister city program". Additionally, several items were purchased by the city for each member of the group, including passport holders, luggage tags, and embroidered attaché cases, which do not appear to be prudent and reasonable expenditures.

In June 2003, the former mayor attended a three day National Mayors' conference in Denver, Colorado. The total cost for this trip was approximately \$3,300. The mayor rented a van and drove to the conference along with members of his family, incurring costs of over \$1,000 in van rental, fuel and extra meal and hotel costs. At the conference, the mayor selected an executive suite at a rate of \$255, approximately \$70 per night more than the lowest available in that particular hotel and approximately twice as much as the lowest cost alternative available. Additionally, several side trips were made outside the Denver area that were not a part of the conference itinerary.

The former city administrator attended a five day seminar at the Wharton School in Pennsylvania at a cost of \$4,950 for the seminar and \$610 for airfare, and additional hotel and meals. There was no documentation indicating the board approved this training prior

(over)

YELLOW SHEET

to incurring the expense and without documented approval by someone in a supervisory role, it is unclear if costly trips such as this are necessary or beneficial to the city.

The city does not have a written policy or established guidelines for the purchase and sale of real estate and has sold property without advertising for bids, purchased property without documentation that an appraisal was performed, and used services of a real estate agent that did not appear necessary. The city sold property to a developer in June 1999 for \$275,000 and required in the sales contract that the old building be demolished and a masonry retail/office structure be built in its place within six months of site plan approval; however, five years have passed and the new building has not been constructed as required and the owner has placed the property for sale at an asking price of approximately \$600,000. The city should take appropriate action to attempt to enforce the terms of the real estate contract.

Credit card purchases did not have adequate supporting documentation. Total credit card purchases for fiscal year 2003 were approximately \$83,000. Several of the credit card receipts indicated the total amount paid but included no detail or explanation of what was purchased, while other purchases were not accompanied by any type of receipt.

The city's total financial obligations have increased from \$88 million to \$152 million or 72 percent from 1999 to 2003. A large part of this debt is certificates of participation (COPS) and revenue bonds which are not included in the various ratios used by the city to help ensure financial stability. Including this other debt in monitoring the various debt ratios would help ensure the city is maintaining adequate financial stability.

Of the 15 executive team members assigned a vehicle, 13 are assigned trucks or sport utility vehicles, most of which are four wheel drive and/or heavy duty models. It is questionable as to whether these types of vehicles are necessary to fulfill the duties of these employees. Additionally, three employees assigned trucks commute roundtrip approximately 20, 40 and 60 miles per day, respectively, and over 50 percent of the mileage put on their assigned vehicles is attributed to commuting. The amount of mileage and type of vehicles allowed for commuting these distances appears unreasonable and excessive.

In September 2003, the State Auditor's Office initiated a routine audit of the O'Fallon Municipal Court. Within a few days of starting the audit, the court administrator admitted to the misappropriation of funds. The city decided to contract with an independent audit firm to review the court records and procedures to determine the amount of loss and how it had occurred. At that time, due to the pending petition audit, the State Auditor's Office halted its audit of the municipal court. The independent audit firm reported in January 2004, that approximately \$350,000 appears to have been misappropriated from the municipal court from 1997 to 2003. The misappropriation appears to have occurred because of a lack of control procedures and segregation of duties. The court administrator was terminated from her position and the city has implemented procedures to prevent such misappropriations in the future.

Also included in the report are recommendations related to attorney costs and billings, stadium and park operations, city vehicles and mileage logs, mobile communications, and public records.

All reports are available on our website: www.auditor.mo.gov

CITY OF O'FALLON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Mayor
and
Board of Alderman
City of O'Fallon, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of O'Fallon, Missouri. The city engaged Rubin, Brown, Gornstein and Company LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of O'Fallon, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 10, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Marty Beck

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF O'FALLON, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Personnel
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In 2003 the city continued an incentive program that began in 2002. Salary incentives totaling \$230,500 and \$129,750 were paid to various executive team members and other staff during 2003 and 2002, respectively. In 2004, the city ceased incentive payments; however, the amounts received as incentives for the previous year were added to the individuals' salaries as a pay increase. Incentive amounts paid in 2003 and 2002 are included in the following table.

<u>Title</u>	<u>2003 Amount</u>	<u>2002 Amount</u>
City Administrator	\$ 35,000	25,000
Assistant City Administrator	22,000	15,000
City Clerk	13,000	13,000
Director of Economic Development	15,000	14,000
Director of MIS	10,000	10,000
Director of Finance	7,500	7,500
Managing Director of Community Development	15,000	0
Director of Development Services	10,000	0
Chief of Police	15,000	15,000
Managing Director of Administrative Services	13,000	7,500
Managing Director of Parks and Recreation	15,000	15,500
Assistant Director of Economic Development	0	1,750
Director of Human Resources	0	5,500
24 additional management team members each received \$2,500	60,000	0
	<u>\$ 230,500</u>	<u>129,750</u>

Concerns were noted regarding both the incentives and the salary increases.

- A. Although the prior Board President indicated the Board approved the various tasks required to receive the incentive payments, there was no documentation indicating this approval or any discussion of this. In addition, the tasks did not detail the exact work to be performed and the estimated time to complete the task. The incentive program was not a part of the city's personnel policy. The only approval noted by the Board was of the total incentive amounts included in the budget. City officials indicated that incentives were developed from input from the elected officials, the city administrator, and executive team members. Many

of the incentives appeared to be for tasks that may have been completed by the respective positions regardless of the additional compensation. For instance, the city administrator received \$6,250 for "operations reports to the board" and the managing director of community development received \$3,750 for "water plant completion." These duties appear to be tasks that would have been completed regardless if an incentive would have been offered. Additionally, correspondence from the previous city administrator to staff was located soliciting "incentive ideas." Another instance was noted where an incentive apparently could not be completed during the year so it was replaced with another. Documented formal board approval of the tasks required would help ensure the work was, in fact, necessary work required by the city that was in addition to the employees' normal duties. In addition, without an estimated time, the city cannot ensure that the incentive paid was adequate for the work performed.

- B. In 2003, the city contracted with an outside firm at a cost of \$32,000 to perform a salary survey of positions in similar communities. In 2004, the city dropped the incentive plan; however, instead of basing the salaries on the survey results, salaries were increased in the amount of the 2003 incentives to form new base salaries and were frozen at this level for three years. Some of the salaries significantly exceed the survey data. For example, the O'Fallon city administrator is compensated approximately \$26,000 more than the maximum salary noted on the salary survey for that position. City officials stated the salary levels were set to "avoid compensation decreases for Executive Team staff" because of the cancellation of the incentives; however, the tasks supporting the incentive payments were no longer required. For example, in 2003 both the city administrator and assistant city administrator received \$10,000 each in incentive payments if at least 75 percent of the executive team incentives were met. There were no incentives for 2004; however, the city added \$10,000 to each of these salaries.

WE RECOMMEND the Board of Alderman:

- A. Refrain from providing incentives to employees without documenting its approval of the tasks required to receive the incentive payments. In addition, the tasks should detail the exact work to be performed and the estimated time to complete the task. Any incentive program should be adopted into the city's personnel policy.
- B. Review the overall salaries and compare them to the salary survey to ensure salaries paid are not excessive.

AUDITEE'S RESPONSE

- A. *The current Board of Aldermen have reviewed the findings of the State Auditor and agree the 2002 and 2003 incentive plan for the executive team and other staff members are tasks that should have been considered as 'in line' with normal job duties and that the*

incentives were not tasks 'above and beyond' what would have warranted pay incentives. The Board of Aldermen also agree there is no indication any official discussions took place to set up and approve the incentive plan other than to include them in the final budget. However, it has come to the attention of the Board of Aldermen that posted closed executive sessions did take place to discuss the incentive payments, but no minutes exist. The Board of Aldermen also find it very disturbing that incentives were changed, replaced, and in some cases removed when it became clear an incentive goal would not be met.

The Board of Aldermen agree the salaries of the executive level employees should remain frozen until 2007; however, we feel it may be prudent to lower, or in some cases, remove the incentive pay that was granted if it is found these incentives were not fully warranted. The Board of Aldermen will also ensure all meetings are managed and performed in accordance with state law. The Board of Aldermen will also ensure approval is given to any and all pay plans, documenting detailed expectations and completion times prior to them taking effect; as well as ensuring they become part of the city's personnel plan.

The current Board of Aldermen have no plans to provide incentives to employees. If an incentive program is approved in the future, supporting documentation of the tasks required will be included in the program. In addition, any incentive program will be added and adopted into the city's personnel policy.

- B. The Board of Aldermen have come to the conclusion the city paid \$32,000 in 2003 for a salary survey of similar communities but did not use it to adjust salaries to be in-line with its results. The Board of Aldermen agrees with the State Auditor that some salaries significantly exceed similar communities. The Board of Aldermen are greatly concerned with the huge amount of taxpayer money given as incentives in 2002 and 2003 that totaled \$360,250 and was then rolled into executive and staff salaries permanently.*

The Board of Aldermen will use the salary survey to adjust salaries in the city to be in line with other communities of similar size taking into consideration a comparison of job titles, duties, experience and education, and also assess all salaries in accordance with the adopted budget.

2. Travel

Several concerns were noted regarding a trip to Ireland including no reconciliation of the total trip costs, no documented benefit to the city, and questionable items purchased by the city. Concerns regarding excessive costs were also noted regarding a trip to Colorado by the former mayor. Travel and training expenses incurred by the former city administrator were not approved by the board.

- A. In January 2004, the former mayor, former city administrator, and seven board members along with their spouses traveled to Ireland with six business representatives and guests to try to establish a "sister city program". There was

no overall accounting for the total trip costs and no documentation of the benefits of the trip to the city. In addition, items purchased by the city for the participants do not appear to be prudent and reasonable expenditures of the city. While the costs associated with this trip were covered through donations from local businesses, it appears that those in attendance were representing the city on official business and thus should follow city travel policy.

1. No calculation of the total trip cost and comparison of the trip receipts and expenditures was performed upon conclusion of the trip. In September 2004, a reconciliation of trip expenditures and donations received was completed by city officials and provided upon our request. Based on this reconciliation, the city received \$44,000 in donations for this trip and spent \$40,984. There is no accounting for the remaining \$3,016. In addition, approximately \$300 in costs reported were not accompanied by supporting invoices or receipts and some of the receipts submitted included purchases of alcohol. City policy forbids the purchase of alcoholic beverages. Reimbursement for purchases not supported by documentation may result in additional expenditures that are not reasonable, prudent, or within the guidelines set forth by city policy.
 2. No documentation was provided by city officials on the benefits received from this trip. City officials indicated that the former city administrator prepared a DVD documenting the trip; however, no copy of the DVD was available at city hall. There was no documentation of any formal reporting on the results of the trip in a board meeting and the city has not entered into a "sister city program". To justify the high travel costs of this trip, the benefits to the city should be documented.
 3. Several items were purchased by the city for the participants including passport holders, luggage tags, disposable cameras, and specially embroidered attaché cases. Each member of the group, including spouses and other non city employees, was provided with these items. At the conclusion of the trip, expenditures were also made for photo developing, blank DVD's, recorded music, and production software. City officials indicated these supplies were used by the former city administrator to prepare the DVDs highlighting the trip. The total amount spent on these items was approximately \$1,800. These items do not appear to be prudent and reasonable expenditures of the city.
- B. In June 2003, the former mayor attended a National Mayors' Conference in Denver, Colorado. The total cost for this trip to the city was approximately \$3,300. Several expenditures related to the trip appear to be unreasonable. In addition, it is unclear if meals and other incidental expenses were paid for the mayor's family.

1. The mayor rented a van and drove to the conference along with three members of his family. Although city policy requires that the mode of travel selected be the most economical and advantageous, there was no documentation that the city compared the cost of driving versus flying to the conference. By driving to the conference rather than flying, the city incurred costs of over \$1,000 in van rental, fuel, and extra meal and hotel costs for the travel days. Upon our questioning, the mayor estimated that the roundtrip airfare would have been approximately \$300 and that a rental car and fuel for the three day conference would have cost approximately \$110.
2. The lodging costs incurred for the trip were not the most economical available as a part of the conference. There were nine different hotel options/rates available to attendees and the mayor selected an executive suite at a rate of \$255, approximately \$70 per night more than the lowest available in that particular hotel and approximately twice as much as the lowest cost alternative available. City policy requires officials to incur expenditures the same as that of a prudent person on personal business. Without adhering to the guidance provided by city policy, the city may be incurring more costs than necessary.
3. Several side trips were made outside the Denver area that were not a part of the conference itinerary. On each of the three days that the conference was in session, fuel and meal receipts indicated purchases were made in towns approximately 30, 50, and 90 miles from Denver. The mayor indicated that the conference promoted different cities in Colorado during their sessions and would encourage you to visit these locations. However, the itinerary for the conference made no mention of this and appeared to promote facilities within the host city of Denver. With no inclusion on the conference itinerary and no documentation indicating the purpose and benefits of each of these side trips, it cannot be determined if they were necessary or beneficial to the city.
4. For the six days of the trip, approximately \$570 was spent on food which appears excessive for one person. Credit card receipts for these transactions either did not exist or did not provide adequate detail to determine the number of meals served. City policy allows for travel expense reimbursement for spouses for legitimate business reasons where attendance of the spouse is required. This requires written justification pre-approved by the city administrator. It is not clear whether attendance of the mayor's spouse was necessary and no documentation of pre-approval by the city administrator was provided. City policy also allows for full reimbursement for meals only if accompanied by a receipt, otherwise an established per diem amount of \$30 is paid.

In addition, the hotel bill included \$38 for in room movies. City policy prohibits reimbursing expenditures of this type. Without following the guidance provided by city policy on reimbursable travel costs, the city may be incurring unnecessary costs.

- C. The former city administrator attended a five day seminar titled “Critical Thinking: Real-World, Real-Time Decisions” at the Wharton School in Pennsylvania at a cost of \$4,950 for the seminar and \$610 for airfare, and additional hotel and meals. There was no documentation indicating the board approved this training prior to incurring the expense. The only approval obtained on the travel expense reimbursement form was by the city finance director. Although the city administrator's contract allowed him to attend various professional development events, no limit was established. Without documented approval by someone in a supervisory role, it is unclear if costly trips such as this are necessary or beneficial to the city.

WE RECOMMEND the Board of Alderman:

- A.1. Fully account for all trip expenditures and ensure all reimbursements or payments for purchases made are supported by adequate supporting documentation.
- 2. Ensure that the benefits obtained from trips made by city officials and employees are documented.
- 3. Ensure expenditures made for city travel are reasonable and prudent.
- B.1. Ensure that the most cost effective travel is selected and that other associated expenditures are reasonable and prudent, as required by city policy.
- 2. Ensure that expenditures for lodging are prudent, as required by city policy.
- 3. Ensure that costs incurred for travel not associated with the purpose of the trip are justified by written documentation or these costs are reimbursed to the city.
- 4. Ensure travel cost reimbursements for spouses and other non-employees are made in accordance with city policy including the documented pre-approval of such as required. In addition, full reimbursement for meals should not be provided unless accompanied by receipts as outlined in the city policy manual.
- C. Review and approve all training and travel requests of the city administrator to ensure they are necessary, cost effective, and beneficial to the needs of the city.

AUDITEE'S RESPONSE

- A.1. *The Board of Aldermen is in agreement with the State Auditor that the trip to Ireland in January 2004 was paid for with private donations from the O’Fallon Community*

Foundation (Mastercard), CitiGroup, T.R. Hughes, McEagle, and SSM. We also agree the trip was taken to conduct city business in trying to establish a Sister Cities Program. It is the Board's conclusion that the city officials should have been bound by the city's travel policy. The Board of Aldermen questions the true nature of the trip to Ireland since the city has had little or no progress on this issue since the group returned.

The Board of Aldermen will pursue the unaccounted \$3,016 within the next six months. The Board of Aldermen will also ensure the city will enforce its policy requiring a receipt to accompany any expenditure.

- 2. The Board of Aldermen agrees with the State Auditor that the city has done a poor job documenting the benefits gained from the trip to Ireland considering the cost. The current Board of Aldermen have not seen any DVD's documenting the trip and is uncertain if they exist, nor has there been any discussions dealing with the Sister Cities Program. The Board of Aldermen will review the Sister City Program within six months to see if any benefit can be gained for the city.*
- 3. The current Board of Aldermen will review all expenditures for this trip within six months to ascertain the funds were spent wisely and in accordance with city travel policy. If feasible, the city will seek reimbursement for items that do not fall within city guidelines.*
- B. The Board of Aldermen is not opposed to the Mayor attending the National Mayor's Conference. However, we agree with the State Auditor that the \$3,300 of taxpayers money used for this trip was excessive for a three day conference. The Board of Aldermen feel the Mayor failed to follow city policy by not selecting the most economical and advantageous mode of travel by costing the taxpayers of the city an additional \$600.*

The Board of Aldermen will ensure the city's travel policy is enforced for all employees conducting city business out of town. If financially feasible, the Board of Aldermen will also seek reimbursement for any and all funds it deems to have been used inappropriately. The Board of Aldermen will make every effort to pursue the most cost effective method of travel, ensure travel expenditures are prudent, and verify travel costs for non-employees are not paid for with city funds.

- C. The City Administrator's contract states the city is responsible for paying for his professional development. Upon recommendation of the State Auditor's Office, the city now requires the Mayor or President of the Board to approve the City Administrator's travel.*

Within three months, we will revise our current travel policy to include authorization by the Mayor and Board President for the City Administrator. We will also review and approve all travel and training requests, for the City Administrator, to ensure that they are necessary, cost-effective, beneficial and fall within budgetary constraints of the city.

3.**Real Estate Transactions**

Several concerns were noted regarding real estate transactions including inadequate enforcement of or not following contract terms, lack of appraisals and advertising for bids, and the payment of real estate agent fees that appear to be unnecessary.

- A. The city has not enforced the terms of a real estate sales contract requiring the construction of a building on a lot it sold. The property, which included the old city hall building, was appraised at \$630,000 on November 19, 1997. The city requested proposals for the sale of the property and sold the property to a developer in June 1999 for \$275,000. The real estate sales contract required that the old building be demolished and a masonry retail/office structure be built in its place within six months of site plan approval; however, no date for site plan approval was set in the contract.

Five years have passed and although the developer demolished the old structure, a new building has not been constructed as required by the contract. In addition, the owner has placed the property for sale at an asking price of approximately \$600,000. The city sales contract did not include penalties for non-performance (construction of the building). Although, the request for proposals did require a preliminary site plan, as well as a timeline for completion of the project, the final contract did not have any established deadlines. By including the requirement to build a structure on the site, which appears will not be done by the purchaser, the city may have reduced the number of initial bidders on this property. The city should take appropriate action to attempt to enforce the terms of the real estate contract. In addition, future contracts should include enforceable deadlines.

- B. The city sold a building and land to a tenant for less than the amount agreed upon per the original lease agreement. The building was appraised at \$240,000 on November 19, 1997. It was leased to a tenant from December 1997 to December 2002 for \$1 per year. In lieu of market rate lease payments, the tenant was to make approximately \$200,000 in improvements to the property over the five year lease period. The lease provided the option to the tenant to purchase the property for \$475,000. On December 2002, the property was sold to the tenant for \$300,000. City officials indicated that the lower price was the result of a smaller section of the parking area being conveyed as well as roof damage to the building. However, there was no documentation to show how the difference of \$175,000 was determined and no new appraisal was obtained. City officials commented that a re-appraisal was unnecessary because any increase in value was the result of the improvements made by the tenant. However, these improvements were in lieu of market rate lease payments of \$3,250 a month or a total of \$195,000 over the five year period.
- C. The city does not have a written policy or established guidelines for the purchase and sale of real estate. During a review of real estate transactions, we noted that

city property was sold without advertising for bids, property was purchased without documentation that an appraisal was performed, and the services of a real estate agent were used that did not appear necessary.

1. The city sold a piece of property without advertising for bids. The city was in the second year of a five year lease to a tenant when it was decided to sell the building for \$170,000 to a party other than the lessee in December 2002. City officials indicated that the building was in severe disrepair prior to the commencement of the lease and thus had a negligible value; however, the city invested approximately \$200,000 to renovate the building prior to the lease and the building appraised at \$180,000 in August 2001. City officials stated that since the tenant had already spent approximately \$25,000 in lease payments that a selling price of \$170,000 was appropriate. City officials also indicated that bidding was not required because the building was being leased. However, since the lease payments were for rental of the building, applying them to the purchase price is questionable.
2. The city could not provide documentation that an appraisal had been done on the purchase of a parcel of land. The city purchased a piece of property during 2003 at a cost of approximately \$114,000 for use as a right of way. City officials thought this property had been appraised prior to the purchase; however, no documentation of this could be located. Without an independent appraisal, the city has less assurance that the price paid for the property was reasonable or represented the fair value of the property.
3. The city paid approximately \$30,000 in commissions to a real estate agent for the sale of the properties noted in B and C1. above. It is questionable how the services of a real estate agent were necessary in either of these transactions and the city could not provide evidence of the services received for these costs. The city paid closing costs to a title company to prepare the legal documents on both of these properties in addition to the commission paid to the real estate agent.

Without adequate written policies or procedures on the purchase and sale of real estate, the city cannot be assured that transactions are conducted in the most appropriate and cost effective means.

WE RECOMMEND the Board of Alderman:

- A. Consult with their legal counsel regarding possible enforcement of the terms of the contract. In addition, in the future, the city should ensure that contracts include enforceable deadlines and penalties for non-performance.
- B. On future transactions, comply with previously agreed upon sale prices or adequately document its justification for any differences.

- C. Develop written policies and procedures on the purchase and sale of real estate. These policies should include requirements for when bids and appraisals are required and when the services of a real estate agent or broker would be required.

AUDITEE'S RESPONSE

- A. *The Board of Aldermen will consult with legal counsel regarding enforcement of the terms of the contract. The city will immediately include enforceable deadlines and penalties for non-performance in real estate contracts.*
- B. *The Board of Aldermen will consult with legal counsel regarding enforcement of the terms of the contract. The city will immediately and adequately document justification of changes in real estate contracts.*
- C. *The city will develop, within six months, written policies and procedures on the purchase and sale of real estate, including when bids and appraisals are required, and when the services of a real estate agent or broker are required.*

4. Expenditures

Credit card purchases including many meals at local restaurants do not have adequate supporting documentation. Concerns were noted regarding the attorney's contract and billing and the enforcement of the terms of a contract regarding the downtown redevelopment.

- A. Credit card purchases did not have adequate supporting documentation. Total credit card purchases for fiscal year 2003 were approximately \$83,000. Several of the credit card receipts indicated the total amount paid but included no detail or explanation of what was purchased. Other purchases were not accompanied by any type of receipt. Examples of items noted without receipts or detailed receipts included purchases of \$208 on the former mayor's trip to Colorado and \$95 to a local country club.

Several credit card receipts were for meals at local area restaurants including one charge for \$90. City officials stated these meals were for meetings of city officials and others. However, the purpose of the meeting and a list of those attending are not included on the receipts.

Without detailed supporting documentation including the purpose of the charge, it cannot be determined if the expenditures were within the guidelines established by the city and/or if the expenditures were reasonable and necessary uses of public funds.

- B. The city does not have a contract with the city attorney and billing information provided by the city attorney does not provide adequate detail. The city spent approximately \$415,000 with the city attorney's firm.
1. The city does not have a current contract with its attorney outlining the types of services to be provided and at what cost. The city had an engagement letter dating from 2001; however, the only documentation to support the rates used in 2004 was a memo from the city attorney to the city clerk. Written contracts should be current and should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.
 2. Invoices provided to the city from the city attorney are not adequate. While the invoices include the detail of each activity performed, the time for each activity is not included. Since legal services are billed on an hourly basis, invoices should include the detail of time spent on each activity to ensure the proper amount is billed.
 3. Costs for legal services provided to the city have continued to increase over the last several years. The city currently utilizes a single law firm to act as city attorney and contracts with other legal firms on projects where their expertise is needed. From fiscal year 1999 to fiscal year 2004, legal costs to the city increased from approximately \$160,000 to over \$478,000 per year. In fiscal year 2005, legal service costs decreased to \$357,000. If continued growth is anticipated by the city, consideration should be given to formally evaluating the cost of outside attorneys versus hiring their own staff.
- C. The city has not enforced the contract terms relating to the downtown redevelopment project and, as a result, has not recovered over \$144,000 in costs. In March 2003, the city entered into a contract regarding a downtown redevelopment project. As a condition of this contract, the developer paid the city for upfront costs related to the project of \$110,000. However, additional costs totaling over \$144,000 were incurred by the city and were not reimbursed by the developer as required. Due to the lack of timely follow-up with terms and conditions set forth by the contract, the city incurred unreimbursed costs that may not be recovered.

WE RECOMMEND the Board of Alderman:

- A. Ensure all expenditures have adequate documentation. All meeting meal receipts should indicate the purpose of the meeting and the people attending.

- B.1. Enter into a written contract with the attorney detailing the duties to be performed and the costs associated with the service.
- 2. Ensure invoices provided for legal services provide adequate detail of time charged.
- 3. Review the option of developing an in-house legal department.
- C. Consult with their legal counsel regarding the enforcement of the terms of this agreement and, in the future, monitor compliance with contractual agreements more timely.

AUDITEE'S RESPONSE

- A. *No amount of policy variation is acceptable. Effective immediately, the city will require adequate documentation of meetings and attendance and accept no deviations to ensure prudent spending of city funds.*
- B. *The city will review legal agreements on an annual basis to ensure the duties performed and the costs associated are appropriate.*

The increase of legal services is a reflection of a growing community. These legal services range from personnel, contract evaluation, ordinance review, and attendance at city board and commission meetings. Due to the assortment of legal services, it is difficult to expect one attorney to handle the varying range of legal issues effectively. The city will review the option of developing an in-house legal department or the use of paralegals to reduce costs. In addition, effective immediately, the city will require by subject and by hour, or a portion thereof, itemized invoices for all legal services.

- C. *The city will establish a strong monitoring of escrow type accounts with individuals, corporations, LLC's or other entities obligated to pay for services, equipment, or other items the city is responsible for spending or monitoring. The city is currently suing to recover the spent money that is contractually owed.*

5.	Stadium and Park Operations
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While the Public Venue Fund does not include some stadium operation costs, unrelated revenues are included. The City Park Board has not been structured and empowered in compliance with state statute.

- A. The city's Public Venue Fund does not reflect the total cost of operating the T.R. Hughes Stadium and the resulting city subsidy. Reported revenues and transfers in to the fund were approximately \$500,000 while expenditures were approximately \$770,000 for a reported operating loss of \$270,000 for the year

ended December 31, 2003. However, the fund does not include some stadium operation costs and unrelated revenues are included.

The major source of revenue for the Public Venue Fund is receipts from a professional baseball team contractual agreement. Additionally, cell phone tower lease receipts are deposited to this fund. The cell phone tower lease receipts appear to have no direct connection to the operations of the stadium. The cell phone towers are located in various areas throughout the city and generated approximately \$100,000 for the year ended December 31, 2003.

The only expenditures paid from the Public Venue Fund are for the debt service payments on the related revenue bonds. Expenditures related to field operations totaling \$256,000 and capital improvements on the stadium totaling \$41,000 were made through the Park Fund for the year ended December 31, 2003.

Had all stadium activity been recorded in the fund, revenues and transfers in would be only \$400,000 and expenditures would be \$1,067,000 for an operating loss of approximately \$667,000. Although operating the fund with subsidies from the general or park fund is allowable, by including revenues that are not generated as a result of the stadium and recording costs related to stadium operations in other funds, the Public Venue Fund does not provide a true and accurate accounting of the overall stadium operations.

- B. The City Park Board has not been structured and empowered in compliance with state statute. The city ordinance, approved in 1979, establishing the Park Board indicates it was established under Sections 90.500 through 90.570, RSMo. These sections state that the Park Board shall adopt bylaws and rules and regulations for its guidance and have exclusive control of its expenditures. However, the O'Fallon Park Board has, since its inception, served primarily as an advisory group to the Board of Alderman and expenditures have been paid upon approval by the Board of Alderman and not the Park Board.

WE RECOMMEND the Board of Alderman:

- A. Account for only those revenues related to the stadium and all costs associated with the stadium and its operations through the Public Venue Fund.
- B. Consult their legal counsel regarding the proper structure of the Park Board to ensure compliance with state statutes.

AUDITEE'S RESPONSE

- A. *The city will evaluate the accounting for all revenues and expenses associated with the stadium in the Public Venue Fund. This will be completed during the mid-year budget amendment process.*

- B. *Within six months, the Board of Aldermen will consult with legal counsel to look at the ordinance established in 1979, its legality and whether to change the ordinance or follow State Statute Sections 90.500 through 90.570 for its Parks Board.*

6. Financial Obligations

The city's financial obligations have risen significantly over the last several years to a level higher than that of similar sized cities due in large part to the use of certificates of participation (COPS). COPS are a method of financing a capital project whereby a tax-exempt corporation is formed, sells interests (certificates of participation) in the capital project, leases the project to a local government, and repays the certificates with the lease payments. After the certificates have been repaid, the local government typically has the option to purchase at a minimal amount the capital project it has been leasing. COPS are not required to be approved by the city voters.

From 1999 to 2003, the overall financial liability of the city (excluding the TIF bonds) has increased approximately 72 percent from \$88 million to \$152 million. Over this same time period, the city's population increased approximately 44 percent. This has led to an increased level of liabilities per capita over this five year period. Most of this debt was used to finance expansion of the city water and sewer system, streets, and the start-up of the city trash collection service.

The city has established various key debt ratios to help ensure financial stability. One of these ratios is net direct bonded debt per capita is not to exceed \$750. With general obligation bonded debt totaling \$49,725,000 this ratio is at its maximum. However, general obligation bonded debt is only 32 percent of the total city debt. A large portion of the city's debt is in COPS (\$79,715,000) and revenue bonds (\$22,940,000). If these liabilities are included in the calculation, debt per capita is \$2,313 or three times the key debt ratio.

The following chart shows O'Fallon compared to three other similar sized cities within the state for fiscal year 2003.

City	Long Term Liabilities (in millions)	Population	Total Liabilities per Capita
O' Fallon	\$152.3	65,834	\$2,313
St. Peters	63.8	57,000	1,119
Columbia	138.6	89,174	1,554
Lee's Summit	78.0	76,043	1,026

Including COPS along with other debt in monitoring the various debt ratios, would help ensure the city is maintaining adequate financial stability.

WE RECOMMEND the Board of Alderman include COPS and other debt when monitoring the overall financial obligations of the city.

AUDITEE'S RESPONSE

The city will continue to monitor all financial obligations of the city. In October 2005, the GASB (Governmental Accounting Standards Board) is issuing guidance which will include all long-term debt obligations, including COPS, within the financial statements. The city will implement this standard according to GASB guidelines.

7. City Vehicles

Standard mileage logs are not maintained for city owned vehicles, the types of vehicles assigned to some of the city officials appear unreasonable, IRS requirements for the use of the commuting rule are not being followed, and unreasonable commuting mileage is allowed in some instances.

- A. Through its various departments, the city owns and operates approximately 200 road vehicles. Standard mileage logs are not maintained for these vehicles. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of vehicles. The mileage logs should include the purpose and destination of each trip, and the daily beginning and ending odometer readings. These logs should be periodically reviewed by a supervisor to ensure vehicles and equipment are used only for city business and are being properly utilized. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

In addition, 15 executive team employees, including the city administrator, assistant administrator, and several directors, are allowed to use city owned vehicles to commute to and from work and for other personal use. IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal usage. Although the city requires these employees to report the total personal miles on a quarterly basis, because it does not require detailed logs, the city should report the full value of the vehicle to the IRS.

- B. Of the 15 executive team members assigned a vehicle, 13 are assigned trucks or sport utility vehicles. The vehicles are used for commuting, personal use, and to conduct routine city business. Most of the vehicles are four wheel drive and, in some cases, heavy duty models that are more costly to acquire and operate. It is questionable as to whether these types of vehicles are necessary to fulfill the duties of these employees.
- C. Three employees who were assigned trucks are allowed to commute distances which appear unreasonable. These three employees commute roundtrip

approximately 20, 40, and 60 miles per day, respectively, and all are assigned heavy duty four wheel drive trucks. From a review of their third quarter 2004 mileage reports, over 50 percent of the mileage put on their assigned vehicles is attributed to commuting. In addition, these employees report this benefit to the IRS under the commuting rule which only requires them to report a taxable benefit of \$3 per day. While this benefit is allowable and reported as required by the IRS, the amount of mileage and the type of vehicles allowed for commuting these distances appears unreasonable and excessive.

In addition, the IRS commuting rule requires the city have a written policy indicating that a vehicle cannot be used for any personal mileage except for commuting when using the commuting rule to report benefits. The city does not have a written policy addressing this. Without a written policy, the city is not compliant with IRS regulations.

WE RECOMMEND the Board of Aldermen:

- A. Require mileage logs be maintained that reflect business and personal miles driven and review these logs periodically for reasonableness.
- B. Review the necessity of providing vehicles with higher initial, maintenance, and operating costs to city officials.
- C. Limit commuting distances allowed and develop a written policy on personal usage of the city vehicles when reporting the fringe benefits of this use under the commuting rule.

AUDITEE'S RESPONSE

- A. *The city has approximately 200 road vehicles, of which 52 are police vehicles. Of the remaining road vehicles, only a portion of these are eligible to be utilized for personal use. Employees who utilize vehicles eligible for personal use are required to report personal mileage on a quarterly basis in compliance with city policy. These quarterly mileage reports distinguish between personal use and business use. The employee is then taxed for the benefit per IRS regulations. The city will require detailed logs documenting personal use and will continue to abide by the IRS regulations. The detailed logs will commence July 1, 2005. Supervisors will perform spot checks on the logs for compliance.*
- B. *The city will continue to manage the cost effectiveness of the entire vehicle fleet.*
- C. *The city has notified individuals that use the commuting rule of the limitations of using their vehicle for personal purposes as referenced in the Internal Revenue Code. The city's current policy references IRS guidelines. In the future, the city's policy will further clarify this issue. Prior to the end of 2005, the city will consider developing a policy limiting commuting distances in city vehicles.*

8.**Mobile Communications**

The city has not performed a review to determine the need for the number of two-way radio/mobile phones that are currently in use. The city currently utilizes approximately 180 two-way radio/mobile phones and 56 cellular phones. During the year ended December 31, 2003, the city spent approximately \$129,000 on the two-way radio/mobile phone services and \$19,000 for cellular phone services. For the nine months ended September 30, 2004 the totals were approximately \$87,000 and \$14,000, respectively.

Several two-way radio/mobile phones have little or no usage and some are assigned to staff where the need is questionable. Approximately 50 percent of the staff are assigned a radio/mobile phone. The city has not performed a review to determine if all the radio/phones in use are necessary and there has been no reduction in the number of standard phones. Mobile phones are assigned to individuals that work in city hall such as receptionists and secretaries that already have the use of standard phones. The necessity of having the additional costs of the two-way radio/mobile phones for these individuals is questionable. Most of the individuals that work outside of city hall such as parks personnel and road crews all have radio/phones. It may be more efficient to assign one radio/phone per vehicle or work crew. While these devices provide convenience to the users, they are also costly to the city. By canceling the underutilized and unnecessary units and combining the usage of other units, the city may realize a cost savings.

WE RECOMMEND the Board of Alderman evaluate the need for the number of two-way radio/phones that are currently in use.

AUDITEE'S RESPONSE

During the first quarter of 2005, the city reduced the number of existing phones by 12 percent. The city will continue to evaluate the number of phones currently in use.

9.**Public Records**

The city does not provide adequate detail of the costs of obtaining public records in its ordinance and the cost of obtaining a videotape copy of a board meeting appears excessive. Meeting notices, agendas and minutes were not maintained for some committees.

- A. Although the city has an ordinance regarding public access to city records including the copy cost per page, the ordinance does not include other related costs such as that for hourly research and copying time or copies of videotaped council meetings. The city has set fees that are charged for these services but they are not documented in a city ordinance. An ordinance including all fees to be

charged would ensure that the public is aware of the costs charged to everyone on a consistent basis.

- B. The city provides videotaped copies of board meetings to the public at a cost of \$25 per tape. The city did not provide documentation to justify how they arrived at the \$25 cost. Section 610.026, RSMo, allows the city to charge fees for videotapes, not to exceed the city's actual cost of search, materials, and duplication.
- C. Meeting notices were not posted, agendas were not maintained, and minutes were not recorded for some meetings. The Downtown Partnership group, established to provide guidance on the downtown redevelopment, began holding regular meetings in June 2001 to discuss a planned redevelopment in the city. Meeting notices were not posted for 16 meetings held from June 2001 to October 2002. Additionally, agendas and minutes were not available for several of these meetings. In addition, minutes were not maintained for the budget committee meetings held each year during the planning and development stages of the budget. Section 610.020, RSMo, requires a posting of the time, date and place of each meeting along with a tentative agenda of the matters to be discussed. This section also requires minutes of all meetings be taken and retained.

WE RECOMMEND the Board of Alderman:

- A. Add a schedule of fees charged to the city ordinance on open meetings and records.
- B. Review the amount charged for videotaped copies of board meetings and ensure the fee of providing the tape does not exceed the actual costs.
- C. Ensure meeting notices are posted, agendas are maintained, and minutes are recorded for all meetings of city boards and advisory groups.

AUDITEE'S RESPONSE

A&B. Within six months, the city will review the schedule of fees and update as needed.

- C. Currently, meeting notices are posted, agendas are maintained, and minutes are recorded for all Board established committees in compliance with State Statutes. The budget committee is not a formal committee established by ordinance. As a result, the budget committee is composed of informal meetings between staff and a non-quorum of officials in an effort to propose a preliminary budget. O'Fallon is committed to open government and will post all meetings, maintain agendas, keep minutes and err on the side of openness. All future budget sessions will be posted and open to the public. Within six months, we will seek the Attorney General's advice on what committees and boards are to be compliant with Section 610 RSMo (Missouri's Sunshine Law).*

In September 2003, the State Auditor's Office initiated a routine audit of the O'Fallon Municipal Court. Within a few days of starting the audit, the court administrator admitted to the misappropriation of funds. The city decided to contract with an independent audit firm to review the court records and procedures to determine the amount of loss and how it had occurred. At that time, due to the pending petition audit, the State Auditor's Office halted its audit of the municipal court. The independent audit firm reported in January 2004, that approximately \$350,000 appears to have been misappropriated from the municipal court from 1997 to 2003. The misappropriation appears to have occurred because of a lack of control procedures and segregation of duties. The court administrator was terminated from her position and the city has implemented procedures to prevent such misappropriations in the future.

WE RECOMMEND the municipal division, along with the city, continue to work with law enforcement officials regarding criminal prosecution and to obtain restitution of the misappropriated funds.

AUDITEE'S RESPONSE

The city is working with law enforcement officials regarding criminal prosecution and restitution of the misappropriated funds. We are also filing a claim with our bond insurance company. In addition, we have used the independent auditor's recommendation to tighten our controls to prevent the likelihood of this happening again.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF O'FALLON, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The city of O'Fallon is located in St. Charles County. The city was incorporated in 1912 and is currently a fourth class city. The population of the city in 2000 was 51,274.

The city government consists of a mayor and eight-member board of alderman. The members are elected for two year terms. The mayor is elected for a four year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2003, are identified below. The Mayor is paid \$19,900 annually. The board members are paid \$7,600 annually with the Board President receiving an additional \$300. The compensation of these officials is established by ordinance.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended December 31, 2003</u>
Paul Renaud, Mayor (1)	January 2003 to December 2003
Bill Hennessy, Board President (2)	January 2003 to December 2003
Daniel Brungard, Alderman (3)	January 2003 to December 2003
Dave Hinman, Alderman(2) (4)	January 2003 to December 2003
Cheryl Hibbeler, Alderwoman (5)	January 2003 to December 2003
Mark Perkins, Alderman (6)	January 2003 to December 2003
Lawrence Schulte, Alderman (7)	January 2003 to December 2003
Cynthia Davis, Alderwoman (8)	January 2003
Robert Fisher, Alderman (9)	January 2003 to December 2003
Thomas Shoemaker, Alderman (10)	January 2003 to July 2003
Daniel McAteer, Alderman	November 2003 to December 2003

- (1) Mayor Renaud's term ended in April 2005 and he was replaced by Donna Morrow.
- (2) David Hinman replaced Bill Hennessy as Board President in April 2004 and served until April 2005.
- (3) Alderman Brungard's term ended in April 2005 and he was replaced by Peter Cantwell.
- (4) Alderman Hinman's term ended in April 2005 and he was replaced by Terry Busken.
- (5) Alderwoman Hibbeler's term ended in April 2005 and she was replaced by Randy Hudson.
- (6) Alderman Perkins' term ended in April 2004 and he was replaced by Robert Patek.
- (7) Alderman Schulte's term ended in April 2004 and he was replaced by Jeff Kuehn.
- (8) Alderwoman Davis resigned in January 2003. Alderman Fisher was appointed to serve the rest of the term.
- (9) Alderman Fisher's term ended in April 2004 and he was replaced by Lyn Schipper.
- (10) Alderman Shoemaker resigned in July 2003. Alderman McAteer was appointed to serve the rest of the term.

Other Principal Officials	Dates of Service During the Year Ended December 31, 2003	Compensation Paid for the Year Ended December 31, 2003
Patrick Banger, City Administrator (1)(2)	January 2003 to December 2003	\$ 168,200
Todd Galbierz, Assistant City Administrator (1)(2)	January 2003 to December 2003	122,343
Sandra Stokes, City Clerk	January 2003 to December 2003	100,752
Jim Grabenhorst, Director of Economic Development (1)(3)	January 2003 to September 2003	74,049
Libbey Simpson, Director of Economic Development (3)	September 2003 to December 2003	55,314
Mike Bramstedt, Director of Management Information Systems	January 2003 to December 2003	84,936
Vicki Boschert, Director of Finance	January 2003 to December 2003	81,970
Ken Morgan, Director of Community Development (1) (4)(5)	January 2003 to December 2003	104,896
Charles Mobley, Director of Public Works(6)	September 2003 to December 2003	69,235
Christine Look, Director of Public Works/Assistant Director of Community Development (1)(6)	January 2003 to June 2003	35,163
Steven Talbott, Chief of Police (1)	January 2003 to December 2003	121,941
Cynthia Berry, Director of Human Resources	January 2003 to December 2003	63,650
John Griesenauer, Director of Administrative Services (1)	January 2003 to December 2003	97,616
Tim Vanatta, Director of Parks and Recreation (1)	January 2003 to December 2003	102,142
Christopher Keesey, Director of Waste Services (1)(7)	January 2003 to July 2003	48,866
Greg Smothers, Director of Environmental Services (7)	July 2003 to December 2003	53,727
Mark Piontek, City Attorney (8)	January 2003 to December 2003	

- (1) These employees are allowed to take home their assigned city vehicle as a part of their compensation. The employee is taxed on the benefit per IRS guidelines and the amount is included in the compensation noted.
- (2) Patrick Banger resigned on April 2, 2004. He was replaced by Todd Galbierz.
- (3) Jim Grabenhorst resigned on September 19, 2003. Libbey Simpson was promoted to Interim Director of Economic Development on August 18, 2003. Her compensation

includes the amount she was paid as Assistant Director of Economic Development from January through August 2003.

- (4) Compensation amount includes \$3,000 for moving expense.
- (5) Ken Morgan resigned as Director of Community Development on July 15, 2004. He was replaced on September 22, 2004 by Todd Criswell.
- (6) Charles Mobley replaced Christine Look as Director of Public Works in September 2003.
- (7) Christopher Keeseey resigned on July 11, 2003. Greg Smothers was promoted on July 19, 2003 to Director of Environmental Services (Waste Services) from Internal Auditor. His compensation for the year is for both positions. David Sandknop was hired as Internal Auditor on April 7, 2004 to replace Greg Smothers.
- (8) The city is billed on an hourly basis from the law firm of Lewis, Rice, and Fingersh for Mark Piontek to serve as City Attorney. For the year ended December, 31, 2003, the city paid Lewis, Rice, and Fingersh \$414,858 for legal services.

In addition to the officials identified above, the city employed 305 full-time employees and 12 part-time employees on December 31, 2003.

Assessed valuations and tax rates for 2003 and 2004 were as follows:

ASSESSED VALUATIONS

	2003	2004
Real estate	\$ 817,299,210	887,185,760
Personal property	176,971,575	187,611,084
Railroad and utility	14,442,713	15,694,166
Total	\$ 1,008,713,498	1,090,491,010

TAX RATES PER \$100 ASSESSED VALUATION

	2003	2004
	Rate	Rate
General Fund	\$ 0.3750	0.3750
Parks and recreation	0.1350	0.1350
Debt service	0.3300	0.3100

TAX RATE(S) PER \$1 OF RETAIL SALES

	2003	2004
	Rate	Rate
General	\$ 0.0100	0.0100
Transportation	0.0050	0.0050



Claire McCaskill

Missouri State Auditor

May 2005

OFFICE OF STATE COURTS ADMINISTRATOR

Justice Information System Data Integrity



Statewide court record database has valid data, but shared accounts and passwords leaves confidential information vulnerable to exposure

This audit reviewed how well the statewide court records system - known as the Justice Information System - is keeping information accurate, valid and secure from unauthorized access. Because court records include confidential and sealed cases, data integrity and security are vital. As of December 2004, the state had spent \$99 million on court automation and 82 of 120 courts in the state were connected to the system. The system tracks court case information and is administered by the Office of State Courts Administrator (OSCA).

System alerts ensure court data is accurate and valid	Auditors tested the system by trying to enter incorrect data, such as dates in the wrong format, letters in a dollar field or wrong codes in certain fields. Auditors found the edit checks functioned properly by not allowing the incorrect data to be accepted. (See page 5)
Shared accounts opens system to unauthorized access	Auditors found OSCA employees responsible for administering and securing the system share system accounts and passwords. Accepted security standards call for segregation between security and database administrative duties. (See page 6)
Local courts do not see security violation reports	Local courts using the system have not had the opportunity to review security violations occurring in their courts. Instead, an OSCA employee reviews violation reports, but only shares consistent violations. Accepted security standards state access violations and security activity should be reviewed regularly. While an OSCA employee may review security violation reports, it is important for local court officials to review security violations because they may be more likely to recognize security concerns occurring in their courts. (See page 6)
Local courts need ability to verify users and access rights	Local courts do not have complete and accurate information to verify users and their access rights. Periodic comparison of users and rights will maintain effective control over access and reduce the risk of fraud. (See page 7)
Passwords are not kept private or limited to one user	Unauthorized access to the system could occur because OSCA security administrators have access to each user's password. The administrators could use information in the password file to masquerade as another user to access court data. Accepted security standards state passwords are most effective when they are kept confidential and limited to one user. (See page 8)



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Michael Buenger, State Courts Administrator
Office of State Courts Administrator
Jefferson City, MO 65102

The Office of State Courts Administrator (OSCA) is responsible for administering the Justice Information System (JIS) used to support the automated case management activities for the state court system. Since court records include confidential and sealed cases, JIS data integrity and security are vital. Our objectives included determining whether controls to validate and edit JIS information have been effective, and whether court case data maintained in the JIS has been properly protected against unauthorized access, and accidental or intentional destruction and disclosure.

We found controls to validate and edit data in JIS have been working effectively to help ensure the accuracy of court information in JIS. However, we identified weaknesses in security practices that may affect the integrity of JIS. We found system administration user accounts have been shared, security duties have not been properly segregated from other administration duties, and local court officials have not had the opportunity to review and monitor security violations for their courts nor have they been provided a complete and accurate list of JIS users and access rights for review. In addition, knowledge of user passwords has not been limited to the user.

We have included recommendations to improve the security of JIS, which should allow OSCA to further enhance the integrity of court case management information.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer, Director. Key contributors to this report were Jeff Thelen, Lori Melton, and Frank Verslues.

Claire McCaskill
State Auditor

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Abbreviations

GAO	Government Accountability Office
JIS	Justice Information System
OSCA	Office of State Courts Administrator

Security Risks May Compromise the Integrity of Court Case Data

OSCA controls to validate and edit data in JIS have been working effectively to help ensure the accuracy of court information entered in the system. However, the management practices to administer user accounts¹ have not always ensured JIS data is properly protected against unauthorized access and disclosure. This has occurred because system administration user accounts have been shared, security administration duties have not been properly segregated from other administration duties, and local court officials have not had the opportunity to review and monitor JIS security violations for their courts nor have they been provided a complete or accurate list of JIS users and access rights for review. In addition, knowledge of system user passwords has not been limited to individual system users.

Background

OSCA has responsibility for providing administrative and technical support to Missouri courts. In 1994, OSCA began work on a statewide court automation program² to connect and automate 120 courts in the state. As of December 2004, OSCA had spent approximately \$99 million³ on the program and had installed JIS, a commercial product, in 82 courts.⁴

OSCA relies extensively on JIS to process and store court cases, financial information, and other data. Each circuit, the three appellate courts, the Supreme Court and the centralized fine collection center has a separate JIS application and database to process and store its own case data. To help local court users or to view a court's records, OSCA staff must log on to the individual JIS application and database for that court. Both OSCA staff and local court staff have responsibilities for JIS data integrity and security. OSCA is responsible for system upkeep and maintenance, as well as staffing help desks for the courts to call with questions. The courts are responsible for case management, accounting, and scheduling. Appendix I presents a detailed breakdown of the main responsibilities OSCA and the local courts have for the security, operation and maintenance of JIS.

¹ Per accepted standards, user account administration involves (1) the process of requesting, establishing, issuing, changing, and closing user accounts; (2) tracking users and their respective access authorizations; and (3) managing these functions.

² Section 476.055, Missouri Revised Statutes 2000 provides for a statewide court automation program.

³ The money spent included \$42.5 million from a statewide court automation fee, \$56 million from the General Revenue Fund, and \$573,077 from the Crime Victims' Compensation Fund.

⁴ The 82 jurisdictions included 76 counties (making up 31 circuits), the City of St. Louis, the three appellate courts, the Supreme Court and the centralized fine collection center for traffic tickets.

Data integrity exists when data agrees with its source and has not been accidentally or maliciously modified, altered, or destroyed. Data integrity also exists when data and information are changed only in a specified and authorized manner. Integrity is lost if unauthorized changes are made to the data or system by either intentional or accidental acts. If the loss of system or data integrity is not corrected, continued use of the contaminated system or corrupted data could result in inaccuracy, fraud, or erroneous decisions. Also, violation of integrity may be the first step in a successful attack against system availability or confidentiality. For all these reasons, loss of integrity reduces the reliance of an information technology system. The controls necessary to maintain data integrity include security to restrict access and validation and edit controls to ensure the accuracy and completeness of data entered in a system.

JIS assigns a security level to each court case type ranging from data made available to the public to court sealed case information. Court users and their access levels are authorized by a local court official, which is usually the circuit clerk or a presiding judge. Once authorized, users are assigned an access level, which determines what types of cases they can access. Users from one circuit do not have access to the data from another circuit. Users can also be limited to what they may access in their own circuit.

JIS court case data must be protected against unauthorized access and disclosure to maintain data integrity and confidentiality. Protecting against these security threats is accomplished through the deployment of logical security and access controls. Logical security and access controls restrict the access capabilities of users of the system and prevent unauthorized users from accessing the system. The purposes of limiting access to data and information are to ensure:

- Users have only the access needed to perform their duties,
- Access to sensitive data, such as juvenile court cases and cases sealed by the court, is limited to very few individuals, and
- Employees are restricted from performing incompatible functions or functions beyond their responsibility.

Scope and Methodology

To understand JIS data integrity and security controls, we reviewed OSCA policy and procedures, user manuals, training manuals, and we interviewed the security administrator and other OSCA staff.

We obtained access to a JIS test environment to test and evaluate the data integrity controls which validate and edit data entered in the system. We attempted to enter data containing errors and performed incorrect

transactions to verify JIS would reject and not accept the data or transactions.

We based our evaluation on applicable federal, national, and international standards and best practices related to information technology security controls and data integrity from the following sources:

- National Institute of Standards and Technology
- Information Systems Audit and Control Association
- U.S. Government Accountability Office (GAO)
- U.S. Department of Justice

To obtain information from local courts regarding use of JIS, we visited the courts in Boone, Cole and Macon Counties and interviewed local court officials.

To identify terminated state employees with JIS access, we obtained a list from the statewide accounting system of all individuals paid by OSCA that had a terminated status in the system. We compared this list to a list of users with active JIS user accounts. Since an employee may be terminated from state employment but still be paid by and work for the local jurisdiction, we contacted each jurisdiction to determine whether the individuals still worked at the local court or were terminated. This test was limited to individuals paid by the state and did not include terminated individuals who had been paid solely by the local jurisdictions.

We requested comments on a draft of our report from the State Courts Administrator, and those comments are reprinted in Appendix II. We conducted our work between October 2004 and January 2005.

Adequate Data Validation and Edit Controls Implemented

The JIS has programmed validation rules and edit checks for all required information needed to process a transaction. Programmed validation rules and edit checks are critical controls in assuring the initial recording of data into the system is accurate, according to GAO. While JIS cannot ensure all input data is accurate or correct, validation rules and edit checks help ensure the correct data type or allowed code values have been input. For example, dates must be a certain format, letters cannot be entered in dollar fields, and only certain code values are allowed in some fields.

We performed tests on the programmed validation rules and edit checks by entering transactions in the test JIS database. We found the rules and edit checks operated effectively by not allowing the input errors or incorrect transactions we attempted to input. These programmed validation rules and edit checks also prohibit a user from saving or processing a transaction until

all required fields have data. The JIS User Manual also documents the policies and procedures for data input and the required information needed for the various types of case transactions.

System Accounts Have Been Shared and Duties Have Not Been Properly Segregated

A basic management control objective for any organization is to protect data supporting its critical operations from unauthorized access, which could lead to improper modification, disclosure or deletion, according to GAO. Organizations can protect this critical information by granting employees the authority to read or modify only those programs and data they need to perform their duties.

OSCA security guidelines state all users should have unique system accounts and accounts should not be shared. Accepted standards also require that each user should have a unique account to ensure adequate identification. However, OSCA employees with security administration duties and employees with database administration duties share the system accounts and passwords needed to administer user accounts. The security administrator said JIS has not allowed other user accounts to be granted the authority to administer user accounts. According to OSCA management, granting security administration authority to more users would require the JIS vendor to make modifications to the system software.

Accepted standards state security administration duties should be segregated from database administration duties to reduce the risk that erroneous or fraudulent transactions could be processed and to exclude the possibility for a single individual to subvert critical controls. However, database administrators have served as backups when security administration staff have been gone, according to OSCA management. As specified in job descriptions, the database administrators have been authorized to install, configure, and administer database software, perform programming duties, and maintain user accounts.

No Security Violations Report Available for Review by Local Court Officials

Accepted standards state user access violations and security activity should be logged, reported, reviewed and appropriately evaluated on a regular basis to identify and resolve incidents involving unauthorized activity. Security violations occur when users attempt to access data they are not authorized to access or perform a task they are not authorized to perform. In addition, to prevent users from having all of the necessary authority or access to perform unauthorized activity, security personnel who administer user access should not review and evaluate security violations, according to accepted standards.

Local court appointing authorities have not had the opportunity to review and monitor JIS security violations that could occur in their courts. Instead, the OSCA security administrator stated she periodically reviews the security

violation log for each local court's JIS database and does not share the violation information unless a consistent violation is noted. In addition, local authorities have not had access to the security violation log because the shared system administration account must be used to access the log, according to the OSCA security administrator. The security administrator said when she notices a consistent violation on a security log, such as an unauthorized user regularly trying to access something, she will call the applicable court official to alert them of the situation. However, she could not remember the last time a security problem had been noted.

A properly functioning security monitoring program is essential to ensure unauthorized attempts to access critical data are detected and investigated, according to GAO. A program would include having local court officials routinely reviewing security violations including failed attempts to access sensitive data and resources. These actions are critical for ensuring improper access to sensitive information is detected on a timely basis.

No Complete and Accurate List of JIS Users and Access Rights Available for Review

Monitoring users and their access is a continuing process. New user accounts are added while others are deleted and user access may change permanently or temporarily. Keeping system user and access information up-to-date allows timely monitoring to limit users' access to only those functions necessary to accomplish their assigned responsibilities.

Management needs a control process in place to periodically verify all user accounts and user access rights, according to accepted standards. Periodic comparison of users and access rights with recorded accountability is necessary to maintain effective control over access to data and information services to reduce the risk of errors, fraud, misuse or unauthorized alteration. These accepted standards state a review of users and access rights should examine the levels of access individuals have, whether the access is needed to perform their duties, whether all accounts are still active, and whether management authorizations are up-to-date.

OSCA has not provided local court officials with complete and accurate information needed to verify users and their access rights. The security administrator told us JIS does not have the capability to produce one report that lists all users and their access rights. To monitor user access, she told us she maintains user access information in a database outside of JIS, and has not requested OSCA information technology staff to create a JIS report with this information.

OSCA's security administrator has maintained user information in a database for use by the local court officials to verify user's access rights. However, she acknowledged this user information has not been accurate

because she has not had time to update the database. Our review of the security administrator's database confirmed the incomplete and inaccurate information. We found users' access rights in the administrator's database differed from rights recorded in JIS. In addition, we found JIS users that had not been included on the administrator's database, and 11 terminated employees still had access to JIS.

Knowledge of Passwords Not Limited to Individual User

According to accepted standards, access controls such as passwords are key to ensuring only authorized individuals gain access to data. Passwords provide a method of validating a user's identity to establish access rights. Moreover, passwords are most effective when they are kept confidential and limited to an individual user. OSCA policy requires users to not disclose their passwords to anyone, and to change their passwords if another person receives their password.

OSCA password management controls have not been sufficient to prevent unauthorized access to JIS data since the security administrator and a backup have had access to each user's password. This situation has occurred because they enter passwords in the security management database containing information on users and their access rights. The passwords have been encrypted and stored in a file which only the security administrator and backup can access. Because these individuals have had access to read the password file, they could use this information to masquerade as another user to gain unauthorized access to court case data.

JIS password capability has been limited

JIS has not had the capability to require passwords which meet accepted standards. JIS has allowed users to change their passwords; however, OSCA management disabled this capability because JIS could not require users to create passwords which met OSCA policy⁵ or accepted standards. Instead, the security administrator assigns passwords to ensure they meet OSCA policy.

JIS is a commercial product so the vendor would have to make programming changes to increase the capability for password requirements. OSCA staff stated the vendor has no plans to change JIS password capability in the version used by OSCA and it would be cost-prohibitive to

⁵ OSCA's data security guidelines require passwords be hard to guess (i.e., not a word or combination of words found in a dictionary, or associated with the user in any way such as the user's phone number or child's name), use alphabetic and alpha-numeric characters, contain a combination of lower and upper case alphabetic characters, be at least 8 characters long, and be changed on a periodic basis commensurate with the sensitivity, criticality and value of the information protected.

direct the vendor to make software modifications necessary to increase the capability of password controls.

Conclusions

JIS has adequate data validation and edit controls to help assure the accuracy of entered data. However, missing or inadequate security controls can adversely affect the continued integrity of JIS court case data.

Security responsibilities were not segregated from database administration duties. This weakness diminished the likelihood that errors and unauthorized acts may have been detected. As such, OSCA has limited accountability over user account changes. JIS would have to be modified by the vendor to allow these security administration functions to be granted to additional system accounts.

Local court officials did not receive a report of JIS security violations to review. While the OSCA security administrator may have reviewed security violation logs, it is important for local court officials to review security violations because they may be more likely to recognize security concerns occurring in their courts. To increase the effectiveness of security monitoring and to properly segregate duties, OSCA should periodically provide a report of security violations to the local court officials. In addition, local court officials did not receive an accurate list of JIS users and access rights to review and confirm. Complete and accurate user access information is necessary for both OSCA staff and local court officials to adequately verify the access granted to users and to confirm the continued need for such access.

The effectiveness of using passwords to restrict and control access is based on limiting knowledge of the password to an individual user. Since the security administrator maintained a centralized list of all user passwords, JIS users cannot maintain individual accountability on who accessed what data, or for what purposes. The security administrator assigns passwords to all users because the JIS password program did not meet OSCA policy or generally accepted standards. To reduce the risk of compromising passwords and unauthorized data access, the security administrator should discontinue maintaining the centralized list of user passwords.

Recommendations

We recommend the State Courts Administrator:

1. Evaluate the cost of and feasibility of allowing security administration tasks to be granted to additional system accounts. Until this change can be accomplished, implement compensating controls by limiting use of the system administration accounts to security administration staff. Additional backup security administrators should be designated to maintain appropriate segregation of duties between security administration duties and other incompatible job duties.
2. Develop separate reports of security violations and users with their access rights from JIS data for use by local court officials.
3. Discontinue maintaining a centralized list of passwords.

Agency Comments

OSCA's comments are included in Appendix II.

Division of Responsibility

This appendix presents the main responsibilities OSCA and the local courts have for the security, operation, and maintenance of JIS, according to an OSCA official. OSCA is responsible for supporting the administration of the local courts and the local courts are responsible for the daily operations of court case management. Both OSCA and the local courts have responsibilities to ensure adequate controls are in place and operating effectively to maintain the integrity of court case data. This division of responsibility is described below.

The following tasks are the responsibility of staff at OSCA:

- Provide centralized security and database administration
- Grant system access once approved by the local courts
- Approve system access for OSCA staff
- Provide training, training materials, and procedure manuals for recommended use of JIS
- Staff a help desk to provide assistance to the local courts
- Perform backup functions for servers and databases located at OSCA
- Provide JIS backup procedures for local courts
- System maintenance including testing and installing JIS upgrades
- Manage networking capabilities
- Maintain adequate hardware not provided by the local courts (i.e. computer servers)
- Liaison activities and contract management with court automation program vendors

The following tasks are the responsibility of the local court officials as they relate to JIS:

- Approve system access for local court staff
- Case processing and management
- Receive, deposit and disburse monies
- Fiscal management – daily accounting for cases and end-of-month accounting for the court
- Compliance with procedures for recommended use of JIS
- Segregation of duties or a review of operations when segregation is not possible
- Physical security of court case information and the computer equipment
- Backup of local data on servers located at the court's facility
- Maintain adequate work stations (i.e. personal computers)

Agency Comments



SUPREME COURT OF MISSOURI OFFICE OF STATE COURTS ADMINISTRATOR

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April 14, 2005

Mr. Jeff Thelen
Information Systems Audit Manager
Missouri State Auditor's Office
224 State Capitol
Jefferson City, Missouri 65101

Dear Mr. Thelen:

Thank you for the opportunity to review the draft audit report titled, "Justice Information System Data Integrity." We offer the following as our response to each of the recommendations.

Recommendation Number 1:

Evaluate the cost of and feasibility of allowing security administration tasks to be granted to additional system accounts. Until this change can be accomplished, implement compensating controls by limiting use of the security administration account to security administration staff.

Additional backup security administrators should be designated to maintain appropriate segregation of duties between security administration duties and other incompatible job duties.

Response:

OSCA acknowledges the recommendation. OSCA will evaluate the cost and feasibility with the vendor of the JIS system to modify the security administration account to be granted to additional system accounts. OSCA will continue to limit access to the security administration account to individuals on an "as needed" basis.

Recommendation Number 2:

Develop separate reports of security violations and users with their access rights from JIS data for use by local court officials.

Appendix II
Agency Comments

Mr. Jeff Thelen
April 14, 2005
Page Two

Response:

OSCA understands and agrees. OSCA had previously recognized this as an issue and had begun working on the development of new reports to allow appropriate security reviews.

Recommendation Number 3:

Discontinue maintaining a centralized list of passwords.

Response:

OSCA acknowledges the recommendation. OSCA will work with our vendor to develop password compliance in the application for the future.

We appreciate the opportunity to review the draft report. If further information or clarification is needed, please let me know.

Sincerely,


Michael L. Buenger

MLB/jr



Claire McCaskill
Missouri State Auditor

May 2005

Seventeenth Judicial Circuit

Johnson County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

May 2005

During our audit of the Seventeenth Judicial Circuit, Johnson County, Missouri, we identified certain procedures which we believe could be improved.

Reconciliation procedures for the civil account need to be improved, and both the civil and criminal open items listings need to be reviewed for inactive cases. Prior to January 2005, an open items listing had not been prepared for the civil account since January 2004. At our request, the Circuit Clerk prepared a December 31, 2004 listing of open items for the civil account, which exceeded the reconciled bank balance by \$3,600. This listing included approximately 700 cases and totaled over \$79,000. The criminal open items listing at December 31, 2004, had over 1,800 entries and totaled approximately \$90,000.

Receipts are not deposited timely. Additionally, a listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Associate Circuit Division has a similar finding. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

The Associate Circuit Division did not always document the Judge's approval of reductions in amounts due the court. Additionally, adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Seventeenth Judicial Circuit
Johnson County, Missouri

We have audited certain operations of the Seventeenth Judicial Circuit, Johnson County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Johnson County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Seventeenth Judicial Circuit, Johnson County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 10, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Christopher Holder

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Circuit Clerk's Accounting Controls and Procedures
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Deposits were not always timely and an open items listing has not been consistently prepared for the civil account. The court has not made adequate efforts to review the status of old open items. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate.

- A. Receipts are not always deposited timely. Generally, deposits are made daily; however, we noted at least 15 deposits during February 2004 and August 2004 for the criminal account and 6 deposits for the civil account that had been held for periods ranging from two weeks to approximately 160 days before deposit.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- B. We noted the following concerns regarding open items for both the civil and criminal accounts:

1. Prior to January 2005, an open items listing had not been prepared for the civil account since January 2004. We requested the Circuit Clerk prepare a December 31, 2004 listing of open items for the civil account. This listing exceeded the reconciled bank balance by \$3,600.

In addition, the differences between the criminal open items listing and reconciled bank balance of the criminal account were not identified for February 2004 through December 2004. Our review of the criminal open items listing and the reconciled bank balance noted a difference of approximately \$1,000 in December 2004.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of errors and omissions.

2. The court has not made an effort to review the status of old open items. The civil open items listing at December 31, 2004, included approximately 700 cases and totaled over \$79,000. Approximately 110 of these civil

cases, with case balances totaling over \$7,000, had a balance which remained the same since December 2001, indicating they were inactive. The criminal open items listing at December 31, 2004, had over 1,800 entries and totaled approximately \$90,000.

According to the Circuit Clerk, a portion of these monies are due to the state for criminal cases in which the state was billed for reimbursement of costs and the defendant later made payments of costs to the county. The court's current procedures are not to refund any of these monies to the state until the defendant has paid the total amount due.

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to refund available monies deprives the state of the use of those monies.

- C. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. When such costs occur, the Circuit Clerk's office sends a statement to the appropriate party requesting payment. If payment is not made, additional statements will be sent to the appropriate party's attorney. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

WE RECOMMEND the Circuit Clerk:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B.1. Prepare monthly listings of open items and reconcile the listings to the cash balances for both the civil and criminal accounts.
2. Along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases, and dispose of unclaimed monies in accordance with state laws.
- C. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The Circuit Clerk stated:

- A. *"My policy is to make deposits daily and this is now being done."*
- B.1. *"I have identified all but approximately \$300 of the difference in the civil account. I have determined the causes of the differences in the criminal account and am working with the Office of the State Courts Administrator's Office (OSCA) to correct these system errors."*
- 2. *"I agree and am working to resolve these situations."*
- C. *"I agree, and with the implementation of the JIS system in the summer of 2005, our ability to monitor and collect accrued costs will be greatly improved."*

2. Associate Circuit Division's Procedures

- A. The court has not implemented adequate procedures to follow up on cash bonds held for more than one year. The December 31, 2003 balance in the bond account included 115 cash bonds totaling more than \$28,200 which had been held in excess of one year. In April 2004, the Associate Division Clerk turned over a total of \$21,500, including \$14,000 to the county for bonds ordered forfeited by the judge during 2001 through 2003, and \$5,300 to the state's Unclaimed Property Section for 28 bonds where the owners could not be located. A review of 6 of the remaining 16 bonds which have been held since at least December 31, 2001, revealed that one of the bonds had been ordered forfeited in 2003 and three others in 2001, but the court was still holding the monies as of December 2004. In addition, there were two cash bonds still being held although the case files indicated the defendants had failed to appear in court. The court should take action to forfeit these bonds.

An attempt should be made to determine the proper disposition of these bonds. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and if monies should be paid over to the county treasury as provided by Section 479.210, RSMo. For those bonds which cannot be forfeited and remain unclaimed, Section 447.595, RSMo, requires cash bonds remaining unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

- B. The Associate Division's policy is to accept amounts received for traffic cases as full payment even if the amount received is more or less than \$5 of the actual amount due. While the Associate Circuit Judge indicates that he approves every such instance, his approval is not documented.

To ensure court costs and fines are properly collected, payment should be collected in accordance with established fines and court costs schedules. Any exceptions should be documented and approved by the judge.

- C. A listing of accrued costs owed to the court is not maintained by the Associate Circuit Division and monitoring procedures related to accrued costs are not adequate. Court dates are set for the collection of accrued case costs and warrants will be issued for failures to pay. The Associate Division Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Associate Division Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Associate Circuit Division to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

- D. The Associate Division Clerk could not locate two out of 109 case files requested for review. The court's accounting system indicated that fees and costs had been assessed, but no balance was due for these two cases. However, there was not a corresponding computer transaction showing payment being received nor could payment be located on the receipt records. We were unable to determine if any fees or costs were actually received by the court for these two cases and the case files have not been located.

Case files include all relevant information related to court cases, and they should be properly controlled and filed to ensure that they are readily accessible when needed.

- E. Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. The Sheriff's department maintains a computerized log of the tickets written by each deputy; however, the log is not sorted by ticket number and the numerical sequence of traffic tickets issued is not accounted for properly.

Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, date issued, offense, and the violator's name would enable the Sheriff's department, Prosecuting Attorney, and Associate Circuit Division to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted. In addition, a record should be maintained of the ultimate disposition of each ticket to ensure all documents have been accounted for properly. It appears with some modifications and the addition

of the disposition of each ticket by the court, the Sheriff department's log could provide the court with the necessary information to account for all tickets.

WE RECOMMEND the Associate Circuit Division:

- A. Implement adequate procedures to follow up on cash bonds and dispose of them in accordance with state law.
- B. Require written approval from the Associate Circuit Judge for payments accepted as payments in full.
- C. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- D. Make an effort to find the case files which could not be located. In addition, the court should ensure the case files are properly controlled and filed so they are accessible when needed.
- E. Work with the Sheriff's department and the Prosecuting Attorney's office to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as the ultimate disposition of tickets.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following responses:

- A. *This recommendation is being implemented to see that bonds are paid over more timely.*
- B. *We are implementing this recommendation. The Judge's signature will be obtained in the future. The procedures have been followed except that the Judge's signature has not been obtained in all cases.*
- C. *We feel no changes need to be implemented. We are already collecting all costs owed to the court. All cases remain on an active docket until all costs are disposed. Warrants are issued for individuals who do not return to court to pay costs as directed. The collection of all court costs is thoroughly monitored.*
- D. *We are implementing the recommended procedures. The clerks have spent a large amount of time to locate these two missing cases. Any missing file is of great concern to the court.*
- E. *We are not implementing this recommended procedure. This is something that comes up every time we have an audit of this court and every other court in the state. The court has neither the means nor the authority to follow up on tickets written but not filed with the Prosecuting Attorney or the Prosecuting Attorney does not file with the court.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Seventeenth Judicial Circuit, Johnson County, Missouri, on the finding in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1997.

Circuit Clerk's Accounting Controls and Procedures

At December 31, 1997, the civil account balances exceeded the monthly listings of open items (liabilities) by \$4,847.

Recommendation:

The Circuit Clerk attempt to identify to whom the \$4,847 belongs and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

Status:

Partially implemented. The December 2003 open items listing had an unidentified amount of only \$42. The December 2004 civil open items listing exceeded the reconciled bank balance by \$3,600, and the criminal open items listing for September 2004 shows approximately \$1,000 as an unidentified difference. See MAR finding number 1.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Seventeenth Judicial Circuit consists of Johnson County as well as Cass County.

The Seventeenth Judicial Circuit consists of two circuit judges and four associate circuit judges. The circuit judges hear cases throughout the circuit. One judge, elected biennially by secret ballot of the circuit and associate judges, serves as the presiding judge and is responsible for the administration of the circuit. Of the four associate judges, two are located in Johnson County and preside over the Associate Circuit Court and the Probate Division Court. The other two associate circuit judges are located in Cass County.

In addition to the judges, the Seventeenth Judicial Circuit, Johnson County personnel include a circuit clerk, an associate division clerk, a probate division clerk, eleven deputy clerks, five deputy juvenile officers, two court reporters, a juvenile office secretary, and approximately ten detention center employees.

Circuit personnel located in Cass County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the circuit court, court reporter, and juvenile office, including the juvenile detention center are paid for by the two counties within the circuit, which is split equally between the counties. The salaries of all the court personnel and the juvenile office are paid by the state of Missouri.

Receipts

Receipts of the Seventeenth Judicial Circuit, Johnson County, were as follows:

Year Ended December 31,			
	2004	2003	2002
Court deposits, fees, bonds, and other	\$ 1,188,593	1,283,059	1,306,287
Interest income	2,540	2,055	6,124
Total	\$ 1,191,133	1,285,114	1,312,411

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Seventeenth Judicial Circuit, Johnson County, were as follows:

	Year Ended June 30,					
	2004		2003		2002	
	Filings	Dispositions	Filings	Dispositions	Filings	Dispositions
Civil	1,750	1,669	1,668	1,747	1,632	1,321
Criminal	5,610	5,859	6,698	6,598	6,318	6,401
Juvenile	306	140	302	114	149	116
Probate	77	73	74	68	84	71
Total	7,743	7,741	8,742	8,527	8,183	7,909

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2004, statistics on the compliance of the Seventeenth Judicial Circuit, Johnson County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Seventeenth Judicial Circuit Johnson County, Missouri	State Total
Circuit Civil	90 % in 18 months	66 %	78 %
	98 % in 24 months	72	87
Domestic Relations	90 % in 8 months	75	85
	98 % in 12 months	81	91
Associate Civil	90 % in 6 months	95	86
	98 % in 12 months	99	97
Circuit Felony	90 % in 8 months	80	82
	98 % in 12 months	88	91
Associate Criminal	90 % in 4 months	80	73
	98 % in 6 months	92	85

Personnel

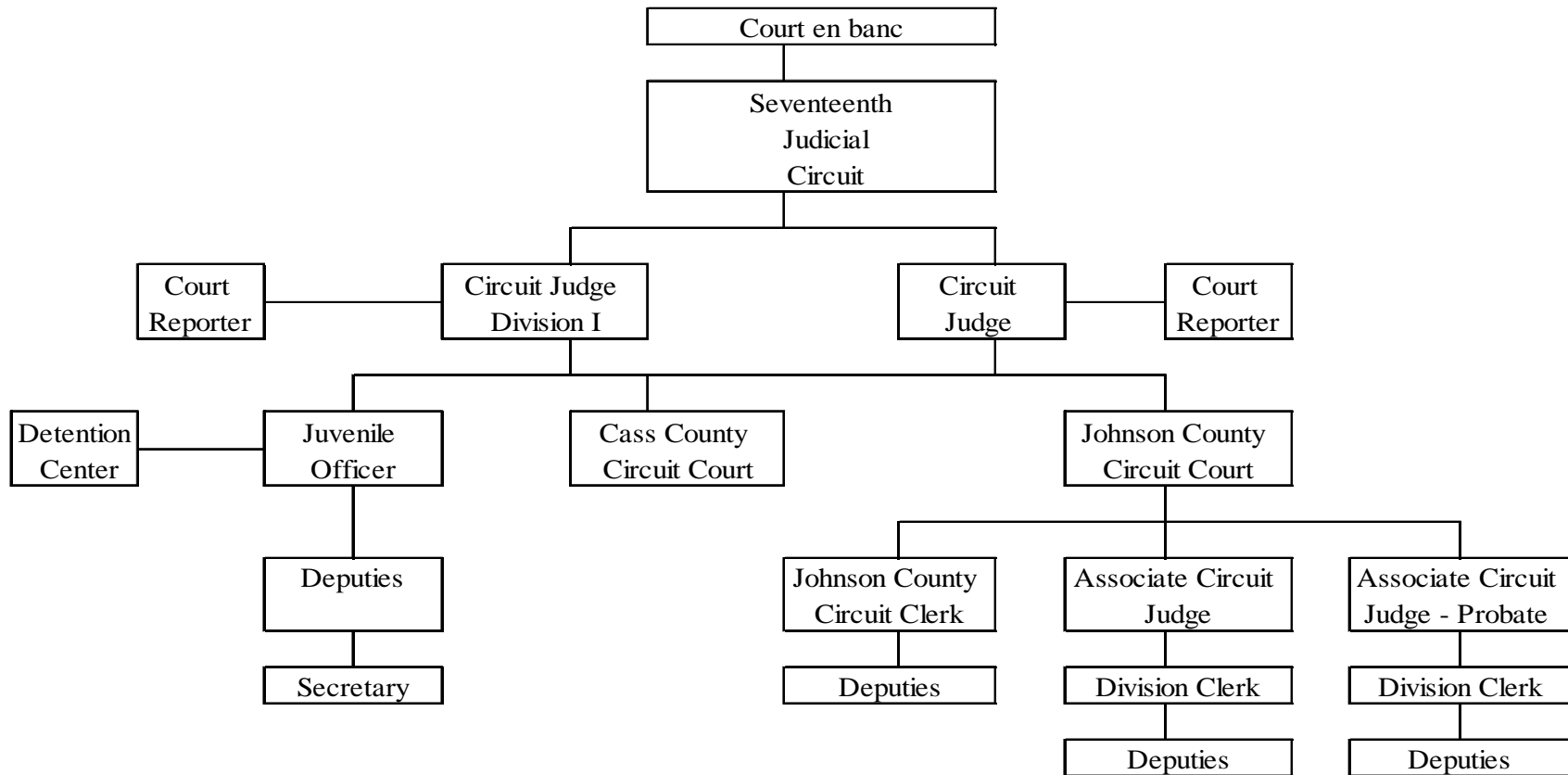
At December 31, 2004, the judges, Circuit Clerk, and Juvenile Officer of the Seventeenth Judicial Circuit, Johnson County, were as follows:

Jacqueline Cook, Circuit Judge, Division I
 Joseph P. Dandurand, Presiding Circuit Judge, Division II
 Stephen W. Angle, Associate Circuit Judge
 Garrett R. Crouch II, Associate Circuit Judge, Probate Division
 Stephanie Elkins, Circuit Clerk *
 Douglas Oyer, Juvenile Officer

* Linda Rankin resigned as Circuit Clerk effective February 29, 2004. Stephanie Elkins was appointed Circuit Clerk on March 1, 2004.

An organization chart follows.

SEVENTEENTH JUDICIAL CIRCUIT
JOHNSON COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2004





Claire McCaskill

Missouri State Auditor

May 2005

REVENUE

Missouri State Tax Commission



Office Of
Missouri State Auditor
Claire McCaskill

May 2005

The following problems were discovered as a result of an audit conducted by our office of the Missouri State Tax Commission.

Because state law requires the State Tax Commission (STC) to focus on certification of the maximum equivalent sales ratios (ESR) for the school foundation formula, fewer resources are available to ensure equitable and uniform assessments are performed statewide. Little emphasis is placed on analyzing each subclass (residential, commercial, agricultural) of property, even though ratio values varied significantly from the statutorily required percentage of market values in residential and/or commercial subclasses for some jurisdictions. Failure to ensure equalized assessments results in inequitable taxation among taxpayers.

The STC does not have access to adequate market data statewide. Because Missouri lacks a sales disclosure law, the STC performs appraisal based ratio studies on real property. Market data is used in conjunction with appraisals when available; however, because there is no Certificates of Value (COV) law there is no assurance that the market data available in most jurisdictions is complete. Disclosure of detailed sales information would provide another tool which assessors could use to more equitably assess property and the STC could use to perform ratio studies. Local ordinances for COV have been enacted in St. Louis County, St. Louis City, St. Charles County, and Jackson County; however the STC has not developed and tested procedures in these jurisdictions to determine the most effective use of market data.

A standardized schedule of depreciation for business personal property has not been developed for use by all assessors. Without a standardized schedule of depreciation for business personal property, there is no assurance that assessments of business personal property will be equitable and uniform statewide. In addition, a standardized statewide depreciation schedule may result in a reduction of business personal property appeals and related costs for taxpayers, local governments, and the state.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

MISSOURI STATE TAX COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Missouri State Tax Commission
Jefferson City, MO 65102

We have audited the Missouri State Tax Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the agency, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in the audit of the commission.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri State Tax Commission.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 25, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Keri Wright
	Julie Moore

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI STATE TAX COMMISSION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Ratio Studies
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Because of state law requirements related to certifying equivalent sales ratios (ESR) for use in the school foundation formula, the State Tax Commission (STC) has less resources to ensure equitable and uniform assessment of property throughout the state. However, ESR values have had almost no impact on the school foundation formula during the last three certification years.

The STC is required to certify an annual ESR for the state's 115 jurisdictions (114 counties and the City of St. Louis) to the Department of Elementary and Secondary Education (DESE) pursuant to Section 138.395, RSMo Cum. Supp. 2004, which is used in the school foundation formula. To calculate the ESR, the STC conducts ratio studies of residential and commercial properties for all jurisdictions once during each two year assessment cycle and agricultural properties for one-third of all jurisdictions every two years. The results of the residential, commercial, and agricultural ratio studies are averaged to derive the ESR, which is certified to DESE in the subsequent year (e.g., ratio studies conducted in 2003 were certified to DESE in March 2004 and used in the school foundation formula for the 2004/2005 school year).

The acceptable variance of the statutorily mandated level of assessment is an ESR of at least 31 2/3 percent (a 5 percent variance of 33 1/3 percent). For all ESRs greater than 31 2/3 percent, an ESR of 33 1/3 percent is certified to DESE for use in the school foundation formula. In the event a jurisdiction's ESR falls below 31 2/3 percent, Section 163.011(14), RSMo Cum. Supp. 2004, requires the STC to conduct a second ratio study. The results of the second study are combined with the results of the first study to determine an overall ESR. If a jurisdiction's ESR is certified below 31 2/3 percent, Section 163.011(9), RSMo Cum. Supp. 2004, requires DESE to use the higher of the ESR certified for that year or the average of the highest three of the last four years for the school foundation formula.

No second studies were conducted for the 2004 certification to DESE; however, ten second studies were conducted in seven jurisdictions for the 2002 and 2003 certifications. These second studies increased the ESR values of two of the seven jurisdictions above 31 2/3 percent. The ESR values certified to DESE in the other five jurisdictions for these two years were still less than 31 2/3 percent after the second studies; however, the statutory provision requiring the averaging of the highest three of the last four years resulted in the maximum ESR values being used in the school foundation formula for all but one jurisdiction. As a result, ESR values calculated by the STC during the last three certification years have had almost no impact on the state school foundation formula. In addition, second studies required the use of state resources which could have been applied to address the concerns noted below.

- Little emphasis is placed on analyzing each subclass' variance from the mandated percentage. One of the STC's fiscal year 2005 strategic plan goals is to determine a ratio which accurately reflects the degree to which each jurisdiction's assessments vary from the statutorily required percentage of market value. These market values are statutorily set at 19 percent for residential property, 32 percent for commercial property, and 12 percent for agricultural property. During our review of the 2003 ratio studies, we found eleven jurisdictions where the ratio values varied from the statutorily required percentage of market values in the residential and/or commercial subclasses by 10 percent or more.
- Our review of individual subclass ratio values, individual parcels, and coefficient of dispersions (COD) imply potential concerns in many jurisdictions. We reviewed individual parcels sampled in the ratio studies of seven counties and noted that a large number of individual parcels in each county varied significantly from the mandated percentages of market values for the residential and commercial subclasses. The STC indicated they do not have the resources to focus on individual parcels in each ratio study and the 1999 International Association of Assessing Officers (IAAO) *Standard on Ratio Studies* states that, "Ratio study statistics cannot be used to judge the level of appraisal of individual parcels". However, reviewing the COD value, which measures uniformity or inconsistency in assessments, can give further indication of potential assessment problems. The STC has set COD standards of 25 percent, 25 percent, and 30 percent for residential, agricultural, and commercial subclasses, respectively. The higher the COD percentage for the sample parcels reviewed during a ratio study, the less uniform a jurisdiction's assessments. Examples of significant variances (over 20 percent) of individual parcels not assessed within the mandated percentage of market value and high COD values noted in ratio studies reviewed are as follows:
 1. For the residential subclass of one ratio study, 21 of 34 parcels tested (62 percent) were not assessed within 20 percent of the mandated percentage of market value. In addition, the COD value of this ratio study was 55.89 percent.
 2. For the commercial subclass of one ratio study, 28 of 40 parcels tested (70 percent) were not assessed within 20 percent of the mandated percentage of market value. In addition, the COD value of this ratio study was 38.86.
 3. For the commercial subclass of one ratio study, 27 of 41 parcels tested (66 percent) were not assessed within 20 percent of the mandated percentage of market value. In addition, the COD value of this ratio study was 43.55.

COD values of 2003 ratio studies exceeded the acceptable standards established by the STC for at least one subclass of property of 100 jurisdictions. COD values of thirteen jurisdictions exceeded the STC's acceptable standards for

all three subclasses of property. However, the maximum ESR value of 33 1/3 percent was certified to DESE for all jurisdictions for the 2004/2005 school year.

- The STC's Technical Assistance (TA) section performed only two stratification studies based on the results of the 2003 ratio studies. According to IAAO standards, the purpose of a stratification study is to divide the parcels in a ratio study into two or more subpopulations which, "Provides a more complete and detailed picture of the extent and nature of appraisal performance."

Because state law requires the STC to focus on certification of the maximum ESR for the school foundation formula, fewer resources are available to ensure equitable and uniform assessments are performed statewide. Failure to ensure equalized assessments results in inequitable taxation among taxpayers.

WE RECOMMEND the STC work with the legislature to allow for the most effective use of resources to ensure equitable and uniform assessment of property throughout the state.

AUDITEE'S RESPONSE

The State Tax Commission concurs that it must constantly strive to implement the most effective use of resources. During the past four years, the Commission has endured a 25 percent reduction in staff accompanied by a 60 percent reduction in operation funding. Additional cuts have been proposed for the upcoming 2006 fiscal year. While the Commission has adapted to these reductions as effectively as possible, there is no doubt that the budget reductions have negatively impacted our ability to perform our statutorily mandated review of local assessments. The Commission continues to analyze its operations to determine where more efficiencies may be realized.

The Commission would note that the recommendation points out that the Commission does not focus on individual parcels within its ratio studies. When the preliminary ratio is presented to the counties, the assessor is given the appraisal results for each parcel and is also provided the opportunity to discuss those appraisals at a meeting with the Commission ratio staff. At such a meeting, the State Tax Commission provides a myriad of statistical data reflecting the quality of the county's assessment program.

The Commission intends, through reorganization, to create a statistical analysis position to stratify all appraisal and sales studies. The purpose will be for the staff to meet with assessors to discuss the statistical inferences derived by such stratification and develop a plan necessary to correct any detected problem areas.

Additionally, the Joint Committee on Tax Policy is planning to review taxes of the state, including Missouri's property tax. This forum will give the Commission an opportunity to work with the General Assembly to analyze the entire property tax system and establish procedures for improving it.

The STC does not have access to adequate market data statewide. In addition, procedures have not been developed and tested in those jurisdictions which have passed certificates of value (COV) local ordinances to determine the most effective use of market data.

According to the STC's analysis of the IAAO 1997 *Ratio Studies Practices Survey*, Missouri is one of only fourteen states without some form of mandatory sales disclosure. A law mandating the use of COV would require the disclosure of detailed sales information and provide another tool which assessors could use to more equitably assess property and the STC could use to perform ratio studies.

Because Missouri lacks a sales disclosure law, the STC performs appraisal based ratio studies on real property. According to the 1999 IAAO *Standard on Ratio Studies*, appraisal ratio studies are performed when "there are not enough sales to provide the necessary representativeness or precision" to perform sales based ratio studies. The IAAO standards also state there are two major disadvantages of performing appraisal ratio studies. One is the time and cost involved in physically inspecting all sample parcels and documenting the appraisals. The second is that appraisal based ratio studies are subjective by nature because they are an opinion of value, not based on market data.

STC personnel perform independent appraisals on sample parcels in all three subclasses of real property (residential, agricultural, and commercial). The STC does use market data when available in conjunction with the appraisals. However, according to the STC's 2003 annual report, the market data available in most jurisdictions of the state is incomplete and inadequate to measure market behavior.

We contacted Missouri's eight contiguous states to obtain information regarding their ratio study processes and whether these states have sales disclosure laws. All eight states perform sales based ratio studies, while four of the eight supplement the sales based ratio studies with appraisals when ample sales information is not available. All the states contacted have a sales disclosure law or a law requiring sales information to be disclosed when a transfer of deed is recorded. The consensus of all eight states was that utilizing sales information provides a better indicator of market value and is less subjective than performing appraisals.

We also contacted the state of Idaho because we learned it does not have any type of sales disclosure law, but still performs sales based ratio studies. An Idaho State Tax Commission, Division of Local Government, Property Appraisal Section supervisor stated they rely on information obtained from sales letters sent to buyers and sellers. He also stated there is an approximate thirty to eighty percent return rate on these sales letters depending on the area of the state. While the supervisor admitted the lack of

significant sales information is a weak point when using the sales approach, he indicated performing sales ratio studies is more beneficial and accurate than performing appraisal ratio studies due to the subjectivity of the appraisal process.

In addition to being a less subjective approach to ensuring the accuracy of assessments, the STC's 2003 annual report stated that passing a statewide COV law could potentially realize personnel savings for the state of Missouri. As noted in the IAAO standards, performing appraisal ratio studies is time consuming. By implementing a sales based approach to ratio studies, appraisals would generally only be necessary in counties with limited sales information. According to the STC 2003 annual report, the implementation of this type of study could potentially require fewer personnel in the Ratio Study Section. Until a cost analysis is performed it cannot be determined whether staff reductions could be made or whether maintaining the current staffing level would allow a better use of resources.

Available STC annual reports showed a statewide COV law has been recommended to the General Assembly every year since 1980. Such bills have been introduced in the General Assembly seven times since 1995; however, none of the legislation has been successful. Senate Committee Substitute for Senate Bill No. 287, First Regular Session, 93rd General Assembly, has been introduced which provides that no deed shall be accepted for recording unless a completed certificate of value has been delivered to the assessor.

COV through local ordinances were passed in St. Louis County and St. Louis City in 1987, St. Charles County in 1994, and Jackson County in 2003. According to the STC's 2003 annual report, these four taxing jurisdictions represent approximately fifty percent of the locally assessed real estate in the state. Although available to the STC, the impact of this sales information on the ratio study process has not yet been analyzed. According to STC personnel, a method is currently being developed for utilizing the available sales information in the ratio study process which will be tested when performing the 2005 ratio studies. The results of the test should be analyzed to determine the impact of using sales information to ensure equitable and uniform assessments statewide.

WE RECOMMEND the STC continue to develop procedures and begin testing in the jurisdictions which have passed a local sales disclosure law. In addition, the STC should continue to support legislation which will ensure equitable and uniform assessments throughout the state.

AUDITEE'S RESPONSE

The Commission concurs. Sales disclosure, commonly referred to as certificate of value, is unequivocally the most important tool for the assessor in establishing uniform and accurate assessments. It is equally important for the State Tax Commission when reviewing the accuracy of the values determined by assessors. By constitution and statute, the assessments

must be based upon the property's market value. It is impossible to ascertain market trends without market sales. Without sales information, it is virtually impossible to confidently monitor county assessment programs.

The Commission's statistician will develop and test a hybrid sales/appraisal ratio study for those jurisdictions where sales disclosure laws currently exist. We will contract with an individual that holds a PhD in mathematics, specializing in statistics, to assure that our study will be statistically sound. Thereafter, the Commission will study the implementation of similar hybrid studies in counties where sales disclosure laws are not in existence but where adequate sales information can be gathered.

3. Business Personal Property Assessments

A standardized schedule of depreciation for business personal property has not been developed for use by all assessors, which may result in inequitable assessments of business personal property throughout the state.

According to STC records, Missouri's 115 jurisdictions utilize a variety of depreciation methods for business personal property. These methods vary by type of property, such as computer equipment, manufacturing equipment, etc., with some jurisdictions utilizing one schedule for all property, and others utilizing up to fifteen different options. According to the STC's 2003 annual report, the total assessed valuation of tangible personal property in Missouri was approximately \$16.8 billion. Of this amount, approximately \$6.4 billion was classified as other (tangible personal property which was not specifically categorized by assessors). According to the STC Administrative Secretary, the majority of the \$6.4 billion other classification would be business personal property.

We contacted nine assessors throughout the state to determine how their depreciation schedules were developed. Six of the nine assessors explained the basis used in developing the depreciation schedules. Three of these assessors based their depreciation schedules on various studies, Internal Revenue Service depreciation schedules, or information obtained from other counties. One assessor based his depreciation schedules on replacement cost, while another assessor based his depreciation schedules on a court opinion pursuant to a lawsuit brought against his office in 1998. The other county assessor utilized information obtained from businesses to determine assessment values. In the event the assessor did not receive the necessary information from the businesses, he would apply straight-line depreciation. The three assessors contacted who were unable to explain the basis for their depreciation schedules indicated they utilized schedules developed by prior assessors and were unaware of how the schedules were originally developed.

All parties involved (taxpayer, county, and the STC) incur costs associated with appeals. If a taxpayer does not agree with a property assessment, an appeal of the assessment value can be filed with the county Board of Equalization (BOE) and ultimately to the

STC which would then result in a dismissal, a stipulation (agreement between the taxpayer and assessor), or a decision. A decision can be further appealed to the Circuit Court. In five of six business personal property cases reviewed resulting in stipulation, the stipulated assessed valuation was closer to the amount the taxpayer sought than the amount originally assessed by the assessor. In three business personal property cases reviewed resulting in decisions rendered by the STC, the assessed valuation per the decision was closer to the amount the taxpayer sought than the amount originally assessed by the assessor. Based on information in the case files, two of these cases were decided in favor of the taxpayer because the taxpayer provided reliable evidence of market value whereas the assessor either did not provide any evidence of his calculation of assessed value or the calculation was based on a depreciation schedule that did not adequately reflect market value.

One assessor we contacted stressed the importance of a standardized statewide business personal property depreciation schedule to ensure assessment equality of this type of property. Several bills have been introduced in the past two legislative sessions concerning the need for a standardized method of assessing business personal property; however, such legislation has not been successful. House Bill No. 461, First Regular Session, 93rd General Assembly, has been introduced which would establish business personal property as, "...a separate subclass of class two property and valued for purposes of taxation at thirty-three and one-third of its true value in money." In addition, the proposed legislation requires all assessors to use the method of valuation as determined by the STC and states that, "The true value in money of business personal property shall be determined by the cost approach to value, and the value so determined by the rule of the commission shall be presumed to be correct."

Without a standardized schedule of depreciation for business personal property, there is no assurance that assessments of business personal property will be equitable and uniform statewide. In addition, a standardized statewide depreciation schedule may result in a reduction of business personal property appeals and related costs for taxpayers, local governments, and the state.

WE RECOMMEND the STC continue to support legislation that would provide guidance and the establishment of a standardized schedule of depreciation to determine the assessed valuation of business personal property.

AUDITEE'S RESPONSE

The Commission concurs. The State Tax commission supports legislation that would establish a statutory methodology for the assessment of business personal property. The Commission has discussed such legislation with interested parties, facilitated meetings, and assisted in providing some language to that end. The Commission looks forward to implementing any law that the General Assembly passes to ensure the uniform assessment of business personal property.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

MISSOURI STATE TAX COMMISSION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Missouri State Tax Commission on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 1999.

1. Ratio Studies

- A. Statistical consultants hired by the STC in 1977 and 1986 both recommended the STC use a weighted ratio for reporting the equivalent sales ratio value of real property to the state Department of Elementary and Secondary Education (DESE). The 1986 consultant also reported "the mean or median of the individual sample estimates would be inappropriate to use" for reporting a value to DESE. However, the STC used the median ratio instead of the weighted ratio for certifying equivalent sales ratios to DESE.
- B. The statistical reports listed each parcel included in the ratio study along with the ratio of assessed valuation determined by the local jurisdiction's assessing officer compared to the appraised market value determined by the STC's appraiser. All twenty-three ratio studies reviewed contained numerous individual parcels that were assessed either higher or lower than the STC's established acceptable assessment level range. As long as the report indicated an acceptable median ratio, STC personnel did not consider the individual parcels to be a problem and the reasons for variances were not investigated.

Recommendation:

The State Tax Commission:

- A. Use weighted ratios in calculating equivalent sales ratios.
- B. Determine the reason that numerous individual parcels fall outside the acceptable range and assist the assessors in correcting assessment methods in order to bring the assessed valuation of real properties within the STC's established acceptable ranges.

Status:

- A. Not implemented. However, the STC hired the same statistical consultant who performed the 1986 study to review the issue of using weighted ratios in calculating equivalent sales ratios (ESR). In a report dated July 2001 the consultant no longer recommended the use of weighted ratios based on his interpretation of modifications in statutory language since his prior study. The consultant did not specifically endorse the use of the median ratio. Instead, he concluded that the STC would have to make its own judgment as to which

estimator should be utilized depending upon whether the primary goal was to have minimal bias or small variability from year to year. Based on the STC's interpretation of state law, the median ratio is still used in the calculation of the ESR.

- B. Not Implemented. Our review revealed that a large number of individual parcels in each county varied significantly from the mandated percentages of market values for the residential and commercial subclasses. The STC indicated they do not have the resources to focus on individual parcels in each ratio study and the 1999 International Association of Assessing Officers (IAAO) *Standard on Ratio Studies* states that, "Ratio study statistics cannot be used to judge the level of appraisal of individual parcels". However, reviewing the COD value, which measures uniformity or inconsistency in assessments, can give further indication of potential assessment problems. Although not repeated, see MAR No. 1 for related comments.

2. Personal Property Tax Assessments

When assisting the assessing officers with the implementation of their assessment maintenance plans, the Technical Support Staff did not ensure that vehicles were being assessed in accordance with Section 137.115.9, RSMo 1994. This section provides that the assessor of each county, and each city not within a county, shall use the trade-in value published in the October issue of the National Automobile Dealers' Association (NADA) Official Used Car Guide, or its successor publication, as the recommended guide for determining the true value of motor vehicles.

Although the STC distributed a vehicle valuation guide in March 1999, which included assessed valuations computed based upon the NADA guide trade-in values, STC personnel indicated assessing officers were not required to use the guide for 1999 assessments.

Recommendation:

The State Tax Commission require all assessing officers to follow the vehicle valuation guide developed by the STC.

Status:

Implemented. The STC began monitoring use of the vehicle valuation guide for the 2000 assessment.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI STATE TAX COMMISSION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

A. Authority/History of the State Tax Commission

The State Tax Commission is a quasi-judicial administrative agency created by the Missouri Constitution of 1945. The Commission derives its authority from Article X, Section 14 of the Missouri Constitution and primarily from Chapter 138, RSMo, but also from Chapters 137, 151, 153, and 155, RSMo. The State Tax Commission was created to perform six (6) basic functions. These functions are:

1. Equalize inter- and intra-county assessments
2. Conduct de novo judicial hearings regarding valuation and classification appeals from local boards of equalization in individual assessment cases
3. Formulate and implement statewide assessment policy and procedures to comport with statutory and constitutional mandates
4. Supervise local assessing officials and local assessment programs to ensure compliance with statewide policy requirements
5. Conduct ratio studies to determine the assessment level in each county and to measure the quality of the assessment program
6. Original assessment of the distributable property of railroads and public utilities

B. Nature and Organization of the State Tax Commission

The State Tax Commission is composed of three (3) full time Commissioners chosen from the two major political parties, appointed for staggered six (6) year terms by the Governor with the advice and consent of the Missouri Senate. The majority of the Commissioners must concur before the Commission can make a decision on any matter before the body. The members of the Commission currently are:

<u>Member</u>	<u>City</u>	<u>Term Expires</u>
Sam D. Leake	Perry, Missouri	January 23, 2006
Bruce E. Davis	Columbia, Missouri	January 23, 2010
Jennifer Tidwell	Kansas City, Missouri	January 23, 2008

The staff of the Commission is divided into five sections:

1. The Administration Section is under the direction of the Administrative Secretary, who is charged with the statutory duty to superintend the clerical business of the Commission, handle correspondence, supervise general office procedures, implement Commission policy, and perform such other duties as the Commission prescribes.
2. The Legal Section is under the direction of the Chief Counsel, who renders legal advice to the commission, handles litigation involving the State Tax Commission in the courts and coordinates legal matters with the Attorney General's Office. The Chief Counsel also has the duty of overseeing the attorneys who conduct hearings in assessment appeals before the Commission and assists the Commission in the preparation of decisions and orders, including findings of fact and conclusions of law, in individual assessment appeals.
3. The Ratio Study Section conducts ongoing ratio studies to verify assessment levels for equalization and school foundation formula purposes.
4. The Original Assessment Section annually assesses distributable property held by public utilities, railroads and other related entities.
5. The Technical Assistance Section is composed of a manager and field staff whose primary duty is to assist counties in implementing their maintenance program and to provide additional assistance in any matters pertaining to assessment practices.

At June 30, 2004, the State Tax Commission had 63.75 authorized employees to perform its constitutional and statutory responsibilities.

C. Functions of the State Tax Commission

1. Equalize inter- and intra-county assessments:

The State Tax Commission is charged with equalizing assessment percentages on an inter-county and intra-county basis. The State Tax Commission, through the use of statistical studies, determines the level of assessment and quality of assessment within a taxing jurisdiction.

The counties and the City of St. Louis are required to submit abstracts of equalized assessment for all the taxable property in the county or the City of St. Louis. The State Tax Commission compares the abstracts from each taxing jurisdiction and may raise or lower certain categories of assessments in particular jurisdictions in order to equalize assessments between counties. The State Tax Commission stratifies abstracts submitted and may raise or lower assessments in order to provide equalized assessments within the county. If deficiencies in the assessment program are

detected, the State Tax Commission will send an equalization order to the county clerk who submits it to the County Board of Equalization for appropriate action to comply with the State Tax Commission's equalization order.

2. Conduct de novo judicial hearings regarding valuation and classification appeals from local boards of equalization in individual assessment cases:

The State Tax Commission conducts hearings from appeals from the local boards of equalization dealing with property valuation and classification issues. Any taxpayer who thinks himself aggrieved by the assessment or classification of his property may appeal from the local board of equalization to the State Tax Commission. The Tax Commission has hearing officers who travel to the county where the property is located and conducts a de novo hearing providing findings of facts and conclusions of law. This decision can be appealed to the three Commissioners who may or may not alter the original decision of the hearing officer. The State Tax Commission, during a biennial assessment cycle, has 4,500 to 5,000 appeals for disposition. Any decision of the State Tax Commission can be appealed to the circuit court.

3. Formulate and implement statewide assessment policy and procedures to comport with statutory and constitutional mandates:

The State Tax Commission has the duty and responsibility to develop and implement a statewide assessment program that provides uniform and equitable assessments throughout the state. The formulation of property tax policy comes under the purview of the executive and legislative branches of government through the procedure of proposing and enacting governing statutes. The State Tax Commission serves as an informational clearinghouse providing the Governor and the General Assembly with an educational resource to assist them in the development of property tax policy in this state. The primary role of the State Tax Commission is to facilitate the implementation and administration of public property tax policy as established and enacted by the Governor and the General Assembly.

4. Supervise local assessing officials and local assessment programs to ensure compliance with statewide policy requirements:

One of the primary tasks performed by the State Tax Commission is the supervision of assessing officers and assessment practices in this state.

Section 138.410.1, RSMo, provides this connection: "This commission shall exercise general supervision over all the assessing officers of this state, over county boards of equalization and appeal in the performance of their duties under this chapter and all other laws concerning the general property tax and shall institute proper proceedings to enforce the penalties and liabilities provided by law for public officers, officers of corporations and individuals failing to comply with the provisions of this chapter, and of all laws relating to the general property tax."

In implementing the supervisory role, the State Tax Commission is in constant contact with assessors of the state communicating administrative, legal, appraisal and technical advice to assist assessors in the performance of their duties. Additionally, the Commission is in contact with other local officials who have responsibility in implementing the ad valorem tax in this state.

By January first of each even numbered year each county is required to submit a biennial assessment maintenance plan to the Commission for approval or modification. The assessor must comply with the plan in order to receive state costs/share reimbursements amounting to 50% of the costs associated with the local assessment program. The Commission periodically visits the counties to assist in the assessment process and to confirm that each county is in compliance with its assessment maintenance plan.

5. Conduct ratio studies to determine the assessment level in each county and to measure the quality of the assessment program:

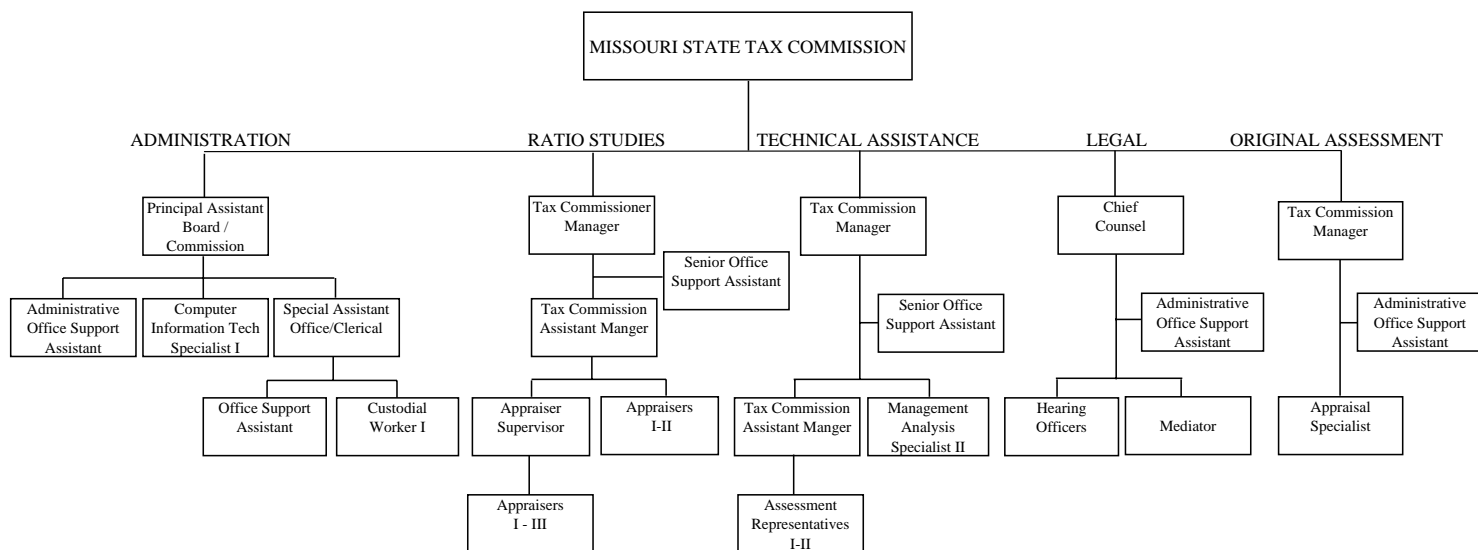
The Commission annually certifies the equivalent sales ratio for each county in the state to the Commissioner of Elementary and Secondary Education for use in distributing state school aid. These ratio studies are based upon the random sampling and appraisal of real property parcels in every county of the state and are designed to gauge the actual real property assessment level in the counties. Although used in connection with state school aid distribution, these ratio studies have significance independent of this function. The results of the ratio studies are analyzed statistically to measure the assessment level and quality in the counties of the state.

6. Original assessment of the distributable property of railroads and public utilities:

Annually, the Commission performs appraisals of the distributable property held by public utilities, railroads, freight line companies, airlines and related entities. The State Tax Commission conducts 625 appraisals of utility companies each year amounting to \$220 million in local tax. The Commission also provides a venue for utility companies to appeal their valuation, resulting in a final decision by the State Tax Commission. These findings can be appealed to the circuit court or federal court.

An organization chart follows.

MISSOURI STATE TAX COMMISSION
 ORGANIZATION CHART
 JUNE 30, 2004



Appendix A

MISSOURI STATE TAX COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2004			2003		
		Appropriation	Lapsed		Appropriation	Lapsed	
		Authority	Expenditures	Balances **	Authority	Expenditures	Balances **
GENERAL REVENUE FUND - STATE							
State Tax Commission Personal Service *	\$	2,508,038	2,430,986	77,052	2,861,540	2,667,139	194,401
State Tax Commission Expense and Equipment *		315,508	307,541	7,967	441,258	384,789	56,469
Assessment Maintenance		14,985,668	14,985,668	0	16,218,433	16,218,433	0
Assessor Certification		85,680	84,724	956	100,800	99,225	1,575
Total General Revenue Fund - State		17,894,894	17,808,919	85,975	19,622,031	19,369,586	252,445
Total All Funds	\$	17,894,894	17,808,919	85,975	19,622,031	19,369,586	252,445

* In fiscal year 2004, the STC was allowed partial flexibility to transfer excess General Revenue Fund - State Personal Service appropriations to Expense and Equipment. The fiscal year 2004 appropriations presented for State Tax Commission Personal Service and Expense and Equipment include the transfers made during the fiscal year.

** The lapsed balances included the following withholdings made at the Governor's request.

		Year Ended June 30,	
		2004	2003
GENERAL REVENUE FUND - STATE			
State Tax Commission Personal Service	\$	68,279	194,275
State Tax Commission Expense and Equipment		7,965	55,501
Assessor Certification		0	1,575
Total General Revenue Fund - State		76,244	251,351
Total All Funds	\$	76,244	251,351

Appendix B

MISSOURI STATE TAX COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 2,430,986	2,667,139	2,840,068	2,810,703	2,716,921
Travel, in-state	80,964	91,288	130,122	249,714	319,219
Travel, out-of-state	139	4,626	3,602	10,991	14,906
Supplies	73,799	106,190	126,196	0	0
Administrative supplies	0	0	0	101,529	106,317
Repair, maintenance, and usage supplies	0	0	0	10,324	4,939
Specific use supplies	0	0	0	375	264
Professional development	19,343	29,392	24,606	46,380	37,432
Communication services and supplies	20,588	25,050	28,259	25,632	28,238
Business services	0	0	0	127,024	141,219
Professional services	104,256	127,120	137,901	4,384	15,588
Housekeeping and janitorial services	2,080	0	0	0	0
Maintenance and repair services	18,258	19,522	20,476	0	0
Equipment maintenance and repair services	0	0	0	11,708	16,329
Transportation maintenance and repair services	0	0	0	2,846	762
Computer equipment	48,709	63,225	20,742	14,373	51,043
Electronic and photographic equipment	0	0	0	122	18,732
Motorized equipment	22,257	14,000	16,000	138,534	0
Office equipment	0	313	15,795	1,351	18,319
Other equipment	0	150	478	0	0
Specific use equipment	0	0	0	90	584
Real property rentals and leases	0	60	658	385	2,086
Equipment rental and leases	1,692	1,992	7,366	0	0
Equipment lease payments	0	0	0	34,280	35,116
Building and equipment rentals	0	0	0	5,303	5,495
Miscellaneous expenses	180	1,086	2,155	2,325	2,100
Program distributions	<u>14,985,668</u>	<u>16,218,433</u>	<u>18,218,433</u>	<u>17,824,473</u>	<u>16,982,743</u>
Total Expenditures	<u>\$ 17,808,919</u>	<u>19,369,586</u>	<u>21,592,857</u>	<u>21,422,846</u>	<u>20,518,352</u>

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

Appendix C

DEPARTMENT OF REVENUE - STATE TAX COMMISSION
COMPARATIVE STATEMENT OF PARCEL COUNTS AND COSTS PER PARCEL

County	Year Ended December 31,							
	2003		2002		2001		2000	
	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel
Adair	14,042	\$ 15.31	13,889	\$ 15.20	13,849	\$ 15.06	13,787	\$ 13.43
Andrew	9,994	19.90	9,900	19.67	10,085	20.84	10,072	23.33
Atchison	6,094	18.83	6,078	17.99	6,050	18.41	6,050	15.92
Audrain	15,120	14.95	15,059	13.57	15,034	13.45	14,699	12.45
Barry	25,276	12.49	25,154	12.37	24,270	13.13	24,143	13.91
Barton	8,024	16.49	8,004	17.06	7,943	16.74	7,881	16.19
Bates	13,043	13.47	12,748	12.10	12,548	12.22	12,404	12.86
Benton	30,300	7.06	30,152	6.52	30,091	6.51	30,091	6.10
Bollinger	10,268	10.42	10,133	9.88	10,002	9.80	9,869	9.75
Boone	55,543	11.62	54,159	14.52	50,018	11.78	50,018	13.45
Buchanan	39,103	16.11	38,870	16.04	38,084	16.69	38,084	15.50
Butler	26,341	11.53	26,151	12.56	25,942	12.15	25,727	11.44
Caldwell	8,247	12.75	8,132	14.41	7,995	13.80	7,995	13.02
Callaway	26,038	16.75	25,800	16.39	25,021	13.89	25,021	15.95
Camden	60,621	11.09	59,800	11.17	59,128	10.55	58,576	12.64
Cape Girardeau	32,787	21.24	32,573	20.36	32,080	19.41	32,080	15.67
Carroll	9,612	12.42	9,590	12.45	9,528	13.08	9,316	13.50
Carter	6,600	12.08	6,414	11.97	6,414	11.64	6,414	11.84
Cass	41,648	18.95	41,137	16.39	39,690	18.18	39,690	18.46
Cedar	10,661	10.03	10,491	9.84	10,398	9.40	10,308	8.88
Chariton	11,685	11.07	11,603	10.82	11,554	10.45	11,597	10.50
Christian	28,940	20.16	28,349	18.58	26,757	19.02	25,868	16.59
Clark	7,127	12.34	7,045	12.09	7,008	11.30	6,992	9.26
Clay	78,989	21.28	77,477	18.09	76,285	18.73	69,468	19.02
Clinton	12,269	17.07	12,053	16.11	11,924	16.38	11,808	15.30
Cole	32,640	15.55	32,443	16.20	32,443	15.93	30,767	16.43
Cooper	11,183	15.34	11,043	15.85	10,826	14.87	10,717	14.39
Crawford	16,933	10.60	16,796	10.71	16,742	9.54	16,608	8.16
Dade	6,675	13.01	6,622	14.41	6,567	12.03	6,567	12.67
Dallas	12,034	14.45	11,871	13.54	11,682	13.31	11,630	12.46
Daviess	10,172	12.10	10,142	11.68	10,088	12.24	10,236	13.47
DeKalb	6,750	15.02	6,638	21.92	6,555	22.23	6,456	26.75
Dent	10,950	12.72	10,888	10.86	10,873	10.97	10,807	11.85
Douglas	10,233	14.83	10,160	14.37	10,131	12.16	10,063	11.53
Dunklin	21,406	12.94	20,506	13.02	20,506	13.40	20,506	11.90
Franklin	66,827	13.40	66,085	13.97	65,461	15.21	64,853	14.01

Appendix C

DEPARTMENT OF REVENUE - STATE TAX COMMISSION
COMPARATIVE STATEMENT OF PARCEL COUNTS AND COSTS PER PARCEL

County	Year Ended December 31,							
	2003		2002		2001		2000	
	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel
Gasconade	14,189	\$ 11.53	14,131	\$ 10.76	14,070	\$ 12.41	13,991	\$ 11.11
Gentry	7,185	13.82	7,157	15.75	7,115	15.03	7,082	14.72
Greene	105,679	13.34	104,220	12.61	102,477	12.86	100,094	11.72
Grundy	9,233	18.88	9,290	18.08	9,290	19.84	9,290	15.06
Harrison	9,812	10.70	9,751	12.77	9,664	10.76	9,580	10.80
Henry	15,442	16.34	15,273	15.46	15,112	15.65	14,915	14.77
Hickory	10,821	11.60	10,797	10.70	10,731	10.55	10,751	9.99
Holt	6,847	13.27	6,805	13.10	6,772	12.13	6,722	12.85
Howard	7,847	14.47	7,748	12.88	7,648	15.75	7,598	15.34
Howell	20,949	14.58	20,808	16.20	20,673	14.54	19,819	13.42
Iron	11,758	12.64	11,692	11.84	11,445	12.60	11,396	12.47
Jackson	271,315	21.47	263,995	19.50	263,995	20.92	263,995	18.11
Jasper	53,372	14.18	52,558	14.54	51,983	13.81	51,221	12.94
Jefferson	102,078	13.93	100,220	13.75	98,594	13.80	97,404	14.35
Johnson	23,971	15.59	23,518	15.58	23,311	12.16	22,581	11.98
Knox	5,556	15.63	5,555	14.42	5,410	14.48	5,410	13.48
Laclede	20,514	11.55	20,288	11.64	19,950	11.85	19,950	10.86
Lafayette	22,137	9.44	19,717	11.44	19,717	11.26	19,717	11.52
Lawrence	18,762	12.06	18,641	11.60	18,406	9.37	18,225	8.58
Lewis	8,344	12.93	8,296	12.65	8,272	12.42	8,221	12.53
Lincoln	23,855	21.61	23,167	16.88	22,796	14.22	22,141	13.55
Linn	11,111	11.98	11,014	12.39	10,874	13.05	10,874	12.69
Livingston	10,006	14.64	10,003	14.56	10,003	14.29	10,003	13.31
McDonald	13,346	14.71	13,173	12.64	13,128	12.00	12,969	11.83
Macon	13,021	12.66	13,004	12.31	12,987	12.30	12,973	11.74
Madison	9,839	13.17	9,718	13.49	9,718	11.83	9,654	11.29
Maries	7,259	15.79	7,185	14.78	7,047	14.01	7,013	13.26
Marion	14,971	18.93	14,970	18.58	14,898	17.96	14,908	17.67
Mercer	5,209	12.31	5,197	12.29	5,203	11.98	5,203	11.53
Miller	19,761	12.83	19,519	13.56	19,112	18.29	18,923	10.68
Mississippi	9,299	15.05	9,259	15.17	8,763	16.57	8,763	13.74
Moniteau	9,163	15.44	9,107	15.27	8,980	15.42	8,912	14.24
Monroe	8,637	12.67	8,516	13.18	8,417	12.11	8,408	12.18
Montgomery	11,003	16.01	10,975	14.97	10,959	13.75	10,804	14.23
Morgan	27,523	12.15	27,249	12.52	26,980	12.47	26,634	11.22
New Madrid	14,390	25.22	14,233	24.32	14,093	27.54	14,093	23.92

Appendix C

DEPARTMENT OF REVENUE - STATE TAX COMMISSION
COMPARATIVE STATEMENT OF PARCEL COUNTS AND COSTS PER PARCEL

County	Year Ended December 31,							
	2003		2002		2001		2000	
	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel
Newton	28,277	\$ 14.73	28,008	\$ 14.93	27,549	\$ 15.17	27,235	\$ 14.01
Nodaway	13,818	14.48	13,734	14.32	13,606	15.40	13,518	16.91
Oregon	8,543	14.75	8,346	14.57	8,346	13.94	8,346	12.83
Osage	10,495	12.00	10,416	11.62	10,366	12.95	10,318	11.04
Ozark	11,851	9.31	11,805	9.00	11,831	11.68	11,736	9.72
Pemiscot	13,588	11.71	13,561	14.46	13,152	13.75	13,152	11.94
Perry	13,554	14.95	13,462	13.65	13,368	16.31	13,284	13.82
Pettis	26,892	20.01	26,837	16.14	26,467	14.67	26,055	13.24
Phelps	21,627	16.98	21,275	16.51	21,123	15.41	20,938	14.83
Pike	12,472	17.42	12,340	16.81	12,246	15.21	12,113	15.42
Platte	35,485	21.51	34,360	21.12	33,686	20.92	32,634	21.28
Polk	15,808	12.83	15,442	12.52	15,235	11.96	14,968	11.74
Pulaski	15,405	11.57	15,167	9.66	15,049	11.82	14,937	11.09
Putnam	6,807	13.32	6,759	12.31	6,733	11.88	6,731	11.42
Ralls	8,191	20.63	8,184	20.74	8,095	20.38	8,024	19.48
Randolph	13,586	22.66	13,486	21.48	13,392	17.42	13,305	17.47
Ray	15,278	15.91	15,178	15.43	14,987	15.03	14,639	13.99
Reynolds	9,797	11.64	9,758	10.51	9,758	9.87	9,745	9.36
Ripley	10,249	9.90	10,198	11.45	9,654	12.63	9,654	10.09
St. Charles	128,926	20.58	125,203	20.69	121,269	20.35	117,161	20.03
St. Clair	11,563	10.17	11,568	10.23	11,538	9.82	11,557	9.49
St. Francois	39,922	15.67	39,437	13.70	38,531	13.03	38,531	11.05
St. Louis	386,914	27.30	379,902	22.89	379,902	20.85	379,902	18.37
Ste. Genevieve	18,264	11.40	18,148	12.73	18,046	13.34	17,893	13.74
Saline	15,616	12.24	15,599	14.05	15,535	13.23	15,465	14.01
Schuyler	3,999	10.75	3,980	10.65	3,986	11.01	3,986	9.36
Scotland	5,161	13.15	5,126	13.72	5,101	13.01	5,093	12.28
Scott	21,930	14.24	21,742	14.81	21,288	15.81	21,288	13.73
Shannon	8,046	8.59	8,029	10.21	7,982	9.70	7,924	9.74
Shelby	6,396	16.36	6,344	16.32	6,344	16.68	6,329	16.83
Stoddard	18,423	13.02	18,359	12.13	18,104	12.49	18,104	12.21
Stone	30,977	15.12	30,406	14.73	30,098	13.84	28,406	13.39
Sullivan	7,070	13.45	7,047	13.77	7,027	13.59	7,011	13.25
Taney	38,811	13.02	37,926	13.28	37,863	13.55	37,209	13.14
Texas	16,944	8.91	16,778	8.48	16,597	10.17	16,458	11.07
Vernon	13,888	13.78	13,785	15.20	13,674	14.96	13,495	12.07
Warren	21,740	13.63	21,202	13.70	20,948	13.25	20,660	14.02
Washington	25,946	8.27	25,564	9.19	25,429	8.35	25,226	10.18

Appendix C

DEPARTMENT OF REVENUE - STATE TAX COMMISSION
COMPARATIVE STATEMENT OF PARCEL COUNTS AND COSTS PER PARCEL

County	Year Ended December 31,							
	2003		2002		2001		2000	
	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel	Parcel Count	Cost Per Parcel
Wayne	14,115	\$ 9.26	14,061	\$ 7.72	13,964	\$ 8.97	13,949	\$ 8.50
Webster	16,995	12.66	16,215	11.66	16,032	12.75	15,582	12.99
Worth	3,069	13.10	3,047	12.48	3,020	12.51	3,011	14.15
Wright	11,731	12.30	11,638	13.21	11,540	12.67	11,407	11.44
St. Louis City	136,575	28.29	135,315	27.50	135,315	27.07	135,315	21.87
Total Parcels	3,043,123		2,995,441		2,961,941		2,929,699	
Average Statewide Cost per Parcel		17.55		16.58		16.35		15.18

* The 2004 parcel counts and cost per parcel figures were unavailable as of report issue date.

Appendix D

MISSOURI STATE TAX COMMISSION REAL AND PERSONAL PROPERTY TAX APPEALS

Table D.1 presents the real and personal property tax appeals filed by taxpayers to the State Tax Commission (STC) in calendar years 2000 to 2004 and the status of the appeals at December 31, 2004. Appeals filed with the STC become cases, which ultimately result in dismissal by the taxpayer, stipulation between the taxpayer and county assessor, or decision by the STC hearing officer, commissioners, or higher court. Cases that have not yet been resolved are considered pending.

Table D.1: Total Appeals Filed by Year and Outcome Status as of December 31, 2004

Year Appeal Filed ¹	Total Cases	Pending ²	Dismissals	Stipulations	Decisions
2004	750	591	47	108	4
2003	4,257	2,399	720	867	271
2002	1,699	1,011	239	386	63
2001	3,673	254	877	2,340	202
2000	542	13	174	272	83

¹ Appeals are filed on a calendar year basis.

² An instance was noted in which over 1000 cases are pending the outcome of one case. Per STC personnel, other situations exist where multiple cases are pending the outcome of a case.

Table D.2 presents appeals filed in calendar years 2000 to 2004 which resulted in dismissals, stipulations, or decisions and the calendar years in which the cases were resolved.

Table D.2: Dismissals, Stipulations, and Decisions by Years Filed and Resolved

	Year Appeal Filed ¹	Total Cases	Year Resolved				
			2004	2003	2002	2001	2000
Dismissals	2004	47	47	0	0	0	0
	2003	720	494	226	0	0	0
	2002	239	42	177	20	0	0
	2001	877	5	139	583	150	0
	2000	174	1	7	7	100	59
Stipulations	2004	108	108	0	0	0	0
	2003	867	536	331	0	0	0
	2002	386	22	313	51	0	0
	2001	2,340	12	153	1,448	727	0
	2000	272	0	3	15	168	86
Decisions	2004	4	4	0	0	0	0
	2003	271	244	27	0	0	0
	2002	63	4	56	3	0	0
	2001	202	3	36	154	9	0
	2000	83	0	0	27	43	13

¹ Appeals are filed on a calendar year basis.



Claire McCaskill
Missouri State Auditor

April 2005

HIGHER EDUCATION

State Fair Community College



Office Of
Missouri State Auditor
Claire McCaskill

May 2005

The following problems were discovered as a result of an audit conducted by our office of the State Fair Community College.

In October 2003, the Board of Trustees of State Fair Community College (SFCC) approved an agreement to hire a consulting firm to manage its information technology (IT) department for the next five years at a cost not to exceed \$3,327,200. Our audit noted the college did not solicit proposals from other potential service providers and did not adequately document any efforts to determine if other qualified service providers existed. The president of the college had recommended the bid process be waived on the basis that the consultant was the sole source from which the needed services could be obtained.

The college is not required by state law to solicit bids or competitive proposals for goods or services, but it is generally accepted that competitive procurements are appropriate and necessary in the public sector. This concept is also recognized by the college's own purchasing policies. The State Auditor had communicated concerns to the college regarding the procurement of these services in January 2004, after our office learned about this contract and performed an initial inquiry.

We determined the total payments the SFCC will make to the consultant will substantially exceed the amount initially approved by the Board of Trustees. The agreement provided the contract costs over the five-year period would total \$4,913,200; however, the contract estimated the total payments due from the college would be reduced by a \$1,586,000 personnel cost credit, representing the salary and benefit costs of the IT department employees who would remain employed by the college. During the first year of the contract all but one IT department employee transitioned to employment with the consultant. As a result, as of October 2004, the estimated amount of the college's personnel credit had been reduced to about \$211,000, and the total estimated amount the college will be required to pay the consultant will increase to over \$4.7 million.

The college's budget documents for the three years ended June 30, 2004, did not include all budgetary information required by law and did not reflect all planned activities of the college. In addition, the college did not adequately monitor the budget amounts to ensure expenditures were kept within budgetary limits. Because of incomplete budget data and inadequate budgetary procedures, the college's expenditures exceeded the budget by substantial amounts during fiscal years 2004 and 2003. It was noted the college made an effort to address some of these problems during the preparation of the fiscal year 2005 budget.

(over)

YELLOW SHEET

During the audit period, the SFCC lost over \$106,000 in federal and state grant revenues due to the college's failure to submit required paperwork timely and due to errors or omissions made in preparing the paperwork. Most of this lost revenue related to federal Pell Grants.

For a number of years the college has offered retirement-related incentive programs to its employees, the costs of which have been paid from SFCC operating funds. Between fiscal years 1988 and 2004, the college paid over \$1.4 million in SFCC operating funds to former faculty and staff employees under two retirement-related incentive programs. The college has projected that from fiscal years 2005 to 2009, it could pay up to \$660,000 in additional retirement incentive payments to eligible employees. Considering the current program is not designed to result in a cost savings, it should be reevaluated in light of the college and state's current financial situation.

In recent years, the SFCC was involved with several construction projects that required the services of a construction manager. The same construction manager was used for all of these projects. The college failed to adequately document the evaluation and selection process related to the construction management proposals it received. The total construction management fees for three projects totaled \$365,000. Additionally, all bid documentation related to the construction projects reviewed was retained by the construction manager and not turned over to the college upon project completion.

The audit also noted the college did not always obtain competitive bids/proposals or document efforts to obtain such for the purchase of goods and services, as required by the college's purchasing policy. For example, the college did not solicit bids for various insurance plans, including \$2,173,000 spent for employee health insurance. The college's portion of these health insurance costs totaled \$1,479,000. We determined this insurance had not been bid since prior to 2000. Other procurements not properly documented included architectural services and computer equipment and software costing \$128,670 and \$41,057, respectively.

The SFCC has increased tuition rates each of the last four years. For example, tuition rates for students from within the district increased from \$42 to \$60 per credit hour during this period. Tuition for Missouri residents from outside the district increased from \$65 to \$87 per credit hour during the same period. The college does not adequately document the annual reviews of its tuition rates or the various factors considered when calculating and determining tuition rate increases. The college should maintain such documentation to provide assurance to its students and other constituents that any tuition rate increases are justified.

The audit also includes recommendations related to expenditures, food purchases, controls over receipts, a day care operation, cellular phone usage, subsidies to the college's foundation, promotional monies provided to the college president, and capital asset records and procedures.

All reports are available on our website: www.auditor.mo.gov

STATE FAIR COMMUNITY COLLEGE

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Board of Trustees of the Junior College
District of Sedalia, Missouri
and
Dr. Marsha Drennon, President
State Fair Community College
Sedalia, MO 65301

We have audited the State Fair Community College. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review and evaluate expenditures of the college as well as purchasing practices and procedures.
2. Review and evaluate selected personnel practices and procedures.
3. Review legal compliance issues, management practices, and internal control procedures over selected financial areas, and to determine the propriety, efficiency, and effectiveness of those practices and procedures.
4. Review selected records and activities of the college's Foundation.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the college, as well as certain external parties; and testing selected transactions. In addition, the college's Board of Trustees had engaged Davis, Lynn & Moots, P.C., Certified Public Accountants (CPAs), to perform financial audits of the college for the years ended June 30, 2004, 2003, and 2002. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of this CPA firm.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the college's management and was not subjected to the procedures applied in the audit of the college.

The accompanying Management Advisory Report presents our findings arising from our audit of the State Fair Community College.



Claire McCaskill
State Auditor

October 26, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Jennifer L. Carter
	Malcolm N. Nyatanga
	Jamie L. Riegel

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

STATE FAIR COMMUNITY COLLEGE
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1. Management Information Services Contract
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In October 2003, the State Fair Community College (SFCC) awarded a five-year, \$3.3 million management information services contract to a private consulting firm without soliciting bids or proposals from other service providers. College officials indicated this was a sole source procurement; however, any efforts to determine whether other qualified providers existed were not adequately documented. In addition, the college will actually pay the consulting firm \$4.7 million over the contract period because this firm subsequently hired most of the employees in the college's information technology (IT) department.

Shortly after the current college president assumed her duties in July 2003, it was brought to her attention that various problems existed in the IT department, including outdated technology and various computer applications on campus that did not interface. As a result, the president requested that Collegis, Inc. (the consultant) perform an assessment of the IT department. This assessment was performed by the consultant on September 9-10, 2003, at no cost to the college. On October 1, 2003, the consultant presented its assessment results to college officials. That assessment identified numerous problems in the information technology area and recommended the college outsource the management of the IT department and related functions. On this same date, the consultant presented a proposal for providing these management services.

The college did not solicit proposals from other potential service providers and did not adequately document any efforts to determine if other qualified service providers existed. During our discussions with the college president, she stated she had been to several technology conferences in the past and the consultant was the only firm discussed. She further indicated she was not aware of any other companies which provided the full extent of management information services or had the higher education expertise of the consultant. However, the president indicated she did not perform or authorize a search of the internet or do any other type of search for other possible service providers.

In an October 14, 2003, memorandum to the Board of Trustees, the president recommended the bid process be waived in this instance on the basis that the consultant was the sole source from which the needed services could be obtained. In this memorandum, the president cited a number of factors which, considered in unison, supported her belief that this was a valid sole source situation. On October 27, 2003, at the next scheduled meeting of the Board of Trustees, the

board approved an agreement with the consultant to purchase management information services for an amount not to exceed \$3,327,200 over the next five years.

The college is not required by state law to solicit bids or competitive proposals for goods or services. However, it is generally accepted that competitive procurements are appropriate and necessary in the public sector, and this concept is recognized by the college's own purchasing policies. When this contract was entered into, the college's purchasing policy required at least three written bids or proposals be obtained for purchases of \$2,500 or more in situations where competition existed. Recent revisions have been made to the college's purchasing policies, including a provision specifically allowing the college president to authorize sole source purchases without taking formal bids. However, the current purchasing policy states that the college will normally request proposals for contracted services.

It is possible there may have been other service providers (either operating individually or in a consortium) which could have met the service needs of the college. It is also possible had the college gone through a formal process of requesting and evaluating proposals for these services, the consultant would have still been awarded the contract as the lowest and best bidder. However, since the college did not do this, it is not in a good position to defend its actions and decisions regarding this matter.

The State Auditor communicated these concerns to the college president by letter in January 2004, after our office learned about this contract and performed an initial inquiry.

During our review of this contract, we determined the total payments the college will ultimately make to the consultant will exceed the amount approved by the Board of Trustees by a substantial amount. The contract provided the contract costs over the five-year period would total \$4,913,200; however, the contract estimated the total payments due from the college would be reduced by a \$1,586,000 personnel cost credit (approximately \$300,000 per year), resulting in total net contract payments of \$3,327,200, the amount approved by the board in October 2003.

The personnel credit represented salary and benefit costs of those IT department employees who would remain employed by the college. These employees were given the option to remain employees of the college or terminate employment with the college and be hired by the consultant. However, at the time the contract was entered into, there was much uncertainty as to whether, or when, these employees would become employees of the consultant. Because of this, when the contract was prepared and the payment estimates calculated, it was assumed all of the existing IT department employees would remain on the college payroll.

During the first year of the contract, all but one IT department employee transitioned to employment with the consultant. As a result, as of October 2004, the estimated amount of the college's personnel credit had been reduced from \$1,586,000 to \$211,059. Consequently, the total estimated amount the college will be required to pay the consultant pursuant the contract terms will increase to over \$4.7 million. As of January 2005, the Board of Trustees had not yet approved this estimated increase in the total contract payments. We were informed the college is in the process of completing an annual review of the contract agreement and related services. After this review is completed, any proposed contract changes will be presented to the Board of Trustees for approval.

It should be noted that SFCC officials have indicated they are pleased with the performance and services provided by the consultant thus far. Since the contract's inception, the consultant has completed various projects and tasks, including helping in the development of instructional technology, strategic plans, and a new college website. In addition, the president indicated the backlog of service requests made to this department has been eliminated. According to the college, the contract relationship has already resulted in estimated savings or value added totaling \$790,000 as of July 30, 2004. Approximately \$680,000 of this represents one-time cost savings/value added, with about \$110,000 of this being of a recurring nature.

WE RECOMMEND the SFCC, in the future, ensure it makes every effort to competitively procure services involving significant expenditures. In such instances, the college should prepare a request for proposals (RFP) that clearly identifies the services desired and then disseminate that request in such a way to best reach potential service providers. Procurements should not be handled as sole source unless concerted efforts have been made to determine if other possible providers exist. Such efforts should be thoroughly documented.

AUDITEE'S RESPONSE

This issue was addressed in a letter from Claire McCaskill dated January 13, 2004 which included the following statement: "We are not aware of any statute which required the college to solicit competitive bids or proposals for these services..."

Due to the nature of the services required and the need for multiple integrated systems tailored specifically for the needs of this college, administrators did not feel that an internet search would provide relevant information. However, the following examination and due diligence was conducted prior to Board approval of the contract:

- *Internal review and evaluation of campus technologies and services, including a cost/benefit analysis of expenditures for the prior 3 years;*
- *Examination and review of companies that might have been able to provide limited services and non-integrated technical support;*

- *Legal advice was obtained;*
- *Contacts were made with other Collegis customers to ascertain information about the scope of their services and acquire recommendations in terms of overall satisfaction and the value of outsourcing campus technologies;*
- *Contacts were made with other colleges who were considering outsourcing campus technologies;*
- *Another Missouri institution of higher education was contacted regarding their sole source procedure in acquiring a management firm to oversee campus technologies;*
- *Consideration of the president's experience at previous institutions with similar needs; and,*
- *Workshops and meetings were held involving members of the campus community and the Board of Trustees regarding the value-added aspect of outsourcing campus technology services.*

Collegis has exceeded the College's expectations in terms of the services provided as outlined in the contract and scope of work. Some of their more significant contributions include but are not limited to the following: regional and national support networks for negotiating technology-related contracts; corporate service and training for employees; corporate support and facilitation services of the College's strategic planning efforts; an audit of the College's PBX system and services; analyzing and mapping business office and student support service procedures; and support and analysis of academic services related to distance learning and electronic classroom media. College administrative staff receive weekly, monthly, quarterly, and annual reviews with metrics and measures based on employee satisfaction of Collegis activities and progress. SFCC has seen significant improvement and experienced numerous cost-saving efficiencies because of the level of expertise and comprehensive and integrated services that Collegis provides. Campus technologies are monitored and integrated; expenses are closely tracked; technology budgets are planned 3 years in advance of purchases; and, the need for purchases are well documented, evaluated and processed competitively.

At the March 3, 2005 Board meeting, the president presented clarification to the Board regarding the Collegis contract and the payment of credits for SFCC employees who chose to work for Collegis. The clarification was stated as follows: "At the October 2003 meeting of the Board, it was recommended that 'the Board of Trustees enter into an agreement with Collegis, Inc., to purchase management information services in support of the management and operation of campus technologies for an amount not to exceed \$3,327,200 through October 27, 2009.' The Missouri State Auditors office suggested that a clarification be made to the Board that the contract amount was limited to the scope of work and that it did not include the payment of credits for SFCC employees who would be hired by Collegis. Exhibit B, CI of the contract approved by the Board includes wording specific to this issue. This clarification does not affect the College's approved FY05 operating budget."

Finally, SFCC agrees to make every effort to competitively procure services involving significant expenditures. Such efforts will be more fully documented as recommended by

the auditors. For example, recent expenditures approved by the Board for a new administrative computer hardware and software system was preceded with a 6-month RFP process and campus-wide review and evaluation. Board workshops were conducted; members received extensive documentation and back-up materials.

2.

Budgetary Practices

Sections 67.010 to 67.080, RSMo 2000, require each political subdivision of the state to prepare an annual budget, which shall present a complete financial plan for the ensuing budget year. The college, being a junior college district, is subject to the provisions of these statutes. A review of the college's compliance with budgetary law and its budgetary practices disclosed the following concerns:

- A. The budget documents approved by the Board of Trustees for the years ended June 30, 2004, 2003, and 2002, did not include all budgetary information required by law. Required information not included in the approved budgets were a budget message describing the important features of the budget and major changes from the preceding year, comparative statements of actual or estimated receipts and disbursements for the two previous years, and amounts related to the college's debt service requirements.
- B. The budget documents approved by the Board of Trustees for the years June 30, 2004, 2003, and 2002, did not reflect all planned financial activities of the college. While the entire budget for each year was maintained in the general ledger system, the budget documents approved by the Board of Trustees only included information related to the unrestricted portion of the Current Fund. As a result, during these years the Board of Trustees did not formally approve the budgeted amounts for the restricted portion of the Current Fund or the entire Plant Fund. In addition, the Loan Fund, which was discontinued during the year ended June 30, 2002, was not included in the approved budget in that year.
- C. We noted some departments/activities were not budgeted at all in some years. For example, much of the state financial aid pass-through expenditures were not budgeted for the year ended June 30, 2003, and the college's bookstore was not budgeted for the year ended June 30, 2004. This situation contributed to the budgetary overspending that is discussed below.
- D. The college does not adequately monitor budget amounts to ensure expenditures are kept within budgetary limits. It does not maintain reports to track budget-to-actual amounts by fund and the Board of Trustees is not provided any data periodically comparing actual revenues and expenditures to budgeted amounts. While the board receives a monthly

report of actual receipts and disbursements, this does not include a comparison to amounts budgeted or year-to-date totals.

Budgets are a planning tool and should serve as a guide throughout the year to monitor revenues and expenditures. A periodic comparison of budgeted versus actual revenues and expenditures is necessary to properly monitor financial activity and identify budget areas that need attention.

- E. Because of the incomplete budgetary data and inadequate budgetary procedures noted above, the college's expenditures exceeded the budget by substantial amounts as follows:

Fund	Year Ended June 30,	
	2004	2003
Current Fund	\$ 4,896,399	1,330,465
Plant Fund	-0-	403,821

The college did not prepare any budget amendments or adopt any resolutions authorizing the additional expenditures, nor did the college set forth any reasons for exceeding the budgeted amounts in the board minutes. Much of the overspending in the Current Fund was due to the college not budgeting much of the financial aid pass-through expenditures in both years listed above. In addition, in fiscal year 2004 the college did not budget for the disbursements related to the management information services contract (\$594,000) or disbursements related to the bookstore operations (approximately \$1.4 million).

Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The college should keep expenditures within amounts budgeted and formally amend its budget before any excess expenditures are authorized.

A complete and well-planned budget along with effective budgetary monitoring procedures, in addition to meeting statutory requirements, can serve as useful management tools by establishing specific cost expectations for each area. Such budgetary procedures can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. The budgets established and presented to the board for approval should reflect all planned financial activity of the college and include all required information, including a budget message, comparisons of actual receipts and disbursements for the two preceding years, and debt service requirements.

It should be noted that we discussed our concerns with college officials prior to the approval of the fiscal year 2005 budget, and efforts were made to address some of the concerns noted above. For example, for fiscal year 2005, the entire

budget was submitted to the Board of Trustees, and it included a budget message and the expenditures for the preceding fiscal year.

WE RECOMMEND the SFCC takes action to improve its budgetary practices. This should include ensuring:

A-C. The budget documents prepared by the college, and subsequently approved by the Board of Trustees, include all planned financial activity of the college and all budgetary information required by law.

D&E. Budgeted amounts are adequately monitored to ensure expenditures are kept within budgetary limits. If it is necessary to incur additional expenditures, the budget should be properly amended and a resolution setting forth the increase and reasons for such should be documented in the board minutes.

AUDITEE'S RESPONSE

A-E. *SFCC is currently engaged in an extensive computer conversion that will significantly improve current budgetary practices. However, it should be noted that over the past year numerous improvements have been made to budget management and processes, including on-line budget reports and tracking, regular updates to the Board, and budget practices that will ensure that expenditures are within the approved budget.*

B. *It should be noted that for the last 4 years notification from state and federal agencies were not received in time to be included in the initial budget approval process (prior to the beginning of the new fiscal year). Programs that were externally funded were presented to the Board upon notification from the funding source (throughout the fiscal year) but were not necessarily presented as a budget adjustment. As we prepare to convert to the new administrative system, all externally funded programs will be designated as restricted accounts and will be presented as such in the budget. Consequently, externally funded programs will be clearly identified and budget adjustments will be easily tracked and consistently reported when budget adjustments need to be made.*

3. Lost Revenues

During the three years ended June 30, 2004, SFCC lost over \$106,000 in federal and state grant revenues due to the college's failure to submit the required paperwork timely and due to errors or omissions made in preparing that paperwork.

A. In June 2003, SFCC wrote-off \$97,238 in Pell Grants receivable from the U.S. Department of Education resulting from the college's failure to

submit the required paperwork timely for some of its students related to the 2002-2003 school year.

The U.S. Department of Education offers Pell Grants to eligible students largely based on financial need. Students at the college complete Free Application for Federal Student Aid (FASFA) forms and submit them to the college's financial aid office. The financial aid office determines how much each student will receive in Pell Grant funds for the subsequent school year and submits the Pell Grant award details to the U.S. Department of Education. This paperwork must be submitted to the federal agency by September 30 of each year for the college to receive the related Pell Grant revenues.

In June 2002, the college hired a new financial aid director who did not become aware of the September 30 deadline until only a few days before the related award details were due. Although the college submitted as much of the grant paperwork as possible by the deadline, student award details totaling \$97,238 were not submitted by the due date. Because this error was made by the college and not the fault of the affected students, the college decided to credit the affected student's accounts and write-off the \$97,238 in revenues which would otherwise have been collected.

College officials indicated this situation has been corrected and all Pell Grant award details have been submitted timely since that time.

- B. During the three years ended June 30, 2004, the college wrote off \$9,439 in potential A+ Program reimbursements from the Missouri Department of Elementary and Secondary Education (DESE) due to errors made in the college's handling of this program.

The A+ School Program is a school-improvement initiative established by the Outstanding Schools Act of 1993 to encourage students to stay in high school, make career plans, and graduate with the skills and knowledge required for career success or further education. Students who graduate from a designated A+ high school may qualify for state-paid tuition for post secondary education at community colleges, or vocational or technical schools. Eligible post secondary educational institutions are reimbursed for tuition, books, and common fees for each A+ eligible student for two years full-time course work, to be used within the student's four-year eligibility period.

During the years ended June 30, 2004, 2003, and 2002, the college wrote off \$6,443, \$1,545, and \$1,451, respectively, due to miscalculations of A+ Program reimbursements for some students and erroneously leaving some students off A+ Program budgets submitted to the DESE. In some instances, tuition amounts were calculated incorrectly, and therefore, the

wrong amounts were requested for reimbursement. Students were left off the A+ Program budget requests due to students being enrolled at extended campus sites without the financial aid office's knowledge or students dropping classes and the college failing to request reimbursement for the percentage of the classes attended. Other students were left off the A+ Program budgets for no apparent reason.

According to college officials, after the fiscal year 2004 errors were discovered, the financial aid office and the business office began reconciling the A+ Program preliminary budget requests to the students' general ledger balances before sending the budget to the DESE. The college believes this will prevent future errors from occurring and reduce (or eliminate) A+ Program write-offs.

The college should make every effort to ensure reimbursement requests and other required documentation are prepared accurately and submitted timely to the applicable agencies to ensure all available grant revenues are obtained.

WE RECOMMEND the SFCC ensure:

- A. All reimbursement requests and other required documentation related to grant programs are submitted to the grantor agencies in a timely manner.
- B. The documents submitted to the DESE related to the A+ Program accurately reflect all reimbursements due the college. The financial aid office and the business office should continue reconciling the A+ Program preliminary budget requests to the students' general ledger balances to identify any errors or omissions which may occur.

AUDITEE'S RESPONSE

SFCC has vastly improved practices over the last two years to ensure that all reimbursement requests and other required documentation related to state and federal financial assistance programs are submitted to the grantor agencies in a timely manner. The college will continue to monitor and improve systems that will alleviate reimbursements that result from students withdrawing from classes after they have received federal or state financial assistance.

Additionally, the college has purchased a new administrative computer system that will provide on-line data reporting and significantly improve the accuracy and timeliness related to all financial aid distributions. Uncollectible student accounts and write-offs have been substantially reduced and further reductions/eliminations have been mandated by the Board of Trustees.

4.**Controls Over Receipts**

Internal controls over receipts could be improved. The college's business office is the main collection point for receipts on campus; however, there are various other locations on campus where monies are initially received prior to them being turned over to the business office for deposit. Our review of the controls over receipts disclosed the following concerns:

- A. Receipts collected and recorded by the business office are not always deposited intact and the composition of receipts is not reconciled to deposits. We noted the college allows students and employees to cash personal checks from the daily cash receipts. In addition, we noted the business office makes small cash disbursements from the daily receipts, rather than having an imprest petty cash fund for this purpose.

Cashing personal checks and making disbursements from the daily cash receipts is a poor practice and reduces the accountability for monies received. To help ensure that cash receipts are accounted for properly, daily receipts should be deposited intact and the composition of receipts should be reconciled to the composition of bank deposits. In addition, an imprest petty cash fund should be established to pay any cash disbursements necessary.

It should be noted that there is an automated teller machine (ATM) in the college's student union where students and employees may obtain cash, if needed.

- B. Adequate procedures have not been established to account for revenues collected at athletic events and theatre productions.

- 1) The athletic department charges admission to various athletic events on campus, and revenues collected related to such events totaled \$14,787 during the three years ended June 30, 2004. While a portion of these revenues were received in advance from the sale of season passes, the remainder was collected in cash at the door in the form of gate receipts. Prenumbered tickets are not issued to account for the number of people charged admission to the athletic events. Consequently, there is no procedure to reconcile paid admissions to the cash received and remitted for deposit.

To ensure all gate receipts are properly accounted for, the college should issue prenumbered tickets for gate admissions and reconcile tickets issued to monies turned over for deposit.

- 2) The theatre box office collects money related to music and theatre productions, dinner theatres, and art and lecture programs. During the three years ended June 30, 2004, theatre production receipts totaled \$20,813.

Tickets are required for admission to the productions or programs; however, no reconciliation is performed of tickets printed to paid admissions. While some tickets are purchased by the patrons in advance, tickets may be reserved and paid for at the door. If a patron who reserved tickets does not come to a production, the corresponding money will not be collected. We were informed that if the people who reserve the tickets do not show up 5 to 10 minutes before show time, their tickets are often given to students, who receive free admission to all productions.

To ensure theatre ticket sales are properly handled and accounted for, the number of printed tickets and potential revenue should be reconciled to the number of tickets paid for and actual receipts turned over for deposit.

- C. Public auctions of surplus college property are held periodically at the main campus. These auctions are normally held once a year, but can occur more frequently, if needed. During the three years ended June 30, 2004, auction proceeds totaled \$10,612, with \$2,795 of this collected in cash. We determined auction proceeds as well as the gate receipts from athletic events are taken home after the events by the individuals responsible for collecting these monies and turned over to the business office the next day.

The failure to adequately secure receipts increases the risk of loss, theft, or misuse of college monies. Auction proceeds and gate receipts from athletic events should be kept in a secure location on campus until deposited.

- D. The college's extended campus office is responsible for collecting monies for short courses. These courses are non-credit courses and can be taken by anyone. During the three years ended June 30, 2004, short course receipts collected in the extended campus office totaled \$90,372. The duties of receiving, recording, and transmitting monies to the business office are not adequately segregated in the extended campus office. One clerk in this office is primarily responsible for all of these duties. In addition, receipt slips in that office are not pre-numbered.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, at a minimum, periodic

documented supervisory reviews of the records should be performed. In addition, to help ensure all receipts are properly accounted for, prenumbered receipt slips should be issued for all monies received.

- E. Monies received related to theatre productions and short courses are not always remitted to the business office on a timely basis.

Receipts related to theater productions are held by the theatre department until after the production. Since such productions generally involve several performances, it is not unusual for the receipts to be held for several days before being turned over to the business office for deposit. Receipts for short courses are remitted from the extended campus office to the business office approximately once a week or when amounts exceed \$1,000.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be transmitted to the business office daily or when accumulated receipts exceed \$100.

It came to our attention that during the audit period about \$750 in theatre proceeds was stolen from the theatre box office by someone who was able to gain entry to that office. Such losses could be reduced or prevented by turning money over to the business office on a daily basis.

WE RECOMMEND the SFCC:

- A. Deposit all receipts intact and reconcile the composition of receipts to the composition of bank deposits. In addition, the college should establish an imprest petty cash fund in the business office to pay any small cash disbursements necessary.
- B. Establish adequate procedures to account for gate receipts related to athletic events and theatre productions.
- C. Ensure all undeposited receipts are maintained in a secure location. Employees should be prohibited from taking receipts home for temporary safekeeping.
- D. Segregate accounting duties in the extended campus office to the extent possible, or ensure periodic supervisory reviews are performed and documented. Additionally, that office should issue prenumbered receipt slips for all monies received.
- E. Require the theatre department and extended campus office to remit receipts collected to the business office daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

SFCC is reviewing all current policies and procedures for collecting, depositing and recording receipts from all areas/departments of the college and to implement any necessary and appropriate revisions.

5. Retirement Incentive Program
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The SFCC's current retirement incentive program is costly and it is unclear whether the benefits of this program justify the additional costs incurred by the college.

College faculty and staff earn future retirement benefits through the Missouri Public School Retirement System and the Missouri Non-teacher School Employee Retirement System, respectively. The college contributes to these retirement programs for its employees. Even though both of these retirement systems have early retirement provisions, for a number of years the college has offered additional retirement-related incentive programs to its employees. The retirement incentive payments made to those employees who participated in these additional programs have been paid from operating funds of the college. SFCC officials indicated the two programs described below were not patterned after existing programs elsewhere, and we are not aware of any other college or university which has offered similar programs to its faculty or staff.

In 1988, the college initially established an early retirement incentive program for administrative, professional, or classified staff with the aim of encouraging eligible employees to retire early. The program was designed to result in a cost savings to the college by replacing higher paid college employees with replacements who would be paid at lower salary levels.

To qualify for the program, an employee was required to work at least 10 consecutive years with the college, and either have reached the age of 55 or be eligible for retirement under the appropriate retirement system. The 10-year service requirement was to increase by one-half year annually over the next 20 years to a maximum of 20 years. The early retirement benefit payment was calculated by multiplying the retiring employee's salary during the last 12 months preceding their retirement, minus the highest allowable entry salary at the employee's level, times a factor of .75, times the difference between 65 and the employee's age at retirement. The total benefit payments could not exceed 100 percent of the retiring employee's final annual salary, and were generally paid out over a three-year period.

Effective for the year ended June 30, 2002, the college implemented a new retirement incentive program to replace the program that had previously existed. Unlike the previous program which was designed to result in a cost savings to the

college, this program was designed to encourage employees to extend their years of service to the college and "to reward them for their dedication."

To qualify under this program, an employee must serve fifteen consecutive years with the college and be eligible for retirement under the appropriate retirement system. The retirement incentive payment is calculated by multiplying the retiring employee's years of service, plus unused sick leave, times 2 percent per year times the employee's salary during the 12 months prior to retirement. The benefit payment cannot exceed 50 percent of the employee's final annual salary and is paid out over a 1-year period.

Between fiscal years 1988 and 2004, the college paid out over \$1.4 million in SFCC operating funds to former faculty and staff employees under these two retirement-related incentive programs. In addition, as of June 30, 2004, the college determined there are 33 employees eligible to retire and participate in the current program. It has projected that from fiscal years 2005 to 2009, the college will pay up to \$660,000 in retirement incentive payments to these employees, depending on the year they retire.

Considering the current program is not designed to result in a cost savings, its continuation should be reevaluated in light of the college and state's current financial situation. The college should compare the additional costs being incurred as a result of this program with the benefits, if any, being realized by the college. If the college decides to discontinue this program, it would need to consider whether this would impact current employees or only new hires.

WE RECOMMEND the SFCC review the current retirement incentive program and determine whether its continuation is justified.

AUDITEE'S RESPONSE

SFCC agrees that the intent of the Early Retirement Incentive Plan was to encourage eligible employees to retire early allowing the college to recognize a savings by replacing higher paid college employees with personnel who would be paid entry-level salaries. At the termination of the Early Retirement Incentive Plan, the college was not realizing the anticipated savings and decided to revise the plan as it stands today. However, the SFCC Board of Trustees is scheduled to review the current retirement incentive program (May, 2005) and has identified the need to determine whether or not continuation of the program is justified.

6. Expenditures

- A. The college did not adequately document its evaluation of construction management bidders on some projects. In addition, construction management billings did not include documentation supporting

reimbursable expenses being claimed. Further, reasons for approved change orders were not documented, and bid documents related to construction projects were not retained by the college.

During the three years ended June 30, 2004, the college was involved with several construction projects that required the services of a construction manager. The same construction manager was used for all of these projects. We noted the following problems related to these projects and/or the construction manager services:

- 1) The college did not document its evaluation of the construction management bidders based on criteria outlined in Chapter 8, RSMo 2000. For two projects, the construction manager selected was not the lowest bidder.

Section 8.679, RSMo 2000, requires public entities to solicit proposals for construction manager services for construction projects exceeding \$500,000, and Section 8.681, RSMo 2000, provides various criteria for evaluating the proposals received and selecting a construction manager. The criteria to be considered includes, but is not limited to, fees to be charged, reimbursable costs, qualifications, and financial strength.

During the three years ended June 30, 2004, the college began and/or completed the construction of three construction projects in which the requirements of RSMo 8.681 applied. These included the Fred E. Davis Multipurpose Center (Multipurpose Center) and the Daum Museum of Contemporary Art (Daum Museum), which were completed in fiscal year 2002, and the renovation of the Charles E. Yeater Learning Center (Yeater Learning Center), which began in fiscal year 2004.

For all three of these projects, the college failed to document its selection procedures. The total construction management fees for these three projects totaled \$365,000. This amount does not include the reimbursable costs paid to the construction manager related to these projects.

The college should document the criteria used and the basis for selecting a professional services contractor to ensure the college is receiving quality services at a reasonable price.

- 2) The monthly invoices submitted by the construction manager included the amount of reimbursable expenses due from the college; however, no documentation was submitted to support the expenses claimed for reimbursement. The construction manager's

reimbursable costs included, but were not limited to, advertising, printing, UPS services, on-site toilet, phone, and trash service.

Without documentation to support the reimbursable expenses being claimed by the construction manager, the college has less assurance as to the propriety and amount of the expenses billed.

- 3) The Board of Trustees approved various construction change orders during the board meetings; however, the reasons for the change orders were not adequately documented.

During the three years ended June 30, 2004, the Board of Trustees approved \$53,671 in change orders for various construction or renovation projects. Some of these change orders appeared to relate to items that could have possibly been included in the original project specifications. For example, change orders were approved for the remaining asphalt needed to complete the parking lot for the Multipurpose Center and for painting graphics on the gymnasium floor.

Change orders are normally used to make adjustments for construction items that are unknown when construction projects are originally bid. Without adequate documentation stating the reasons for change orders, it is unclear why they are needed or were not included in the original contract.

- 4) The bid documents related to the various work packages of the college construction projects were retained by the construction manager, rather than being maintained by the college. The college did not even maintain copies of the related documentation.

The construction manager is responsible for procuring and evaluating the bids for the various work packages. While the bids are initially received and opened by the college, the construction manager takes the bids and evaluates them to make a recommendation to the Board of Trustees. All bid documentation on the projects reviewed was retained by construction manager and not turned over to the college upon project completion.

The college should retain the bid and other documentation related to its construction projects. The retention of all financial-related records is necessary to ensure the validity of transactions and provide an audit trail to account for all monies expended.

- B. The college did not always obtain bids or document efforts to obtain bids for the purchase of goods and services as required by the college's

purchasing policy. The college's purchasing policy requires an effort be made to obtain three written, sealed bids for purchases of \$500 or more. Purchases of \$5,000 or more are required to be advertised in a newspaper. Exceptions are allowed for emergency purchases.

1) The college did not solicit bids for various insurance plans during the three years ended June 30, 2004, as follows:

- The college paid approximately \$2,173,000 for employee health insurance during the three years ended June 30, 2004, with \$1,479,000 representing the college's portion of these costs. We determined this insurance coverage had not been bid since prior to 2000.
- The college paid approximately \$357,300 for liability and casualty insurance during the three years ended June 30, 2004. College officials indicated this contract had not been bid for approximately eight years because the college was satisfied with the provider.
- The college paid approximately \$199,000 for employee dental insurance during the three years ended June 30, 2004, with \$123,000 representing the college's portion of these costs. College officials indicated this insurance had not been bid since 1988 because this is the only provider in the area.
- Employee life insurance bids during the two years ended June 30, 2004, were not properly documented. College officials indicated prior to the fiscal year 2003, life insurance was included in the health insurance premiums. The college asked its insurance agent to bid life insurance for the college beginning July 1, 2002. The college's agent brought a recommendation to the college; however, the college did not receive and maintain documentation of the bids received. The college paid approximately \$42,800 during the two years ended June 30, 2004, for this insurance, with \$31,450 representing the college's portion of these costs.

While it may not be necessary for the college to solicit bids for insurance on an annual basis, this should be done on a periodic basis to ensure the college is receiving these services at a reasonable and competitive price.

- 2) Competitive bids or proposals were either not solicited or not documented for various other purchases as follows:

Architectural services	\$ 128,670
Computer equipment and software	41,057
Networking services	19,500
Employee handbook revisions	10,000
Shipping museum art	8,500
Museum catalogs	7,125
Graduation gowns	6,452
Airfare	2,869
Sound system repair	1,358

In addition to these expenditures, the college has not bid collection agency services which cost the college a rate of 33 percent of the delinquent balance for the first referral and 50 percent on second referrals.

College personnel indicated the computer equipment/software and networking services were only available from one provider due to compatibility issues; however, these sole source procurements situations were not documented.

Formal bidding procedures for major purchases provide a framework for economical management of college resources and help ensure the college receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the college's business. Complete documentation should be maintained of all bids received and reasons why a bid or proposal is selected. If circumstances are such that bidding is not possible or practical, such as sole source or emergency situations, the reasons for not soliciting bids should be documented.

- C. Some expenditures were noted that do not appear to be necessary or a prudent use of college funds. During the three years ended June 30, 2004, the college transferred \$3,581 to the college's social committee to be used for staff Christmas and retirement parties, as well as other social gatherings for college employees. In addition, we noted the college spent \$2,045 on retirement gifts (watches at \$86 each) and 30-year service recognition gifts (mantel clocks at \$195 each), and over \$1,500 per year on flowers for hospitalizations or bereavements of college employees.

The public places a fiduciary trust in college officials to expend college funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of college funds.

D. The college does not have a formal policy related to food purchases. During the three years ended June 30, 2004, the college spent a significant amount on food-related expenditures. However, because the college has not established a separate account number in its accounting system for food expenditures, the extent of college funds spent on food could not be readily determined.

1) The college-run cafeteria provides catering services on campus. During the three years ended June 30, 2004, the college cafeteria provided catering services for the various college departments or divisions at a cost totaling over \$86,000. While the college incurred other outside catering or food expenses during this three-year period, the college's records did not allow us to determine the extent of college funds spent in this manner. Examples of food purchases noted include the following:

- \$3,016 for catering at a career fair (\$2,892 for lunches for over 700 high school students attending).
- \$1,900 for a 2003 legislative reception in Jefferson City (which included \$347 for alcohol).
- \$1,300 for a dinner for adjunct professors.
- \$1,138 for an all staff welcome-back lunch.
- \$1,020 for a Daum museum exhibit opening.
- \$210 for cakes at a reception after a music concert.

While a certain level of food expense is probably necessary, the college needs to assess the costs in terms of their importance compared to other critical education needs.

2) The college has not established an account number in the computerized accounting system to track food expenditures. We noted food expenditures were charged to various categories, including travel, instructional supplies, advertising, and promotional. As a result, the college was unable to readily determine what it spends on food annually.

The college should establish a separate account number to allow it to track food expenditures to ensure consistency between departments and to better monitor its food purchases.

- E. During our review, we noted the following expenditures which were not supported by written contracts or agreements, or where such documents were not retained:

Architectural services	\$ 140,682
Legal work	25,734

Written contracts or agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid.

- F. The college does not have a formal policy regarding cellular phone usage. During the three years ended June 30, 2004, the college spent approximately \$12,500 related to cellular phone service.

It is the college's informal policy to allow business-related personal calls, such as calling home while on a business trip. However, a college official indicated other personal calls are sometimes made on the cellular phones. During our review of 12 cellular phone bills, we noted charges totaling \$1,150 for users going over the plan minutes and \$459 in roaming charges.

Some employees share plan minutes; therefore, it is difficult to determine which employee caused the overage charges. Additionally, cellular phone bills are not disbursed to the applicable employees for review. Therefore, employees are not necessarily aware of when their plan minutes are exceeded.

The college should review its current cellular telephone plans to ensure they address the needs of the college. In addition, a formal policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone and the proper use of the phone. Procedures should also be established to monitor cellular phone usage.

WE RECOMMEND the SFCC:

- A. Improve its handling of construction projects and construction management services by ensuring:
- 1) Future construction management services obtained by the college are subject to a competitive and well-documented evaluation and selection process.

- 2) The construction manager is required to provide adequate documentation to support any reimbursable expenses being claimed for payment.
 - 3) The reasons for any change orders approved by the board are adequately documented.
 - 4) Bid and other documentation related to its construction projects is retained by the college.
- B. Ensure competitive bids or proposals are solicited for purchases in accordance with the college's purchasing policy. If bids or proposals are not solicited, the circumstances should be fully documented.
- C. Ensure all expenditures of college monies are limited to those which are a prudent use of public funds.
- D. Develop a comprehensive policy regarding food purchases in an effort to control and reduce expenditures in this area. In conjunction with this, consideration should be given to prohibiting the purchase of alcohol with college funds. In addition, the college should establish a separate account number to allow it to better account for and monitor the extent of its food expenditures.
- E. Ensure written contracts or agreements are entered into and retained to support services obtained from outside service providers.
- F. Monitor the cellular telephone bills to ensure the phones are placed on the most economical calling plans. In addition, the college should establish a formal policy regarding cellular phone usage.

AUDITEE'S RESPONSE

- A. *SFCC is improving the handling of construction projects and construction management and will in the future maintain on-site documentation of the evaluation and selection process. In all instances, heretofore, documentation has been maintained by the construction manager at an off-site location.*
- B. *SFCC will ensure that competitive bids or proposals are solicited for purchases and services in accordance with the college's purchasing policies and that all processes are fully documented. It should be noted that the employee health insurance coverage bidding process is determined by the availability of interested service providers. Due to the college having multiple service sites throughout a 14-county service area, providers often do not participate in the bidding process.*

- C. *SFCC will continue efforts to ensure that all expenditures are a necessary and prudent use of public funds and we will continue to be good stewards of the public trust.*

It should be noted that SFCC believes that it is important to celebrate and honor the success, dedication and commitment of our employees in order to ensure that we provide quality programs and services to our students. Expenditures will be monitored and measured for their effectiveness and impact on creating a positive working and learning environment at SFCC.

- D. *SFCC is reviewing and revising policies as necessary and appropriate related to food purchases and expenditures. Current practice does not allow the purchase of alcohol with college funds.*

It should be noted that expenditures for food and catering services identified by the state auditors were often offset by the participants, attendees and/or donors invited to the event.

- E. *SFCC will obtain and retain documentation related to services provided by outside service providers.*

- F. *The College is preparing for Board approval a written policy regarding the use of cell phones; the policy will mandate the need for monitoring cellular telephone bills to ensure phones are placed on the most economical calling plan.*

7. Tuition Rates

The SFCC has increased tuition rates each of the last four years; however, the college does not adequately document the annual reviews of its tuition rates or the various factors considered when calculating and determining tuition rate increases. According to the college's audited financial statements, the college had current net assets of approximately \$9.8 million at June 30, 2004, with operating expenses of approximately \$20 million in fiscal year 2004.

The following table presents the tuition rates per credit hour (excluding fees) by category of student for the five most recent academic years (including the current year):

Academic Year	In-District	Out-of District	Out-of State	Inter- National
2004-2005	\$60	87	140	167
2003-2004	\$56	83	136	163
2002-2003	\$49	76	129	156
2001-2002	\$42	65	89	105
2000-2001	\$42	65	89	105

College officials indicated there are many factors considered when increasing tuition. These include, but are not limited to, reviewing enrollment and projected revenues, the level of planned employee raises, and new initiatives or planned construction projects. In addition, we were informed the college contacts other community colleges to determine their projected tuition rate levels. Also, the decrease in state funding in recent years has affected tuition levels and required college officials to anticipate possible further reductions of state funding when setting tuition rates. State funding provided to SFCC dropped from \$5.7 million in fiscal year 2002 to \$4.9 million in fiscal year 2004.

While the college had documentation of how it planned to reduce expenses for some years and had documentation of tuition rates of other community colleges, there was no documentation maintained to support how the college calculated its approved tuition rates each year.

It should be noted that SFCC's tuition rates were generally at or below the average rates of other two-year public colleges in the state. However, the college should maintain documentation to support how its tuition rates are established to provide assurance to its students and other constituents that any tuition rate increases are justified.

WE RECOMMEND the SFCC adequately document the annual reviews of its tuition levels and the various factors considered when calculating and setting its tuition rates.

AUDITEE'S RESPONSE

SFCC will continue its policy of annually reviewing tuition increases. Additionally, the college will more clearly document the various factors considered when setting tuition rates. It should be noted that tuition increases approved for the 2002-2003 academic year were offset by a reduction in laboratory fees.

Additionally, SFCC has been able to maintain its position statewide with one-half the community college tuition rates being higher and one-half being lower. Given the reduction in state funding over the last several years, SFCC has been able to minimize tuition increases and the burden that is placed on our students.

8. Day Care Operation

The contract with the college's current day care provider was not competitively procured and the service provider has not met all the financial accountability requirements provided in the contract. In addition, the college has not tracked the indirect costs it has incurred related to this operation.

The on-campus day care operation (named the Melita Day Nursery), which opened in 1997, is run by a separate not-for-profit corporation governed by its own Board of Directors. Besides providing child care services for SFCC students and staff, it provides training and classroom opportunities for the college's health and human services department, career technology center, and nursing department.

According to the 1996 contract which established this operation, the college agreed to pay the costs to renovate the building where the day care is located and be responsible for paying the property insurance, utilities, and maintenance costs related to this building. The corporation was to be responsible for paying the direct costs of the day care operation including: payroll, food service, nursery supplies and equipment, worker's compensation and liability insurance, and cleaning expenses.

We noted the following concerns related to the procurement of this day care provider and the related contract:

- A. The college did not solicit bids or proposals related to this day care operation. In addition, the college failed to document the reasons the provider was selected to run this on-campus operation. Competitive bidding provides a framework for the economical management of college resources and helps ensure the college contracts with a responsible service provider at a reasonable cost.
- B. The day care operation has not undergone any annual audits, as required by the contract. In addition, the day care has not been required to submit any periodic financial information to the college until recently.

The contract requires the day care to undergo an annual audit and make the results available to the SFCC. Any income beyond expenses is to be used first to upgrade nursery equipment and instructional materials, then to offset the SFCC expenses for utilities and other operating costs (as partial compensation for rent-free use of the building). Any amounts remaining are to be used to make other improvements as recommended by the day care's advisory committee.

The college has never received any money from the day care to offset expenses as provided by the contract. Without annual audits or periodic financial data from the day care provider, the college has no way to determine whether excess income has been generated by the day care operation.

As of October 2004, college officials indicated they had started receiving unaudited financial information from the day care.

- C. The college does not track the costs incurred related to the insurance, utilities, and building maintenance expenses associated with the day care, and therefore, does not know how much it spends annually related to this operation. As a result, the college is not currently in a position to know how much would be due to offset its expenses in the event the day care operation was to generate excess income.

WE RECOMMEND the SFCC:

- A. Consider soliciting competitive bids or proposals periodically from potential day care providers. The process and the reasons for selecting a particular provider should be documented.
- B. Require annual audits of the day care operation be conducted as specified in the contract. At a minimum, the day care should be required to provide an annual accounting of its revenues and expenses so the college can determine if any excess income is generated.
- C. Track the amount of college monies expended annually related to the day care operation.

AUDITEE'S RESPONSE

In fiscal year 2005, the Melita Day Care Nursery began providing unaudited financial documents to college administrators on a regular basis. Due to the historical relationship between the nursery and the community and the services that are provided to underserved families and students of the college, a competitive bid process in this instance was not deemed to be appropriate. Should the Melita Day Care nursery cease operations, SFCC will not continue to provide day care services on campus. Melita Day Care is a not-for-profit organization and maintains a very low annual budget. While costs incurred by the college in support of the nursery are minimal, the Nursery would not be able to remain open without that assistance. SFCC believes that the benefit of services provided to the children of our students exceed the support that is provided by the College to the nursery.

However, SFCC agrees to continue to request, obtain and monitor the financial activity of the nursery and will require annual audits of the day care operation. While expenditures are primarily limited to custodial services and utilities, the SFCC Board of Trustees will review the status of the partnership and will track the amount of college monies expended annually related to the operation of the day care.

During the three years ended June 30, 2004, the current and former college presidents received \$3,000 in promotional monies annually. Considering the contracts of both presidents provided they were to be reimbursed for reasonable expenses incurred on behalf of the college, it is questionable whether the payment of promotional monies to these officials was necessary or represented a prudent use of college funds.

The promotional monies paid to the former president were considered part of his salary, and there was no specific mention of this compensation in his contracts. The current president's employment contract provides the monies are to be paid to her at the beginning of the year, are not considered compensation, and are to be used to "promote the aims and activities of the college." There are no specific guidelines for how these funds should be spent nor is there a contractual requirement for her to account for the monies received.

No documentation was required or received from the former president for any promotional expenses incurred by him during the two years ended June 30, 2003; therefore, we were unable to determine the extent of any promotional expenses incurred by the former president during those two fiscal years. Although not required to do so, during the year ended June 30, 2004, the current president submitted documentation to support \$2,410 in promotional expenditures incurred by her during that year. According to college officials, the remaining promotional monies received for that year were carried over to be expended in the next fiscal year.

A review of the promotional expenses incurred by the current president during the year ended June 30, 2004, disclosed various expenses that may not represent a necessary or prudent use of college funds, as follows:

Employee Christmas party, food, and favor bags	\$ 792
Payments to attend political functions/fund-raisers	400
In-town meals with employees and/or guests	384
Donations to local organizations	190
Christmas and valentine cards	65

In October 2004, we discussed the promotional monies with college officials. At that time, the college president had not received any promotional monies for the current fiscal year (2005), and there was discussion that these payments might be discontinued.

WE RECOMMEND the SFCC reconsider the practice of paying promotional monies to the college president. If this practice continues, the president's contract

should include provisions which clarify how the promotional monies are to be used and how that official is to account for the expenses incurred.

AUDITEE'S RESPONSE

While the SFCC Board of Trustees firmly believes that the president's position justifies the need for promotional activities and that the expenditures identified are appropriate to the duties of the office, the president does not currently receive promotional funds. Over the past several years, the Board of Trustees has allotted \$3,000 a year for promotional activities for the sole benefit of the college and the students that are served. The Board of Trustees believes that promotional funds are absolutely necessary and that they will be provided to the president from sources other than public funding.

10.

Foundation

The SFCC subsidizes various operating and other expenses of its foundation. This practice does not appear appropriate and may violate provisions of the Missouri Constitution.

The foundation (officially known as the J. Higdon Potter Educational Foundation) was established in 1981 to raise funds to meet the needs of State Fair Community College. The foundation is a not-for-profit corporation that receives donations from individuals and organizations for the benefit of the college. The foundation's board of directors consists of the six members of the SFCC Board of Trustees, the treasurer of the Board of Trustees, the college president, and a number of appointed citizens of the SFCC service region. The foundation's mission is to support and assist the college in serving the community by providing accessible, quality educational programs and services.

The total subsidies provided could not be determined, but they primarily involved a portion of the payroll and employee fringe benefit costs of the college's vice-president of institutional advancement and her administrative assistant. Both of these individuals spend part of their time performing foundation duties; however, they are paid entirely by college funds.

The vice-president of institutional advancement also serves as the executive director of the foundation. During our discussions with that official, she indicated she does not track the time she spends on foundation activities versus her college duties. However, she estimated that she spends approximately one-twelfth of her time on foundation activities. Based on this estimate, we determined that during the three years ended June 30, 2004, the college provided subsidies totaling over \$18,000 to the foundation related to the payroll and fringe benefits for this employee. Similarly, the time spent on foundation activities by the administrative assistant is not tracked. We did not attempt to estimate the extent of subsidies provided by the college related to this employee.

In addition to the salary and fringe benefit expenses noted above, we noted other foundation-related expenses paid by the college. These included a \$255 luncheon for foundation members and the \$796 cost of a planned giving seminar attended by the vice-president of institutional advancement.

The practice of subsidizing the foundation with college funds appears to constitute the granting of public funds to a private entity, which is prohibited by Article VI, Section 25 of the Missouri Constitution.

WE RECOMMEND the SFCC discontinue the practice of subsidizing operations and activities of the foundation. The college should track any time worked by college officials/employees on foundation activities and request reimbursement for these costs. In addition, the college should consider requesting reimbursement from foundation funds for past subsidies.

AUDITEE'S RESPONSE

The SFCC Foundation was created by the Board of Trustees in 1981 solely to benefit the college and the students it serves. The role of the SFCC Foundation is to support SFCC in carrying out its mission, and without exception, this is what it has done.

Case law interpreting Article VI, Section 25 of the Missouri Constitution holds that there is no violation of the prohibition to grant public funds to a private entity, in this case a (501) (c) (3) organization, when public funds are spent for public purposes. As such, any funds expended by the College in support of the Foundation are for public purposes. It is for this reason the College stands firm in its belief that College support of the Foundation is legal and within the parameters of the Missouri Constitution.

Since inception, the SFCC Foundation's financial benefit to the College has far exceeded costs incurred. The report cites subsidies from the College to the Foundation during the three years ending in June 30, 2004 totaling over \$19,051. During fiscal 2004 alone, the Foundation disbursed over \$265,000 to the College. Over the past 10 years, almost \$9 million have passed through the Foundation to the College funding the construction of the Stauffacher Center for the Fine Arts; the Daum Museum of contemporary Art; the Potter-Ewing Agriculture Building; and the Fred E. Davis Multipurpose Center. Over \$600,000 in scholarship funds have been disbursed enabling hundreds of students to access higher education – many of whom could not have done so without this assistance.

SFCC and its students have benefited and will continue to benefit exclusively from the activities of the Foundation. SFCC has no plans to seek reimbursement from the Foundation now or in the future for funds which are provided to the College and its students many times over.

It is the college's policy to record all capital asset purchases on its property records and affix tags to the items to identify them as property of the SFCC. Our review of the college's capital asset records and related procedures disclosed the following concerns:

- A. Some capital asset items have not been property tagged. We noted 12 items with a value of \$43,638 on the capital asset records which had not been properly tagged. Many of these items represented computer and video conferencing equipment.

Capital asset items should be properly tagged and recorded in the property records as required by SFCC policy.

- B. The college has not established adequate policies and procedures to properly handle and account for property dispositions.

Capital asset dispositions are not required to be formally approved or authorized. Some departments inform the property control clerk that a unused item(s) needs to be picked up to be sold or junked. Other departments take the disposed item(s) directly to the maintenance shed to be sold at the next surplus auction. However, documentation of supervisory approval of these dispositions is not required.

In addition, we determined the property control clerk does not always receive timely notice that property items are no longer in use or need to be junked. That individual indicated during physical inventory counts she sometimes found items that need to be disposed of or junked, but she had received no prior notification of this. For example, during the final physical inventory at the Jefferson City campus, she discovered over \$11,000 in obsolete computer equipment, much of which had been cannibalized for parts.

The college needs to establish adequate policies and procedures regarding the identification and disposition of unneeded surplus or obsolete property. These procedures should require the documented approval of property dispositions by an appropriate management official.

- C. Although periodic physical inventories are conducted of the college's capital asset items, these inventories are performed by the property control clerk who is also responsible for maintaining the property records. The property control clerk indicated that sometimes she will have another employee assist her in performing these inventories; however, this is not a requirement.

To ensure adequate control over capital assets, the physical inventories should be performed by someone other than the individual who is responsible for maintaining the property records.

- D. The SFCC has 10 vehicles on its main campus. The controls over the usage of some of these vehicles are not adequate. Mileage and/or usage logs are only maintained on four of the vehicles. Those vehicles where logs are not maintained are generally used in-town by the maintenance and janitorial staff and the staff of the career and technologies center.

Mileage and/or usage logs are necessary to document the appropriate use of the vehicles and could be used in evaluating fuel costs. These logs should be reviewed by a supervisor to ensure all mileage is recorded, ensure the vehicles are being properly utilized, and help identify vehicles that should be replaced. In addition, proper check-out procedures are needed to ensure only appropriate employees are using college vehicles.

WE RECOMMEND the SFCC:

- A. Ensure all capital asset items are properly tagged as required by policy.
- B. Establish written policies and procedures regarding the identification and disposition of unneeded surplus or obsolete property. These procedures should require the documented approval of property dispositions by an appropriate management official.
- C. Ensure the physical inventory of capital asset items is performed by an individual independent of the record-keeping duties.
- D. Ensure complete vehicle mileage/usage logs are prepared for all vehicles. The mileage/usage logs should be monitored for propriety and reasonableness of miles traveled. In addition, proper check-out procedures should be required.

AUDITEE'S RESPONSE

SFCC agrees to review all capital assets policies, revising when necessary and implementing new policies when appropriate, including the identification and disposition of unneeded surplus or obsolete property and establishing usage of mileage logs in all college vehicles.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

STATE FAIR COMMUNITY COLLEGE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

State Fair Community College (SFCC) was established as a result of a public election on April 5, 1966, in accordance with enabling legislation by the Missouri General Assembly (Section 178.770, RSMo). The district was given the legal designation, the Junior College District of Sedalia, Missouri.

SFCC first opened for classes in September 1968 in an interim facility erected just west of the Missouri State Fairgrounds. The temporary facility eventually gave way to a permanent campus, comprising nearly 129 acres. The college's buildings have resulted largely from private benefactors, matching state funds, and fund-raising campaigns. Notably, the campus houses the Daum Museum of Contemporary Art, which opened in 2001. The Fred E. Davis Multipurpose Center, housing the Roadrunner sports teams, completed the college's original master building plan in 2001.

SFCC delivers classes or dual credit courses to 28 locations in 14 counties in addition to its Sedalia campus. Extended campus sites are located at the Boonslick Technical Education Center, Boonville; Clinton Technical School; Lake Career and Technical Center, Camdenton; Morgan County R-II, Versailles; Saline County Career Center, Marshall; Eldon High School; Warsaw High School; and Whiteman Air Force Base, Knob Noster. An extended campus site located in Jefferson City was closed in August 2004.

Other locations served include Blair Oaks High School, Jefferson City; Boonville Correctional Center; California High School; Camdenton High School; Clinton High School; Cole Camp High School; Cole County R-V, Eugene; Concordia High School; Eldon High School; La Monte High School; Lincoln High School; Morgan County R-I, Stover; New Bloomfield High School; Nichols Career Center, Jefferson City; Northwest High School, Hughesville; Russellville High School; Sacred Heart High School, Sedalia; School of the Osage, Kaiser; Smith-Cotton High School, Sedalia; and Smithton High School.

SFCC serves the educational needs of 14 counties in west central Missouri. The taxing district, designated in 1966, includes most of Benton and Pettis counties as well as the following school districts: Benton County R-I, Cole Camp; Benton County R-II, Lincoln; Benton County R-IX, Warsaw; Cooper County R-VI, Otterville; Pettis County R-I, La Monte; Pettis County R-IV, La Monte; Pettis County R-V, Hughesville/Houstonia; Pettis County R-VI, Smithton; Pettis County R-VIII, Green Ridge; Pettis County R-XIII, Dresden; and the Sedalia 200 School District. The Otterville School District in Cooper County was added to the district by annexation in an April 1985 election. In 1995, state legislation expanded SFCC's service area to include Camden, Carroll, Cole, Cooper, Henry, Hickory, Johnson, Miller, Moniteau, Morgan, Saline, and St. Clair Counties.

SFCC has been affiliated to the North Central Association of Colleges and Schools since it was founded. Correspondence status was granted in 1968. Full accreditation was granted in 1976, 1981, 1988, and 1999.

In the fall of 2004, 2003, and 2002, the SFCC's full-time equivalent student enrollment at the Sedalia campus totaled 1,680, 1,690, and 1,638, respectively. The SFCC employed approximately 165 full-time and 160 part-time employees in the fall of 2004, approximately 170 full-time and 160 part-time employees in the fall of 2003, and approximately 164 full-time and 147 part-time employees in the fall of 2002.

The SFCC is governed by a six-member Board of Trustees, who are elected by the voters in the district. The trustees serve six-year terms. These individuals serve without compensation; however, they receive reimbursement for any expenses incurred in performing their duties.

The Board of Trustees as of June 30, 2004, consisted of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Ends</u>
Dr. David Decker	President	April 2008
Jerry Greer	Vice President	April 2006
Ron Wineinger	Secretary	April 2008
Ken Brown	Member	April 2010
Gary Noland	Member	April 2010 (1)
Bob Hoskins	Member	April 2006

(1) Gary Noland replaced Al McCurdy in April 2004.

The Board of Trustees appoints a President to serve as the college's Chief Executive Officer. Four Vice Presidents have been appointed to oversee Educational Services, Institutional Advancement, Student Services, and Business Affairs.

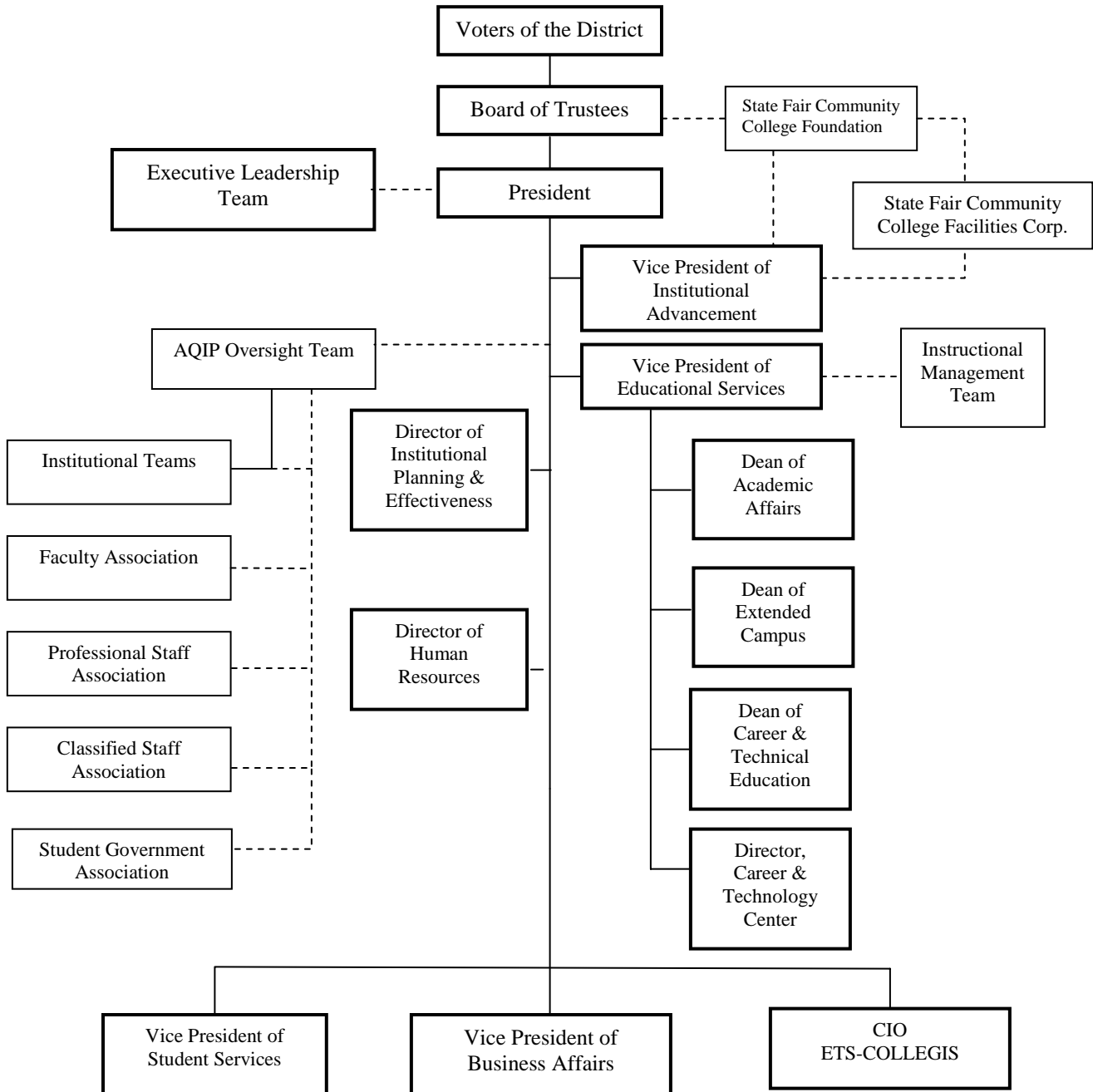
The individuals serving as Officers and their annual compensation as of June 30, 2004, were as follows:

<u>Name</u>	<u>Position</u>	<u>Annual Compensation</u>
Dr. Marsha Drennon	President	\$ 120,000 (1)
Dr. Brent Bates	Vice President of Educational Services	79,825
Mary McIntosh	Vice President of Institutional Advancement	65,806
Dr. Michael Ash	Vice President of Student Services	67,667
Bill Dey	Vice President of Business Affairs	74,438

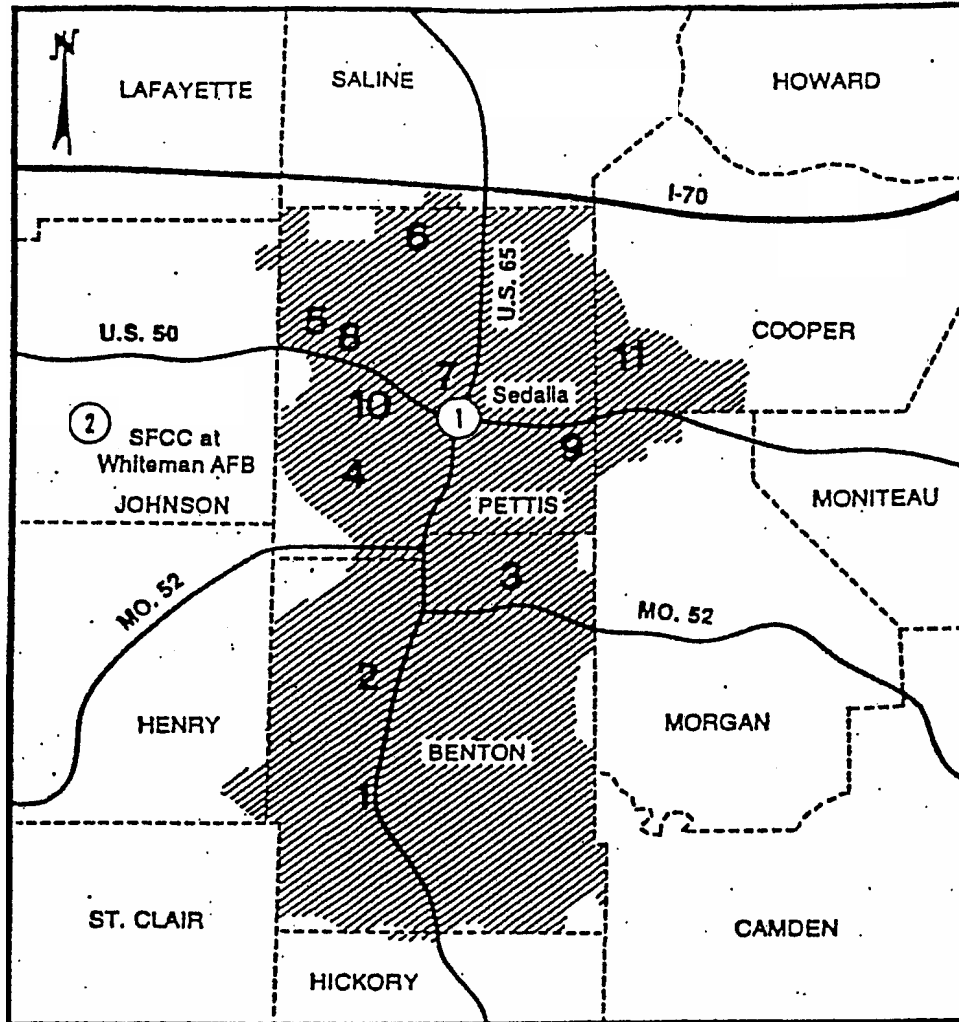
(1) Dr. Marsha Drennon was employed by the college in July 2003, replacing Dr. Stephen Poort. In addition to her base salary of \$120,000, Dr. Drennon's contract included an additional \$3,000 to be used to promote the aims and activities of the College.

An organization chart, a district map, and financial information follow.

STATE FAIR COMMUNITY COLLEGE
ORGANIZATION CHART
JUNE 30, 2004



STATE FAIR COMMUNITY COLLEGE DISTRICT MAP



- ① State Fair Community College
- ② SFCC at Whiteman AFB
- /// Junior College District Boundary

District High Schools

1. Benton County R-IX, Warsaw
2. Benton County R-II, Lincoln
3. Benton County R-I, Cole Camp
4. Pettis County R-VIII, Green Ridge
5. Pettis County R-IV, LaMonte
6. Pettis County R-V, Northwest (Hughesville)
7. Pettis County 200, Smith-Cotton (Sedalia)
8. Pettis County R-I
9. Pettis County R-VI, Smithton
10. Pettis County R-XII, Dresden
11. Cooper County R-VI, Otterville

Appendix

STATE FAIR COMMUNITY COLLEGE UNRESTRICTED REVENUES AND EXPENSES - CURRENT FUND THREE YEARS ENDED JUNE 30, 2004

	Year Ended June 30,		
	2004	2003	2002
REVENUES			
State aid	\$ 4,860,913	4,967,039	4,820,147
On-campus tuition	4,393,300	3,837,669	3,087,019
Off-campus tuition	1,747,496	1,708,439	1,714,001
Federal grants/contracts	406,514	229,969	174,001
State grants/contracts	1,130,119	937,708	913,066
State vocational reimbursements	146,471	154,607	206,880
Local property taxes	2,670,546	2,534,671	2,388,224
Local grants/contracts	271,037	97,237	117,538
Private gifts/grants	279,447	177,433	242,590
Investment income	134,125	151,935	260,848
Sales and services	104,412	119,751	133,921
Athletic income	7,229	7,857	5,813
Other	147,630	79,595	90,420
Total Revenues	<u>16,299,239</u>	<u>15,003,910</u>	<u>14,154,468</u>
EXPENSES			
Instruction	6,972,656	6,507,865	6,461,595
Public service	28,945	78,231	72,485
Academic support	1,821,689	2,052,092	1,862,794
Student services	1,217,790	978,484	1,042,581
Institutional support	2,332,023	1,649,083	1,625,543
Operation and maintenance of plant	1,221,030	1,085,569	1,026,845
Scholarships	532,358	585,136	608,839
Total Expenses	<u>14,126,491</u>	<u>12,936,460</u>	<u>12,700,682</u>
UNRESTRICTED REVENUES OVER			
UNRESTRICTED EXPENSES	<u>\$ 2,172,748</u>	<u>2,067,450</u>	<u>1,453,786</u>



Claire McCaskill
Missouri State Auditor

April 2005

Barton County, Missouri

Years Ended
December 31, 2003 And 2002



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Barton, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Barton County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2003 and 2002, the county's SEFA did not include expenditures related to some of its federal grants (primarily expenditures of the highway planning and construction and public assistance grants) which resulted in total expenditures being understated by approximately \$50,000 and \$486,000, respectively.
- The County Commission did not monitor prevailing wages paid during the construction of a county bridge in violation of federal and state laws. In addition, the County Commission has not properly monitored its subrecipients' expenditures for federal emergency management assistance (FEMA). As a result, the County Commission allowed these subrecipients to expend over \$457,000 without reviewing or monitoring expenditures related to the FEMA program.
- The controls and procedures over county expenditures need improvement. The county did not always solicit bids or retain bid documentation for various purchases, prepaid a vendor \$76,741 for materials that were not delivered for several months, and has not made the required payments to the Missouri Office of Prosecuting Services (MOPS) since 2002 and owes the MOPS \$10,492. The County Commission indicated they would not make any payments to the MOPS until IV-D incentive monies are released by the state. In addition, some expenditures did not appear to be a prudent use of county funds and the county has not adopted formal policies and procedures for the use of county credit cards, has not prepared an annual maintenance plan for county bridges, and has not established formal follow up procedures for unpaid prisoner board bills.
- Some officials' salaries for the year ending December 31, 2004 are not supported by salary commission actions. In addition, various county employees who handle monies are not bonded.

(over)

YELLOW SHEET

- Centralized leave records are not maintained for all county employees by the County Clerk. As a result, two Sheriff's office employees were allowed to accumulate annual leave beyond the maximum allowed by the county's personnel policy and another employee was allowed to take annual leave beyond his accumulated balance.
- Problems were noted related to the Circuit Clerk's accounting controls and procedures. Bank reconciliations are not prepared for the fee account in a timely manner, the Circuit Clerk relies on the Office of State Courts Administrator (OSCA) to identify and resolve errors made in the accounting system, several outstanding checks are over one year old, and open items (liabilities) are not reconciled to the related cash balance. In addition, a complete listing of accrued costs owed to the court is not maintained and monitoring procedures related to accrued costs are not adequate. The Law Library Fund has accumulated a significant fund balance without any specific documented plans for its use, and over \$20,000 is maintained in a noninterest-bearing checking account.
- Controls and procedures need improvement in the Sheriff's office. Receipts are not always deposited timely, checks and money orders received are not restrictively endorsed and safeguarded until deposited, receipt slips are not always properly accounted for, the method of payment is not always indicated on receipt slips, and original copies of voided receipt slips are not always maintained. Controls and procedures over inmate monies regarding the segregation of duties, following up on old outstanding checks, and preparing listings of open items (liabilities) have not been established. In addition, seized property items are not always tagged to identify the property to a specific case, the Sheriff's office does not calculate the average cost of meals served to prisoners, and vehicle logs are not maintained for Sheriff's office vehicles.

Also included in the audit were recommendations related to general fixed assets. The audit also suggested improvements in the procedures of the Prosecuting Attorney, Assessor, and Health Center.

All reports are available on our website: www.auditor.mo.gov

BARTON COUNTY, MISSOURI

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BARTON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Barton County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Barton County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Barton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 15, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Barton County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

December 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Tillery, CPA
In-Charge Auditor:	Jody R. Vernon, CPA
Audit Staff:	Jay Ross
	Monte Davault
	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Barton County, Missouri

We have audited the financial statements of various funds of Barton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Barton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Barton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Barton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 15, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

BARTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 258,991	839,139	783,232	314,898
Special Road and Bridge	843,870	1,090,158	1,018,912	915,116
Assessment	8	132,452	132,295	165
Law Enforcement Training	3,006	5,719	5,321	3,404
Prosecuting Attorney Training	2,585	688	1,191	2,082
Recorder	62,581	9,264	4,722	67,123
Prosecuting Attorney Bad Check	11,636	10,763	5,257	17,142
Law Enforcement Sales Tax	254,980	608,958	658,880	205,058
Local Use Sales Tax	71,721	413	3,136	68,998
Emergency 911	493,193	116,669	103,033	506,829
Noxious Weed	5,289	0	45	5,244
Election	4,170	607	204	4,573
FEMA	1,240	0	1,055	185
Drug Task Force	759	4	0	763
Health Center	395,950	830,598	917,801	308,747
Ex Officio Collector's Tax Maintenance	920	8,462	4,833	4,549
Special Law Enforcement Drug	3,998	21	0	4,019
Federal Forfeitures	45,463	248	0	45,711
Associate and Circuit Division Interest	4,628	461	2,172	2,917
Law Library	24,786	7,057	6,863	24,980
Total	\$ 2,489,774	3,661,681	3,648,952	2,502,503

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BARTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 284,409	763,782	789,200	258,991
Special Road and Bridge	725,633	728,861	610,624	843,870
Assessment	158	136,384	136,534	8
Law Enforcement Training	8,159	2,311	7,464	3,006
Prosecuting Attorney Training	2,905	592	912	2,585
Recorder	59,031	8,659	5,109	62,581
Prosecuting Attorney Bad Check	10,692	11,264	10,320	11,636
Law Enforcement Sales Tax	193,902	679,250	618,172	254,980
Local Use Sales Tax	78,238	848	7,365	71,721
Emergency 911	423,546	117,499	47,852	493,193
Noxious Weed	5,400	0	111	5,289
Election	2,887	1,283	0	4,170
FEMA	0	459,131	457,891	1,240
Drug Task Force	750	9	0	759
Health Center	335,426	839,275	778,751	395,950
Ex Officio Collector's Tax Maintenance	0	920	0	920
Special Law Enforcement Drug	3,800	1,347	1,149	3,998
Federal Forfeitures	44,932	531	0	45,463
Associate and Circuit Division Interest	5,546	267	1,185	4,628
Law Library	27,000	26,687	28,901	24,786
Total	\$ 2,212,414	3,778,900	3,501,540	2,489,774

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,534,839	3,653,894	119,055	3,036,589	3,749,148	712,559
DISBURSEMENTS	5,231,289	3,639,917	1,591,372	4,675,477	3,470,305	1,205,172
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,696,450)	13,977	1,710,427	(1,638,888)	278,843	1,917,731
CASH, JANUARY 1	2,409,871	2,410,899	1,028	2,116,968	2,131,136	14,168
CASH, DECEMBER 31	713,421	2,424,876	1,711,455	478,080	2,409,979	1,931,899
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	71,500	80,336	8,836	79,800	80,630	830
Sales taxes	449,050	447,758	(1,292)	436,200	448,767	12,567
Intergovernmental	79,160	82,879	3,719	41,675	36,587	(5,088)
Charges for services	161,945	188,900	26,955	165,840	162,195	(3,645)
Interest	4,000	2,193	(1,807)	15,000	4,685	(10,315)
Other	12,810	19,073	6,263	11,500	12,918	1,418
Transfers in	18,000	18,000	0	18,000	18,000	0
Total Receipts	796,465	839,139	42,674	768,015	763,782	(4,233)
DISBURSEMENTS						
County Commissioner	99,610	87,181	12,429	98,270	88,089	10,181
County Clerk	70,300	68,962	1,338	66,900	65,040	1,860
Elections	39,750	36,746	3,004	81,300	64,131	17,169
Buildings and grounds	190,600	58,397	132,203	147,200	53,800	93,400
Employee fringe benefit	74,100	70,884	3,216	72,000	70,322	1,678
County Treasurer	63,425	62,218	1,207	59,550	59,666	(116)
County Collector	500	28	472	1,000	0	1,000
Ex Officio Recorder of Deed	59,590	56,000	3,590	40,850	39,690	1,160
Circuit Clerk	12,000	10,650	1,350	15,900	12,275	3,625
Court administration	16,665	13,529	3,136	21,580	11,892	9,688
Public Administrator	40,610	51,967	(11,357)	37,290	39,560	(2,270)
Jail	10,000	0	10,000	25,000	0	25,000
Prosecuting Attorney	102,890	88,111	14,779	100,490	83,788	16,702
Juvenile Offices	28,440	23,472	4,968	21,780	24,246	(2,466)
Public health and welfare service	18,600	14,861	3,739	10,470	16,782	(6,312)
Other	94,450	87,840	6,610	96,925	89,255	7,670
Computer	29,300	23,886	5,414	39,100	44,289	(5,189)
Transfers out	44,750	28,500	16,250	29,120	26,375	2,745
Emergency Fund	24,270	0	24,270	22,365	0	22,365
Total Disbursements	1,019,850	783,232	236,618	987,090	789,200	197,890
RECEIPTS OVER (UNDER) DISBURSEMENTS	(223,385)	55,907	279,292	(219,075)	(25,418)	193,657
CASH, JANUARY 1	258,991	258,991	0	283,682	284,409	727
CASH, DECEMBER 31	35,606	314,898	279,292	64,607	258,991	194,384

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	995,000	1,059,929	64,929	674,000	686,680	12,680
Charges for services	0	1,188	1,188	0	11,392	11,392
Interest	11,000	5,259	(5,741)	20,000	10,169	(9,831)
Other	0	23,782	23,782	4,000	20,620	16,620
Total Receipts	1,006,000	1,090,158	84,158	698,000	728,861	30,861
DISBURSEMENTS						
Salaries	125,000	108,836	16,164	121,000	104,143	16,857
Employee fringe benefit	76,300	25,961	50,339	80,200	21,588	58,612
Supplies	2,950	1,456	1,494	2,950	1,216	1,734
Insurance	8,500	3,340	5,160	10,500	3,686	6,814
Road and bridge materials	40,000	8,375	31,625	45,000	126,712	(81,712)
Equipment repairs	20,000	9,231	10,769	20,000	9,042	10,958
Rentals	3,000	409	2,591	3,000	1,437	1,563
Equipment purchases	108,500	513	107,987	91,500	34,462	57,038
Construction, repair, and maintenance	817,000	640,104	176,896	716,000	193,817	522,183
Distributions to township	84,000	84,000	0	84,000	84,000	0
Emergency Fund	200,000	1,807	198,193	150,000	0	150,000
Other	59,000	116,880	(57,880)	22,400	12,521	9,879
Transfers out	18,000	18,000	0	18,000	18,000	0
Total Disbursements	1,562,250	1,018,912	543,338	1,364,550	610,624	753,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(556,250)	71,246	627,496	(666,550)	118,237	784,787
CASH, JANUARY 1	843,870	843,870	0	724,764	725,633	869
CASH, DECEMBER 31	287,620	915,116	627,496	58,214	843,870	785,656
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	107,022	102,741	(4,281)	117,782	109,239	(8,543)
Interest	200	86	(114)	725	210	(515)
Other	700	1,125	425	580	560	(20)
Transfers in	44,750	28,500	(16,250)	29,113	26,375	(2,738)
Total Receipts	152,672	132,452	(20,220)	148,200	136,384	(11,816)
DISBURSEMENTS						
Assessor	152,660	132,295	20,365	148,310	136,534	11,776
Total Disbursements	152,660	132,295	20,365	148,310	136,534	11,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	12	157	145	(110)	(150)	(40)
CASH, JANUARY 1	8	8	0	145	158	13
CASH, DECEMBER 31	20	165	145	35	8	(27)

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	4,000	5,713	1,713	5,000	2,252	(2,748)
Interest	60	6	(54)	300	59	(241)
Total Receipts	4,060	5,719	1,659	5,300	2,311	(2,989)
DISBURSEMENTS						
Sheriff	8,800	5,321	3,479	13,000	7,464	5,536
Total Disbursements	8,800	5,321	3,479	13,000	7,464	5,536
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,740)	398	5,138	(7,700)	(5,153)	2,547
CASH, JANUARY 1	3,006	3,006	0	8,149	8,159	10
CASH, DECEMBER 31	(1,734)	3,404	5,138	449	3,006	2,557
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	600	674	74	900	557	(343)
Interest	40	14	(26)	175	35	(140)
Total Receipts	640	688	48	1,075	592	(483)
DISBURSEMENTS						
Prosecuting Attorney	3,200	1,191	2,009	3,900	912	2,988
Total Disbursements	3,200	1,191	2,009	3,900	912	2,988
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,560)	(503)	2,057	(2,825)	(320)	2,505
CASH, JANUARY 1	2,585	2,585	0	2,901	2,905	4
CASH, DECEMBER 31	25	2,082	2,057	76	2,585	2,509
<u>RECORDER FUND</u>						
RECEIPTS						
Charges for service:	7,800	8,895	1,095	6,100	7,907	1,807
Interest	750	369	(381)	1,500	752	(748)
Total Receipts	8,550	9,264	714	7,600	8,659	1,059
DISBURSEMENTS						
Recorder of Deeds	67,000	4,722	62,278	66,500	5,109	61,391
Total Disbursements	67,000	4,722	62,278	66,500	5,109	61,391
RECEIPTS OVER (UNDER) DISBURSEMENTS	(58,450)	4,542	62,992	(58,900)	3,550	62,450
CASH, JANUARY 1	62,581	62,581	0	58,958	59,031	73
CASH, DECEMBER 31	4,131	67,123	62,992	58	62,581	62,523

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	12,000	10,676	(1,324)	15,000	10,959	(4,041)
Interest	150	87	(63)	700	144	(556)
Other	0	0	0	0	161	161
Total Receipts	12,150	10,763	(1,387)	15,700	11,264	(4,436)
DISBURSEMENTS						
Prosecuting Attorney	23,000	5,257	17,743	24,600	10,320	14,280
Total Disbursements	23,000	5,257	17,743	24,600	10,320	14,280
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,850)	5,506	16,356	(8,900)	944	9,844
CASH, JANUARY 1	11,636	11,636	0	10,679	10,692	13
CASH, DECEMBER 31	786	17,142	16,356	1,779	11,636	9,857
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	448,500	447,643	(857)	435,000	448,249	13,249
Intergovernmental	0	0	0	0	42,046	42,046
Charges for services	109,350	143,337	33,987	108,750	185,192	76,442
Interest	3,800	1,452	(2,348)	6,000	3,763	(2,237)
Other	0	16,526	16,526	0	0	0
Total Receipts	561,650	608,958	47,308	549,750	679,250	129,500
DISBURSEMENTS						
Sheriff	370,800	350,590	20,210	347,500	325,825	21,675
Jail	384,343	289,534	94,809	374,340	277,569	96,771
Coroner	19,100	18,756	344	19,100	14,778	4,322
Total Disbursements	774,243	658,880	115,363	740,940	618,172	122,768
RECEIPTS OVER (UNDER) DISBURSEMENTS	(212,593)	(49,922)	162,671	(191,190)	61,078	252,268
CASH, JANUARY 1	254,980	254,980	0	193,653	193,902	249
CASH, DECEMBER 31	42,387	205,058	162,671	2,463	254,980	252,517
<u>LOCAL USE SALES TAX FUND</u>						
RECEIPTS						
Interest	800	413	(387)	2,500	848	(1,652)
Total Receipts	800	413	(387)	2,500	848	(1,652)
DISBURSEMENTS						
Equipment	20,000	0	20,000	20,000	3,241	16,759
Capital improvements	50,000	3,136	46,864	60,000	4,124	55,876
Transfers out	2,000	0	2,000	0	0	0
Total Disbursements	72,000	3,136	68,864	80,000	7,365	72,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,200)	(2,723)	68,477	(77,500)	(6,517)	70,983
CASH, JANUARY 1	71,721	71,721	0	78,142	78,238	96
CASH, DECEMBER 31	521	68,998	68,477	642	71,721	71,079

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for services	115,900	113,675	(2,225)	108,650	111,780	3,130
Interest	5,500	2,994	(2,506)	14,000	5,719	(8,281)
Total Receipts	121,400	116,669	(4,731)	122,650	117,499	(5,151)
DISBURSEMENTS						
Supplies	10,000	63	9,937	5,000	1,124	3,876
Training	50,000	167	49,833	100,000	575	99,425
Equipment	405,000	76,440	328,560	260,000	15,440	244,560
Telephone services	40,000	26,363	13,637	38,000	30,713	7,287
Transfers out	100,000	0	100,000	100,000	0	100,000
Total Disbursements	605,000	103,033	501,967	503,000	47,852	455,148
RECEIPTS OVER (UNDER) DISBURSEMENTS	(483,600)	13,636	497,236	(380,350)	69,647	449,997
CASH, JANUARY 1	493,193	493,193	0	423,021	423,546	525
CASH, DECEMBER 31	9,593	506,829	497,236	42,671	493,193	450,522
<u>NOXIOUS WEED FUND</u>						
RECEIPTS						
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Noxious weed	5,288	45	5,243	5,400	111	5,289
Total Disbursements	5,288	45	5,243	5,400	111	5,289
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,288)	(45)	5,243	(5,400)	(111)	5,289
CASH, JANUARY 1	5,289	5,289	0	5,400	5,400	0
CASH, DECEMBER 31	1	5,244	5,243	0	5,289	5,289
<u>ELECTION FUND</u>						
RECEIPTS						
Charges for services	800	581	(219)	1,200	1,241	41
Interest	40	26	(14)	75	42	(33)
Total Receipts	840	607	(233)	1,275	1,283	8
DISBURSEMENTS						
Elections	5,000	204	4,796	4,000	0	4,000
Total Disbursements	5,000	204	4,796	4,000	0	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,160)	403	4,563	(2,725)	1,283	4,008
CASH, JANUARY 1	4,170	4,170	0	2,887	2,887	0
CASH, DECEMBER 31	10	4,573	4,563	162	4,170	4,008

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FEMA FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	459,131	459,131
Total Receipts	0	0	0	0	459,131	459,131
DISBURSEMENTS						
Townships	1,240	1,055	185	0	457,891	(457,891)
Total Disbursements	1,240	1,055	185	0	457,891	(457,891)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,240)	(1,055)	185	0	1,240	1,240
CASH, JANUARY 1	1,240	1,240	0	0	0	0
CASH, DECEMBER 31	0	185	185	0	1,240	1,240
<u>DRUG TASK FORCE FUND</u>						
RECEIPTS						
Interest	10	4	(6)	20	8	(12)
Other	0	0	0	0	1	1
Total Receipts	10	4	(6)	20	9	(11)
DISBURSEMENTS						
Supplies	758	0	758	700	0	700
Total Disbursements	758	0	758	700	0	700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(748)	4	752	(680)	9	689
CASH, JANUARY 1	759	759	0	750	750	0
CASH, DECEMBER 31	11	763	752	70	759	689
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	127,642	132,255	4,613	121,828	127,642	5,814
Intergovernmental	666,530	631,211	(35,319)	525,260	632,637	107,377
Charges for service:	38,520	36,118	(2,402)	34,125	38,427	4,302
Interest	11,135	5,885	(5,250)	8,156	9,182	1,026
Other	20,970	25,129	4,159	27,135	31,387	4,252
Total Receipts	864,797	830,598	(34,199)	716,504	839,275	122,771
DISBURSEMENTS						
Salaries	709,952	681,052	28,900	590,247	623,266	(33,019)
Office expenditures:	43,600	54,410	(10,810)	46,043	38,871	7,172
Equipment	82,715	81,895	820	18,975	21,940	(2,965)
Mileage and training	35,345	35,395	(50)	31,540	34,489	(2,949)
Inservice and education	2,800	4,089	(1,289)	3,650	1,908	1,742
Contractor labor and professional fee	10,000	15,664	(5,664)	9,220	8,067	1,153
Building and grounds	7,100	2,380	4,720	7,050	0	7,050
Environmental grant	3,183	4,211	(1,028)	0	10,087	(10,087)
Other	33,055	38,705	(5,650)	26,762	40,123	(13,361)
Total Disbursements	927,750	917,801	9,949	733,487	778,751	(45,264)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(62,953)	(87,203)	(24,250)	(16,983)	60,524	77,507
CASH, JANUARY 1	394,922	395,950	1,028	323,837	335,426	11,589
CASH, DECEMBER 31	331,969	308,747	(23,222)	306,854	395,950	89,096

Exhibit B

BARTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EX OFFICIO COLLECTOR'S TAX MAINTENANCE FUND						
RECEIPTS						
Charges for services	4,800	8,445	3,645			
Interest	5	17	12			
Total Receipts	4,805	8,462	3,657			
DISBURSEMENTS						
Ex Officio Collector	3,250	4,833	(1,583)			
Total Disbursements	3,250	4,833	(1,583)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,555	3,629	2,074			
CASH, JANUARY 1	920	920	0			
CASH, DECEMBER 31	\$ 2,475	4,549	2,074			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

BARTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Barton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Ex Officio Collector's Tax Maintenance Fund	2002
Special Law Enforcement Drug Fund	2003 and 2002
Federal Forfeitures Fund	2003 and 2002
Associate and Circuit Division Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
FEMA Fund	2002
Health Center Fund	2002
Ex Officio Collector's Tax Maintenance Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2003 and 2002, included all funds presented in the accompanying financial statements.

The Health Center also published financial statements for the years ended December 31, 2003 and 2002, showing receipts or revenues, disbursements or expenditures, and beginning and ending balances; however, it did not publish a detailed list of payments to vendors.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

4. Prior Period Adjustment

The Election Fund's cash balance of \$2,887 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

BARTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Direct programs:				
10.904	Watershed Protection and Flood Prevention	EWP DSR 011-03-03 \$	20,000	0
		EWP DSR 011-03-04	6,300	0
		EWP DSR 011-03-06	9,900	0
Program Total			<u>36,200</u>	<u>0</u>
Passed through state:				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4105	9,608	0
		ERS045-3105W	36,342	10,852
		ERS045-2105	0	30,726
Program Total			<u>45,950</u>	<u>41,578</u>
10.559	Summer Food Service Program for Children	ERS146-3105I	195	0
		ERS146-3105I	0	120
		Program Total	<u>195</u>	<u>120</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bullet Proof Partnership Program	N/A	3,451	0
Passed through:				
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,228	934
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-006 (13)	349,687	20,721
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	8,563	4,479

Schedule

BARTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Direct programs:				
66.460	Nonpoint Source Implementation Grant	N/A	1,179	0
66.604	Environmental Justice Hazardous Substances Research Small Grants to Community Group	N/A	2,633	10,087
Passed through state Department of Public Safety				
83.544	Public Assistance Grants ¹	FEMA-1463-DR-MO	22,155	0
		FEMA-1412-DR-MO	0	457,788
	Program Total		22,155	457,788
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3105T	3,100	0
		ERS146-2105L	0	2,013
	Program Total		3,100	2,013
93.268	Immunization Grants	N/A	36,832	47,654
		PGA064-3105A	3,900	1,865
		PGA064-2105A	0	1,815
	Program Total		40,732	51,334
Department of Social Services -				
93.563	Child Support Enforcement	N/A	569	346
93.575	Child Care and Development Block Grant	PGA067-2105S	1,140	1,710
		PGA067-4105C	225	0
		PGA067-3105C	1,265	60
		PGA067-2105C	0	771
	Program Total		2,630	2,541
Department of Social Services -				
93.667	Social Services Block Grant	N/A	284	501
93.994	Maternal and Child Health Services Block Grant to the States	N/A	365	469
		ERS146-4105M	3,875	0
		ERS146-3105A	11,820	3,940
		ERS146-2105A	0	11,828
	Program Total		16,060	16,237
	Total Expenditures of Federal Awards:		\$ 534,616	608,679

* The CFDA number for this program changed to 97.036 in October 2002.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

BARTON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Barton County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$457,788 to subrecipients under the Public Assistance Grants (CFDA number 83.544) during the year ended December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Barton County, Missouri

Compliance

We have audited the compliance of Barton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Barton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-3.

Internal Control Over Compliance

The management of Barton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Barton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 15, 2004 (fieldwork completion date)

Schedule

BARTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-006 (13)
Award Years:	2003 and 2002
Questioned Costs:	Not Applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1463-DR-MO, FEMA-1412-DR-MO
Award Years:	2003 and 2002
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2003 and 2002, the county's SEFA did not include expenditures related to some of its federal grants (primarily expenditures of the highway planning and construction and public assistance grants) which resulted in total expenditures being understated by approximately \$50,000 and \$486,000, respectively. The County Clerk reported revenues for some of the federal grants as expenditures and failed to report anything for other grants. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLANS FOR CORRECTIVE ACTION

The County Commission indicated they will work to ensure the schedule is more accurate in the future.

03-2.	Prevailing Wages
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-006 (13)
Award Years:	2003 and 2002
Questioned Costs:	Not Applicable

The County Commission did not monitor prevailing wages paid during the construction of a county bridge. During the two years ended December 31, 2003, the county participated in the Highway Planning and Construction Program and received and disbursed approximately \$370,000.

Although the county entered into a written agreement with the construction company to pay its employees prevailing wages, the county did not require the contractor to provide supporting documentation of wages paid to ensure prevailing wage requirements had been met. In addition, the county's contract with the engineering firm for the project required the firm to review wage rates paid by the contractor; however, the county did not require the engineering firm to provide documentation of its review of wage rates. At our request, the construction company provided documentation of the wages paid on the project, and prevailing wage requirements appeared to have been met for the wages reviewed.

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the U.S. Department of Labor. In addition, Section 290.230, RSMo 2000, requires prevailing wages to be paid to all workmen employed by or on behalf of any public body engaged in construction projects exclusive of routine maintenance work. The County Commission cannot ensure compliance with the Davis-Bacon Act and state law if documentation of prevailing wages paid is not obtained and reviewed.

WE RECOMMEND the County Commission obtain and review documentation of wages paid to ensure all contract laborers are paid prevailing wage rates on federally funded construction projects.

AUDITEE'S RESPONSE AND PLANS FOR CORRECTIVE ACTION

The County Commission indicated they will ensure prevailing wage documentation is obtained from the engineering firm on all future projects.

03-3.

Subrecipient Monitoring

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Years:	2002
Questioned Costs:	Not Applicable

The County Commission has not properly monitored its subrecipients' expenditures for federal emergency management assistance (FEMA). The county was awarded FEMA to repair and rebuild roads in fourteen townships located within the county as a result of flooding damages incurred in the spring of 2002.

The Barton County Commission was designated as the official recipient for the FEMA grant funds, although most of these monies were to be passed through to the county townships. During our review of the townships' invoices, there was no indication that the County Commission had reviewed any of the invoices related to the FEMA Program. As a result, the County Commission allowed these subrecipients to expend over \$457,000 without reviewing or monitoring expenditures related to the FEMA program. The County Commission indicated they did monitor the progress of the repairs made to township roads with FEMA funds by attending meetings with township board members and visiting work sites.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. In addition, Section 410(d) of Circular A-133 requires the county to inform the subrecipients of information about the award or requirements imposed on them by federal laws and regulations.

By not properly monitoring the county's subrecipients, the County Commission cannot ensure that FEMA monies are being expended in accordance with federal requirements. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

WE RECOMMEND the County Commission properly monitor federal grant subrecipients' expenditures to ensure compliance with applicable laws and regulations.

AUDITEE'S RESPONSE AND PLANS FOR CORRECTIVE ACTION

The County Commission indicated they did review the subrecipients' expenditures; however, they will ensure their review and approval is documented in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BARTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

BARTON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

BARTON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Barton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 15, 2004. We also have audited the compliance of Barton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 15, 2004.

Because the Barton County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Barton County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	County Expenditures
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The county did not always solicit bids or retain bid documentation for various purchases, prepaid a vendor for materials that were not delivered for several months, and has not made the required payments to the Missouri Office of Prosecuting Services (MOPS) since 2002 totaling \$10,492. In addition, the county expended funds which do not appear to be a prudent use of county funds, has not adopted formal policies and procedures for the use of county credit cards, has not prepared an annual maintenance plan for county bridges, and has not established formal follow up procedures for unpaid prisoner board bills.

- A. The county did not always solicit bids or retain bid documentation for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Items or Services</u>	<u>Cost</u>
Emergency 911 radios and tower	\$88,198
Computer programming and network service (2003 and 2002)	68,430
Food for jail (2003 and 2002)	65,993
Patrol car	19,995
Prosecuting Attorney's video projector and screen	4,559

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor; however, documentation of these calls and sole source procurement situations were not maintained. In addition, the County Commission indicated the Emergency 911 radios and tower were advertised for bids; however, documentation of the advertisement was not maintained.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair

value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- B. The county prepared and signed a check on December 29, 2003 for \$76,741 for guard rails and concrete bridge floors that were to be used during 2004. The check was held by the county because the vendor had not delivered the materials; however, a check was reissued and given to the vendor on March 29, 2004 even though the materials had yet to be delivered. The delivery date and cost of the materials related to this payment are noted below:

Delivery Date	Cost
August 31, 2004	\$ 15,009
September 14, 2004	11,701
October 18, 2004	15,009
November 23, 2004	16,510
Not delivered as of January 25, 2005	18,512
Total	\$ 76,741

The County Commission indicated this transaction was handled in this manner to utilize the 2003 bid price; however, the 2004 bid price was not significantly different. (The price for guard rails increased \$1 per linear foot and the price for concrete bridge floors remained the same. The county only spent \$3,424 or 4% of this entire purchase for guard rails.)

Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. Also, it is not prudent for the county to prepay for materials to be received at a later date. Doing so could result in the county paying for goods or services not received.

- C. Section 56.807, RSMo 2000, requires counties to make monthly payments to the MOPS for the Prosecuting Attorney's Retirement Fund. The county has not made the required payments to the MOPS since 2002 and as a result owes the MOPS \$10,492 as of December 2004.
- D. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services. Some examples include brush removal for tornado damages, contracted road work, and gravel hauling services. To ensure that payments are valid and for goods or services actually received, evidence of receipt of goods or services should be noted.
- E. The county purchased food, catered meals, and rented a room for various meetings with members of the Local Emergency Planning Committee (LEPC) and with township board members to discuss the Federal Emergency Management Assistance (FEMA) grant, sign contracts, and discuss township board members'

duties. The expenditures related to these four meetings, totaling \$1,508, do not appear to be a prudent use of county funds.

The county's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. It is questionable whether these expenditures are a prudent use of public funds. The county should ensure funds are spent only on items which are necessary and beneficial to county residents.

- F. The county and the Sheriff's office maintain approximately 40 credit cards for the purchase of supplies and for expenses incurred to transport prisoners. The county has not adopted formal policies and procedures for the use of county credit cards. Such policies and procedures, such as a policy prohibiting the personal use of county credit cards, are necessary to help ensure county credit cards are used only for county business. In addition, the county should carefully evaluate the need for each credit card.
- G. An annual maintenance plan for the county bridges has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county bridges throughout the year.

- H. Barton County boards prisoners for surrounding counties and cities. The County Clerk's office prepares and sends board bills to the other governments; however, the county has no formal follow up procedures for unpaid board bills. At December 31, 2004 unpaid board bills totaled \$3,100 with some dating back to January 2003. Procedures should be established to follow up on unpaid board bills including sending second billings.

WE RECOMMEND the County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. Discontinue the practice of prepaying for items.

- C. Authorize a payment of \$10,492 to the Missouri Office of Prosecution Services for amounts due as of December 2004, and make monthly payments as required by state law.
- D. Ensure all invoices contain an indication of receipt of goods or services.
- E. Ensure expenditures are a necessary and prudent use of public funds.
- F. Evaluate the need for each county credit card and cancel any cards which are determined unnecessary. Adopt formal policies and procedures for credit card use, including policies which prohibit the personal use of county credit cards, require all credit card slips be submitted prior to payment of invoices, and require credit card purchases to comply with county bidding policies.
- G. Establish a formal annual maintenance plan for county bridges.
- H. Establish procedures to follow up on unpaid board bills including rebilling any unpaid amounts. Documentation of any subsequent billings should be maintained.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In the future, we will ensure bids are obtained and the supporting documentation is retained.*
- B. *In the future, we will review the situation and try to pay as the materials are delivered.*
- C. *We will not make these payments until IV-D incentive money is released by the state.*
- D. *This will be done in the future.*
- E. *We believe these monies were well spent to ensure attendance at the meetings.*
- F. *The County Clerk maintains a listing of what cards are assigned to each employee and the credit card statements are reviewed prior to approval.*
- G. *We will consider implementing this recommendation.*
- H. *Any billings not paid within six months will be sent a second notice. Procedures will be adopted to write-off uncollectible amounts.*

2.**Officials' Compensation and Employee Bond Coverage**

Some officials' salaries for the year ending December 31, 2004 are not supported by salary commission actions. In addition, the Treasurer and Ex Officio County Collector was apparently overpaid, and various county employees who handle monies are not bonded.

- A. Salary increases paid to some elected officials (in the middle of their term of office) totaling \$7,871 during the year ending December 31, 2004 (except as noted) are not supported by salary commission actions. These salary increases by official are as follows:

Official	2005 or 2004 Salary Increase
Eastern Commissioner	\$ 1,320
Western Commissioner	1,320
Treasurer and Ex Officio County Collector (year ended March 31, 2005)	2,000
Assessor (year ended August 31)	1,231
Sheriff	2,000
Total	\$ <u>7,871</u>

The salary commission met in November 1997 and voted for each official to receive the maximum allowable compensation for the terms beginning during the calendar year 1999 and beyond. The County Clerk indicated it was the salary commission's intention to take salary increases when assessed valuation increases within the county occurred; however, the salary commission minutes do not clearly indicate this was their decision. Additionally, the salary commission did not meet in 1999, 2001, or 2003 to approve any salary increases.

Section 50.333, RSMo 2000, provides for the salary commission to meet in each odd-numbered year to determine the compensation to be paid to county officials beginning with their next term of office. The County Commission should ensure future salary decisions are documented and supported by actions of the salary commission. In addition, the County Commission should review this situation, obtain a legal opinion regarding these payments, and consider obtaining repayment of these salary overpayments, if necessary.

- B. The County Clerk calculated the salary of the Treasurer and Ex Officio County Collector based on the calendar year instead of the office holder's incumbency and as a result, the Treasurer and Ex Officio Collector was overpaid \$462 and underpaid \$49 and \$97 during the years ending March 31, 2003, 2002, and 2001, which netted an overpayment of \$316. The county should review this situation and consider obtaining reimbursement of the \$316 in overpayment. Section

50.333.8 RSMo 2000, states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment.

- C. Various county employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the County Commission:

- A. Review these salary increases, obtain a legal opinion, and consider obtaining repayment of the salary overpayments, if necessary. In addition, ensure the salary commission approves all salary increases and salary commission minutes clearly document all decisions made.
- B. Review this situation and consider obtaining reimbursement of \$316 from the Treasurer and Ex Officio County Collector.
- C. Review current bonds and ensure there is adequate bond coverage for all county employees with access to monies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The salary commission will meet in 2005, and the minutes of that meeting will clearly state the commission's intent.*
- B. *We will review the need to obtain repayment after discussing this issue with the Treasurer and Ex Officio County Collector.*
- C. *We will check into obtaining a blanket bond for the county.*

The County Treasurer and Ex Officio County Collector provided the following response:

- B. *I will discuss the situation with the County Commission, and hopefully we can arrive at a fair solution.*

3. Personnel Policies and Procedures

Centralized leave records are not maintained for all county employees by the County Clerk. As a result, two Sheriff's office employees were allowed to accumulate annual leave beyond the maximum allowed by the county's personnel policy and another employee was allowed to take annual leave beyond his accumulated balance.

Time sheets are prepared monthly by all employees, reviewed and approved by the employee's supervisor, and submitted to the County Clerk for filing. Employees occasionally work overtime and receive compensatory time off for overtime hours worked. Employees earn annual and sick leave which can accumulate to a specified maximum. We reviewed the time sheets and leave records for several employees and noted the following concerns.

- A. The County Clerk does not maintain centralized leave records on a regular basis. Employees are responsible for recording and accumulating their leave balances on the leave accrual records. The leave records are reviewed and approved by the employee's supervisor and maintained by the officeholders. Annually, the leave records are submitted to the County Clerk for filing. The County Clerk should maintain centralized leave records and reconcile the employees' time sheets to leave records monthly. Without centralized leave records, the County Commission cannot ensure that employees' vacation and sick leave balances are accurate and that all employees are treated equitably.
- B. As a result of not maintaining centralized records as noted in Part A., some Sheriff's office employees' accumulation and use of annual leave was in violation of the county's policy and went undetected. For example:
 - 1. Leave records indicate two Sheriff's office employees were allowed to accumulate annual leave beyond the maximum allowed by the county's personnel policy. To ensure leave balances are accurate and employees are treated equitably, leave time earned and taken should be recorded on a timely basis and the county should follow the personnel policy regarding the maximum accumulation of annual leave.
 - 2. The Sheriff allowed one employee to take annual leave beyond his accumulated balance. The county's leave policy indicates leave may not be taken in excess of what is earned by the employee. Established procedures protect both the county and the employees and ensure all employees are treated fairly and equitably. Failure to comply with established policies brings uncertainty to accepted operating procedures of the county.

A condition similar to Part A. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. Require the County Clerk to maintain centralized leave records and ensure those records reconcile to the employees' time sheets.
- B.1. Discontinue the practice of allowing employees to accrue leave beyond the maximum levels established by the personnel policy.

2. Follow established leave policies or review and amend those policies as warranted.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will consider having balances recorded on the timesheets beginning next year. For this year, accrual sheets will be reviewed after six months.*
- B. *We will discontinue this practice.*

4. General Fixed Assets

Although the county maintains a list of county property, it is not complete and procedures have not been established to ensure its accuracy. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records, and physical inventories are not being performed for assets assigned to some officials. Several fixed assets purchased by the Sheriff's office during the years ended December 31, 2003 and 2002 were not added to the listing, including three VCRs and an antenna. Property records do not always include the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Also, property items were not always properly numbered, tagged, or otherwise identified.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be

performed by each county official and the County Clerk, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission indicated they will discuss this issue with the Sheriff.

5. Circuit Clerk's Controls and Procedures

Bank reconciliations are not prepared for the fee account in a timely manner, the Circuit Clerk relies on the Office of State Courts Administrator (OSCA) to identify and resolve errors made in the accounting system, several outstanding checks are over one year old, and open items (liabilities) are not reconciled to the related cash balance. In addition, a complete listing of accrued costs owed to the court is not maintained, and monitoring procedures related to accrued costs are not adequate. The Law Library Fund has accumulated a significant cash balance without any specific documented plans for its use, and its over \$20,000 balance is maintained in a noninterest-bearing checking account.

The Circuit Clerk's office processed receipts from fines and costs for criminal and civil cases of approximately \$371,000 and \$355,000 during the years ending December 31, 2003 and 2002, respectively. The county receives a \$15 Law Library fee on all civil cases filed in the Circuit Court, and the Circuit Clerk acts as treasurer of the Law Library Fund.

A. The following concerns were noted regarding the Circuit Clerk's fee account and the related open items listing:

1. Bank reconciliations were not prepared for the fee account in a timely manner. Bank reconciliations were not prepared for the months of April through December 2003 until May 11, 2004, and the December 2002 bank reconciliation was not prepared until April 21, 2003. The Circuit Clerk indicated the reconciliations were not performed because of errors in the computerized accounting system.

In addition, the Circuit Clerk relies on the Office of State Courts Administrator (OSCA) to identify and resolve errors made in the accounting system. For example, the December 2003 bank reconciliation showed an adjustment made to the reconciliation to make it balance to the accounting system. The Circuit Clerk was unable to explain the reason for the adjustment, and upon our request, he contacted the OSCA regarding the adjustment. The OSCA determined the Circuit Clerk had paid out monthly fees totaling \$2,743 to the County Treasurer twice. As of December 15, 2004, this error had not been corrected by the Circuit Clerk.

The preparation of monthly bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although the OSCA provides support to Circuit Clerk offices across the state, it is the Circuit Clerk's responsibility to perform bank reconciliations monthly, and ensure the bank reconciliations generated are reviewed for accuracy. If errors are identified, corrections should be made in a timely manner.

2. Although the Circuit Clerk has established a formal written policy for his office to routinely follow up on old outstanding checks quarterly, it is apparently not being followed. At December 31, 2003, checks totaling \$2,212 had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payee cannot be located, the monies should be disposed of as provided by state law. In addition, the Circuit Clerk's outstanding check policy should be followed.
3. A monthly listing of open items (liabilities) was prepared by the Circuit Clerk's office; however, the listing was not properly reconciled with the cash balance of the fee account. At December 31, 2003, the open items listing exceeded the reconciled cash balance by \$1,135. A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. The Circuit Clerk should investigate the difference between open items and the available cash balance., and take appropriate action.

A condition similar to Part A.3. was noted in our prior report.

- B. A complete listing of accrued costs owed to the court is not maintained by the Circuit Clerk, and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk relies on the probation and parole officers to ensure that monies owed to the court are paid. A complete and accurate accrued cost listing would allow the Circuit Clerk to more easily review the amounts owed to the court, and take the appropriate steps to ensure all amounts owed are collected on a timely basis.
- C. The Law Library Fund has accumulated a significant cash balance without any specific documented plans for its use. In 1997, 1998, and 1999, the Prosecuting Attorney reduced traffic ticket charges in exchange for a donation to the Law Library Fund. According to the court, \$19,200 in donations was collected over the three years. As a result of the donations, law library fees collected, and minimal spending, the balance of the Law Library Fund has grown from \$7,105 at December 31, 1996 to \$24,980 at December 31, 2003. The court should review

the balance in the Law Library Fund, consider its future needs, and document its plan for expending the monies.

- D. Most of the Law Library Fund is maintained in a noninterest-bearing checking account. The bank balance was \$20,321 at December 31, 2003. To maximize revenues, Law Library monies should be deposited into an interest-bearing account.

WE RECOMMEND the Circuit Clerk:

- A.1. Prepare and ensure bank reconciliations are agreed to book balances monthly, and if errors are identified, ensure corrections are made in a timely manner. In addition, the Circuit Clerk should request reimbursement of \$2,743 from the County Treasurer.
- 2. Attempt to resolve the old outstanding checks, and follow the office's established outstanding check policy.
- 3. Reconcile the monthly listing of open items to the cash balance, and attempt to investigate any unidentified monies or shortages.
- B. Ensure an accurate listing of accrued costs is prepared, and establish adequate procedures to monitor and collect accrued costs.
- C. Review the cash balance of the Law Library Fund, consider the court's future needs, and document the plans for expending the monies.
- D. Ensure Law Library Fund monies are deposited into an interest-bearing account.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A.1. *I will do that. The reimbursement has been received.*
- 2. *The old outstanding checks are now being resolved and I am following the office policy.*
- 3. *I am working to reconcile the open items to the cash balance.*
- B. *We do have some procedures in place to monitor accrued costs. We will prepare a listing of costs due and take action to collect court costs.*
- C. *The Presiding Circuit Judge is aware of the balance in the account and as treasurer of the fund I do not have authority to determine a plan for spending the monies. I will expend the monies as ordered by the court.*

D. *I will deposit the law library monies into an interest-bearing account.*

The Circuit Judge provided the following response:

C. *I am aware of the balance of the Law Library Fund, and the court is looking into technology updates for the law library and court room.*

6. Prosecuting Attorney's Controls and Procedures
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Receipt slips are not always issued for some monies received, the method of payment is not always indicated on the receipt slips, original copies of voided receipt slips are not always maintained, and private practice receipt slips are occasionally used for the official receipts of the Prosecuting Attorney's office. In addition, receipts are not deposited intact or in a timely manner, and checks and money orders are not restrictively endorsed immediately upon receipt. Bad check fees can be waived without the approval of the Prosecuting Attorney, an adequate system to account for all bad checks received has not been established, and procedures have not been adopted to ensure that bad check complaints are filed with the court in a timely manner.

The Prosecuting Attorney's Office collected court-ordered restitution and bad check related restitution and fees totaling approximately \$9,000 and \$11,000 during the years ended December 31, 2003 and 2002, respectively. The Prosecuting Attorney maintains an account for the deposit and disbursement of court-ordered restitution and bad check fees.

A. Receipt slips are not always issued for some monies received. Receipt slips are not issued for monies received through the mail or from the Circuit Court. In addition, the method of payment is not always indicated on the receipt slip, and original copies of voided receipt slips are not always maintained. Further, receipt slips of the Prosecuting Attorney's private practice are occasionally used for official receipts of the Prosecuting Attorney's office.

To ensure monies are properly accounted for and deposited intact, prenumbered receipt slips should be issued for all monies received, the method of payment should be indicated on each receipt slip, and the composition of receipt slips issued should be reconciled to the composition of deposits. In addition, voided receipt slips should be properly mutilated and retained, and official receipt slips of the Prosecuting Attorney's office should be used for county business.

B. Receipts are not deposited intact or in a timely manner. For example, a bad check fee was received on August 17, 2004, placed in the defendant's file, and was not deposited until August 31, 2004. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100, and checks and money

orders payable to the Prosecuting Attorney should be restrictively endorsed immediately upon receipt.

- C. The Prosecuting Attorney's Legal Assistant or Bad Check Unit Supervisor can waive the bad check fee charged to the bad check writer without obtaining approval from the Prosecuting Attorney. We noted an instance in which monies were paid to the victim without the related bad check fee being collected. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.
- D. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Barton County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint form and information regarding the handling of each case is maintained in the individual case files. The Prosecuting Attorney's office has not established procedures to ensure the disposition of bad checks has been accounted for properly.

In addition, bad checks were not always filed with the court in a timely manner. For example, the Prosecuting Attorney issued a ten day letter on April 2, 2003 for a bad check written on February 24, 2003 and did not file charges against the bad check writer until December 8, 2003.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition. In addition, procedures should be established to ensure bad check complaints are filed in a timely manner with the court.

WE RECOMMEND the Prosecuting Attorney:

- A. Issue receipt slips for all monies received, maintain original copies of all voided receipt slips, and ensure official receipt slips are used for county business. In addition, ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to the composition of amounts deposited.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- C. Approve and document all waivers of bad check fees.

- D. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check. In addition, establish procedures to adequately follow-up on ten-day letters for bad checks received and file complaints with the Circuit Clerk in a timely manner.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Receipt slips will be issued for all monies received including monies from the court. We require bad check fees to be paid with cashier's checks or money orders. Voided receipt slips will be maintained. The next time receipt slip books are ordered they will be distinguished from those of the private practice. The receipt slips are currently being maintained separately.*
- B. *This example was not a typical situation. We are depositing monies as needed. Checks and money orders are currently being restrictively endorsed upon receipt.*
- C. *I was aware of all fee waivers, all of which I approved, but I will document my approval in the future.*
- D. *A tracking system will be reimplemented immediately.*

7. Sheriff's Controls and Procedures

Receipts are not always deposited timely, checks and money orders received are not restrictively endorsed and kept in a secure location until deposited, receipt slips are not always issued in sequential order or properly accounted for, the method of payment is not always indicated on receipt slips, and original copies of voided receipt slips are not always maintained. Controls and procedures over inmate monies regarding the segregation of duties, following up on old outstanding checks, and preparing listings of open items (liabilities) have not been established. In addition, seized property items are not always tagged to identify the property to a specific case, the Sheriff's office does not calculate the average cost of meals served to prisoners, and vehicle logs are not maintained for Sheriff's office vehicles.

The Sheriff's office received monies for civil and criminal process fees, gun permits, bonds, and other miscellaneous receipts totaling \$133,371 and \$130,335 during the years ending December 31, 2003 and 2002, respectively. The Sheriff is also responsible for accounting for any monies in the custody of an inmate upon incarceration, seized property, and providing meals to county prisoners. The Sheriff's office handled inmate receipts of \$20,325 and \$13,580 during the years ending December 31, 2003 and 2002, respectively.

- A. Receipts are not always deposited in a timely manner. For example, six receipts totaling \$240 were received on October 2, 2003 and not deposited until October 22, 2003; although, other monies were received and deposited during this 20-day period. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt and are kept in an unlocked desk drawer until deposited.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed and kept in a secure location.

- B. Receipt slips are not always issued in sequential order or properly accounted for. In addition, the method of payment is not always indicated on receipt slips, and original copies of voided receipt slips are not always maintained.

To ensure receipts are properly accounted for and deposited intact, receipt slips should be issued in sequential order and properly accounted for, the method of payment should be indicated on each receipt slip, and the composition of receipt slips issued should be reconciled to the composition of deposits. In addition, voided receipt slips should be properly mutilated and retained.

- C. Upon incarceration, any monies in the custody of an inmate are deposited into the inmate bank account. Records are maintained for each inmate to reflect monies received on the inmate's behalf and the available cash balance. The following concerns were noted related to these monies:

1. The duties of receiving, recording, depositing and disbursing inmate monies, and reconciling the inmate bank account are not adequately segregated. One clerk primarily performs all of these duties. In addition, there is no indication that supervisory reviews are performed. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating inmate accounting and bookkeeping duties among available employees or by implementing an independent documented review of inmate records by another employee of the Sheriff.
2. The Sheriff has not established procedures to routinely follow up on old outstanding checks for the inmate account. At December 31, 2003, forty-six checks written on the inmate account totaling \$145 had been outstanding for over a year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payee cannot be located, the monies should be disposed of as provided by state law.

3. A monthly listing of open items (liabilities) or inmate balances is not prepared and reconciled to the inmate bank account balance. The balance of the inmate account at December 31, 2003 was \$651. A complete and accurate listing of open items or inmate balances should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities.
- D. Seized property items are not always tagged to identify the property to a specific case. Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items.
- E. Although the Sheriff's office maintains attendance records of prisoners housed in the county jail and retains documentation of the related food purchases from local vendors, the Sheriff's office does not calculate the average cost of meals served to prisoners. During the years ended December 31, 2003 and 2002, expenditures for prisoner food totaled approximately \$37,053 and \$28,940, respectively. The average cost of meals served to prisoners should be calculated periodically to ensure county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, Section 221.105, RSMo 2000, requires the governing body of any county to fix the amount to be expended for the cost of incarceration of prisoners confined in the jail.
- F. Vehicle logs are not maintained for the ten Sheriff's vehicles. Fuel purchases for these vehicles were \$16,504 and \$12,689 for the years ended December 31, 2003 and 2002, respectively. Vehicle logs are necessary to document appropriate use of the vehicles and to support fuel charges. The log should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and to help identify vehicles and equipment which should be replaced. Information in the logs should be periodically reconciled to fuel purchases and other maintenance charges.

WE RECOMMEND the Sheriff:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, restrictively endorse checks and money orders immediately upon receipt, and ensure receipts are kept in a secure location until deposited.
- B. Properly account for the numerical sequence of receipt slips issued, and maintain original copies of all voided receipt slips. In addition, ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to the composition of amounts deposited.

- C.1. Segregate accounting duties related to the handling of inmate monies to the extent possible or ensure periodic supervisory reviews are performed and documented.
- 2. Attempt to resolve the old outstanding checks.
- 3. Prepare monthly open items listings of inmate monies and reconcile the listings to the cash balance.
- D. Mark all seized property with prenumbered property tags and identify the property to specific cases.
- E. Calculate the average cost of prisoner meals periodically.
- F. Ensure the Sheriff's office maintains vehicle logs which include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. Ensure these logs are reviewed by a supervisor to ensure vehicles are used only for county business and to help identify vehicles and equipment which should be replaced. In addition, ensure information on the logs is periodically reconciled to fuel purchases and other maintenance charges.

AUDITEE'S RESPONSE

The current Sheriff provided the following responses:

- A. *Deposits are being made daily. We have started restrictively endorsing checks and money orders immediately upon receipt. We are in the process of getting a locked drawer for receipts.*
- B. *This recommendation has been implemented.*
- C.1. *We are currently looking for someone to perform supervisory reviews.*
 - 2. *I will look into turning these over to the State Unclaimed Property.*
 - 3. *We will start maintaining a list of open items.*
- D. *New procedures are in place to take care of the situation.*
- E. *We will start calculating the cost quarterly.*
- F. *Vehicle logs are currently being utilized.*

The former Sheriff concurred with the current Sheriff's responses.

Receipt slips are only issued upon request, some cash receipts are not transmitted to the County Treasurer intact, the change fund is not maintained at a constant amount, and checks and money orders are not restrictively endorsed upon receipt. In addition, accounting duties are not adequately segregated, and the Assessor does not file monthly reports of fees with the County Commission. The Assessor's office processed receipts for maps and photocopies of approximately \$1,100 and \$550 during the years ending December 31, 2003 and 2002, respectively.

- A. The Assessor's office accepts cash, checks, and money orders, and receipt slips are only issued upon request. In addition, some cash receipts are not transmitted to the County Treasurer and are used for a change fund. The change fund is not maintained at a constant amount. Also, checks and money orders are not restrictively endorsed upon receipt. To ensure monies are properly accounted for, pre-numbered receipt slips indicating the method of payment should be issued for all monies received, receipts should be transmitted intact, and the composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer. If a change fund is determined to be necessary, it should be maintained at a constant amount. In addition, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. Accounting duties are not adequately segregated. One clerk is primarily responsible for receiving and recording monies and transmitting the monies to the County Treasurer. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording from transmitting receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.
- C. The Assessor does not file monthly reports of fees with the County Commission. Section 50.370, RSMo. 2000, requires county officials to prepare and file with the County Commission monthly reports of fees collected.

While the Assessor does not collect a large amount of fees, control weaknesses such as these need to be improved.

WE RECOMMEND the Assessor:

- A. Issue pre-numbered receipt slips for all monies received, transmit all monies received to the County Treasurer intact, and ensure the method of payment is indicated on all receipt slips. Reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer, and restrictively endorse

checks and money orders immediately upon receipt. In addition, if a change fund is needed, it should be maintained at a constant amount.

- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Prepare monthly reports of fees as required by state law.

AUDITEE'S RESPONSE

The Assessor indicated starting January 1, 2005, the Barton County Assessors office will no longer be taking payments for copies, maps, faxes, or services. Payment of these things will henceforth be made in the County Treasurer's office.

9. Health Center Controls and Procedures

The health center board did not adequately research software products, and as a result have expended over \$44,000 for software that is not being utilized. In addition health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services, and the average cost per client of providing such services was not periodically calculated and monitored.

- A. On December 30, 2002, the health center entered into a software license and support and maintenance agreement totaling \$50,950 for the purpose of filing Medicare bills electronically. The health center subsequently paid the software company \$44,360 during the period January through August 2003. The Health Center Administrator indicated the computer software did not work properly from its initial installation and has not been used since. The health center is currently using a free software package provided by Medicare. Although the health center obtained three bids for the software, adequate research of the various software products was apparently not performed. While the Health Center Administrator provided us a memo dated March 14, 2005 which indicated the health center had called references provided by the software company, the health center did not require any software testing prior to purchasing the product, or adequately research the compatibility of the software to ensure it was going to meet the needs of the health center. The health center retained an attorney in October 2004 to negotiate a refund; however, the attorney advised the board to drop the suit because it would cost the health center more in legal costs to obtain damages than was fiscally responsible. In the future, the board should ensure adequate research into major purchases is performed to ensure health center resources are being expended in a wise and prudent manner.
- B. Health center personnel did not monitor amounts expended on CFP services. In addition, the average cost per client of providing such services was not periodically calculated and monitored.

The health center's CFP contract with the Missouri Department of Health and Senior Services provided the average cost of providing CFP services should be at least \$150 per client (excluding administrative costs). Based upon CFP expenditures documented by the health center for the federal fiscal years ended September 30, 2001 and 2000, the average cost was \$139 and \$145 per client excluding administrative costs, respectively.

WE RECOMMEND the Board of Trustees:

- A. Ensure adequate research into major purchases is performed to ensure resources are being expended in a wise and prudent manner.
- B. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health and Senior Services to resolve this situation.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *We did review other purchasing options, and out of the three, we believed this was the best one available.*
- B. *This program has been discontinued.*

Follow-Up on Prior Audit Findings

BARTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Barton County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented are repeated in the current MAR.

1. Cost Sharing Agreement with the Prosecuting Attorney

The County's written agreement with the Prosecuting Attorney did not address the arrangements for dividing salaries of the secretaries between the County and the private law practice of the Prosecuting Attorney. Additionally, the time sheets of the secretaries did not reflect time worked on county business versus private practice business.

Recommendation:

The County Commission enter into a written agreement with the Prosecuting Attorney outlining the specific arrangements regarding payment of the Prosecuting Attorney's secretaries' salaries. The basis for the arrangements should be documented and retained. In addition, the Prosecuting Attorney's secretaries should prepare time sheets to reflect time worked on county business.

Status:

Implemented.

2. Personnel Policies and Procedures

- A. Leave amounts reported on the employees' time sheets did not agree to the amounts recorded on the employee's leave record in several instances. In addition, some annual leave and compensatory balances were not carried forward in the subsequent year. The County Clerk did not maintain centralized leave records.
- B. Employee time sheets were not signed by the employee's supervisor in some instances.

Recommendation:

The County Commission:

- A. Require the County Clerk to maintain centralized leave records and ensure those records reconcile to the employees' time sheets and ensure the leave balances are properly carried forward to subsequent years.

B. Ensure time sheets are signed by the employee's supervisor.

Status:

A. Not implemented. See MAR finding number 3.

B. Implemented.

3. Circuit Clerk's Liabilities

The Circuit Clerk was unable to reconcile the open items (liabilities) and the cash balance for the traffic account. The unreconciled difference between the total open items balance and cash balance often fluctuated monthly.

Recommendation:

The Circuit Clerk ensure open-items reports are prepared monthly and reconciled to the bank balances for the traffic account.

Status:

Not implemented. The Circuit Clerk's traffic account has been closed; however, the same problems exist with the current accounts. See MAR finding number 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

BARTON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Barton was named after David Barton, a U.S. Senator. Barton County is a township-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Lamar.

Barton County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 132 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 592 miles of county roads.

The county's population was 11,292 in 1980 and 12,541 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	82.8	74.9	72.9	71.6	45.1 19.7
Personal property		42.5	41.0	39.8	37.1	13.7 8.6
Railroad and utilities		15.1	16.0	17.2	17.4	10.3 9.7
Total	\$	140.4	131.9	129.9	126.1	69.1 38.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Barton County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.0500	.0500	.0500	.0500
Health Center Fund		.1000	.1000	.1000	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
State of Missouri	\$ 42,708	40,009	39,813	38,078
General Revenue Fund	84,580	80,559	69,907	67,146
Assessment Fund	66,481	62,548	61,486	60,396
Health Center Fund	140,364	131,241	129,153	100,709
Hospital Fund	126,039	119,284	118,589	113,496
School districts	4,770,869	4,429,508	4,376,099	4,198,823
Library district	207,293	195,863	194,075	185,132
Ambulance district	214,178	202,617	201,700	193,134
Fire protection district	9,273	8,934	9,292	8,647
Tax Maintenance Fund	7,785	2,208	0	0
Overplus Fund	42	0	0	86
Cities	388,749	368,704	364,239	353,091
Townships	617,884	636,163	613,571	601,447
County Clerk	2,499	2,222	2,015	2,326
County Employees' Retirement	34,564	31,241	30,424	26,508
Commissions and fees:				
General Revenue Fund	51,715	49,421	50,323	52,490
Townships	61,509	58,280	57,107	56,517
Total	\$ 6,826,532	6,418,802	6,317,793	6,058,026

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
Real estate	93	94	94	94
Personal property	91	90	91	91
Railroad and utilities	100	100	99	100

Barton County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Gerry Miller, Presiding Commissioner		28,400	27,080	27,080	27,080
John Stockdale, Associate Commissioner		26,400	25,080	25,080	18,000
Dennis Wilson, Associate Commissioner		26,400	25,080	25,080	18,000
Jean Keithly, Recorder of Deeds (1)		40,000	N/A	N/A	N/A
Bonda Rawlings, County Clerk		40,000	38,000	38,000	38,000
Steven H. Kaderly, Prosecuting Attorney		47,000	45,000	45,000	45,000
William A. Griffitt, Sheriff		44,000	42,000	42,000	37,000
C. Tucker Joustra, County Coroner		11,000	11,000	11,000	7,000
Teresa E. Moore, Public Administrator (2)		50,520	37,097	33,812	31,982
Frances Cato, Treasurer and Ex Officio County Collector, year ended March 31,	40,000	38,462	37,951	28,653	
Ivan Frieden, County Assessor (3), year ended August 31,		39,977	38,900	38,900	
Douglas J. Sprouls, County Assessor (3), year ended August 31,					38,900

- (1) Barton county voters approved separating the offices of the Recorder of Deeds and the Circuit Clerk in 2002. The newly elected Recorder of Deeds took office in January 2003.
- (2) Includes fees received from probate cases totaling \$36,520, \$23,097, \$19,812, and \$17,982 during the years ending December 31, 2003, 2002, 2001, and 2000.
- (3) Includes \$746 annual compensation received from the state in 2003. Includes \$900 annual compensation received from the state in 2000, 2001, and 2002.

State-Paid Officials:

Jerry A. Moyer, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Charles Curless, Associate Circuit Judge	96,000	96,000	96,000	97,382



Claire McCaskill

Missouri State Auditor

April 2005

TRANSPORTATION

Planning and Project Prioritization



MoDOT Historically Put More Money Into Road Expansion Over Road Repair, Which Has Kept Road Conditions Ranked Low Nationally

This audit reviewed how MoDOT decides which roads to build when, how it funds the planned projects, and how it uses performance measurement tools in these decisions. During the audit, MoDOT began designing new performance measures and released the new performance measurement system in January 2005. This audit evaluated the performance measurement system in place prior to 2005; auditors will review the new system at a later date.

Spending on preserving roads was below national average

Missouri ranked 37th nationally in how much it spent to preserve and maintain its roads, spending 53 percent less than the national average, according to a 2004 national study. In addition, MoDOT data showed road conditions did not improve between 1996 and 2003, and have remained below national averages since 1998. (See page 5)

Though preserving roads was priority, money did not follow

MoDOT has historically spent more money expanding roads, than repairing or preserving them. In 2001 planning documents, MoDOT called for a shift in resources to make road preservation "top priority." But the dollars did not always follow. For example, in June 2004, when MoDOT received an extra \$137 million in federal road dollars, only 22 percent went to preservation. Prior to the passage of Amendment 3, funding for 2006-2009 projects includes 56 percent spent on preservation, which MoDOT projections showed would not have been enough to achieve road condition goals. With the passage of Amendment 3, an additional \$360 million will be spent on preservation, however, no assessment has been made of the impact these funds will have on the highway system as a whole, or the highway system's long-range needs. (See page 8)

MoDOT performance data not fully used in funding decisions

Auditors found information given commissioners to guide their road funding decisions contained little information regarding measures of past performance. For example, commissioners received projections of road conditions, but did not see data showing how road conditions had failed to improve under past funding levels. Performance reports also did not contain updated data. For example, a July 2004 road condition report used 2001 data, when 2002 and 2003 data was available. (See page 14)

Expansion projects are not assessed for cost-effectiveness

MoDOT has not adequately assessed the cost-effectiveness of potential expansion projects as recommended by federal highway authorities. In addition, rural district expansion projects have not been evaluated consistently or compared to other rural district expansion projects on a statewide basis. (See page 18)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Missouri Highways and Transportation Commission
and
Pete K. Rahn, Director
Department of Transportation
Jefferson City, MO 65102

The Missouri Department of Transportation (MoDOT) is responsible for administering the 7th largest state-maintained highway system in the nation, with approximately 32,000 miles of road and annual expenditures of approximately \$1.8 billion. During the course of our work, MoDOT began working on a new performance measurement system to track and report progress made in 18 strategic performance areas. MoDOT implemented the new performance measurement system in January 2005, after we completed our work. We plan to evaluate the effectiveness of this new system in tracking improvements to Missouri's overall highway conditions at a later date.

Because of the public's concerns regarding the overall conditions of Missouri roadways, we focused our work on MoDOT's planning and project prioritization processes in place prior to January 2005, to determine whether (1) MoDOT's funding allocation has been consistent with its strategic priorities for system preservation and maintenance, (2) improvements are needed in MoDOT's planning processes, and (3) MoDOT's project prioritization processes contain any weaknesses.

We found MoDOT's funding for system preservation and maintenance has been insufficient to achieve its highest priority strategic goal of improving road conditions. With the additional revenue resulting from the passage of Amendment 3, MoDOT expects to achieve its road condition goals by implementing the Smooth Roads Initiative. However, transportation officials have not assessed the extent to which overall road condition goals will be achieved as a result of the Smooth Roads Initiative, or the funding required to achieve long-range road condition goals subsequent to the completion of the Smooth Roads Initiative. Improvements are also needed in MoDOT's planning processes because performance measurement data has not been adequately used to make informed management decisions and its planning systems have not been capable of performing complex system projections other states have done. While MoDOT has implemented an improved project prioritization process, weaknesses still exist. MoDOT's project prioritization processes have not adequately considered the cost-effectiveness of major expansion projects, rural district-level expansion projects have not been prioritized on a statewide basis, and cost-share projects have not been assessed for cost-effectiveness and have not been subjected to a prioritization process or compared to other projects on a statewide basis. In addition, MoDOT does not plan to reevaluate expansion projects already included on the 2006-2009 STIP using its improved project prioritization process.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer, Director. Key contributors to this report included Robert Spence, Robert Showers, and Chris Vetter.

Claire McCaskill
State Auditor

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Abbreviations

MoDOT	Missouri Department of Transportation
STIP	State Transportation Improvement Program
FHWA	U.S. Department of Transportation – Federal Highway Administration
GAO	U.S. Government Accountability Office

Introduction

The Missouri Department of Transportation (MoDOT) is responsible for administering the state's transportation programs, with oversight by the Missouri Highways and Transportation Commission (Commission). MoDOT has more than 6,000 employees in ten districts and its headquarters. With annual expenditures of approximately \$1.8 billion, MoDOT operates the 7th largest state maintained highway system in the nation with approximately 32,000 miles of road (approximately 69,000 lane-miles). MoDOT is also responsible for multimodal operations which include mass transit, airports, waterways, and rails.

MoDOT revenues have increased an average of five percent per year over the past decade (1995-2004) from \$1 billion to \$1.6 billion. The majority of this increase is due to a steady increase in motor fuel tax revenue and significant increases in federal funding within the last five years. MoDOT also received and spent an additional \$900 million in bond proceeds between 2001 and 2004. Based on Federal Highway Administration (FHWA) data, Missouri ranks 42nd in the nation in revenue per vehicle miles traveled. In November 2004, Missouri citizens approved a constitutional amendment which will result in additional revenue of approximately \$187 million per year for transportation. The additional revenue will be phased in over a 4-year timeframe and will be used to pay costs associated with the issuance of bonds. (See page 11 for additional information.)

MoDOT has established a planning process in accordance with federal guidance that includes a 20-year long-range plan, which sets the overall direction of the agency and includes long-range goals, and a short-term strategic plan in which performance measures and short-term goals have been established for the state highway system. MoDOT has tracked the status of road conditions and progress on improving road conditions and has reported on the status of performance measures in a document called the Dashboard.

Since joining the department in September 2004, MoDOT's new Director has overseen the development of a new performance measurement system. MoDOT published its new performance measures in January 2005.

Funding Allocation Process

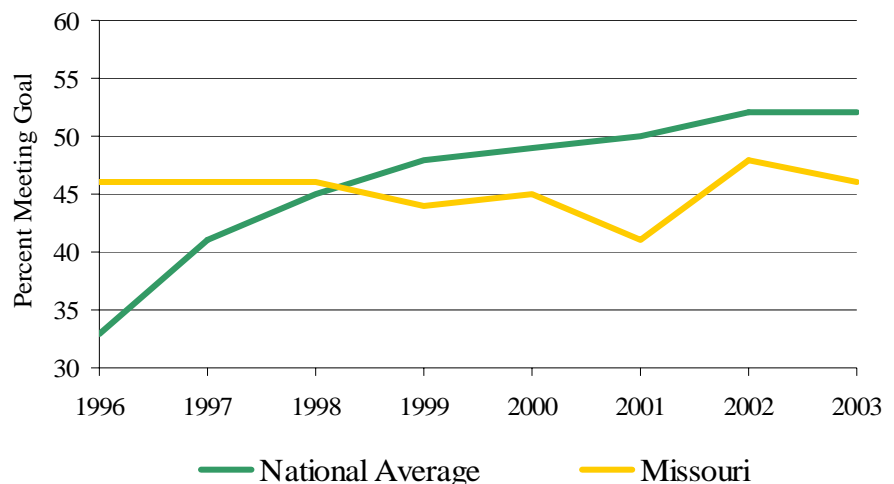
In 2003, the Commission approved a new fund allocation plan to allocate transportation funding among statewide projects and the ten districts. After construction funding is determined for the year (projected \$1.1 billion for 2005), the Commission develops an investment strategy by balancing competing system needs and local demands. (See Appendix I for current construction funding allocations.) The Commission establishes funding for system preservation and maintenance, system expansion, safety and other

projects. System expansion is considered any project which adds capacity to the existing system, such as new lanes or new overpasses, while system preservation and maintenance is considered to be any project which rehabilitates or reconstructs the existing roadway, such as resurfacing and preventative maintenance. When the funding allocation has been established, funds are distributed to the districts and statewide projects based on a distribution formula which considers various factors, such as the number of lane miles and percentage of population. Once district officials have been allocated funds, they then begin the process of selecting district-level projects. Specific projects are selected by the districts in conjunction with regional planning partners (local officials and stakeholders) and MoDOT headquarters personnel, approved by the commission, and are then added to the State Transportation Improvement Program (STIP). The STIP is MoDOT's five-year construction plan which details all projects planned for that timeframe.

System Preservation Spending and Road Conditions Have Been Below National Averages

Figure 1.1: Major Highways in "Good or Better" Condition

A 2004 national study¹ on highway conditions ranked Missouri 37th in the country in maintenance expenditures per state controlled mile, 53 percent less than the national average. As depicted in Figure 1.1, MoDOT's performance measurement data also shows the state's road system conditions have shown no improvement between 1996 and 2003, and has remained below national averages since 1998. According to FHWA data, the condition of Missouri roads ranks among the worst in the country.



Source: MoDOT Dashboard - Measurements of Performance, July 2004 and MoDOT planning personnel.

¹ The Looming Highway Conditions Crisis: Performance of State Highway Systems 1984-2002, Dr. David Hartgen, February 2004

Scope and Methodology

To determine what planning and prioritization procedures were in place at the district level we visited MoDOT district offices in Hannibal, Jefferson City, Macon, Sikeston and St. Louis. Since district personnel rely on regional planning councils for input into the prioritization process, we also contacted 7 of the 18 regional planning councils regarding their role in the prioritization process.

To analyze MoDOT's funding allocation and related planning procedures, we reviewed Commission minutes and obtained documentation used in the fund allocation process from MoDOT personnel. Historical and future construction data was obtained from MoDOT personnel and is based on STIP data available from 1994 through 2009.

We researched "best practices" on the internet and conducted subsequent follow-up interviews with the parties responsible for the research, when available to give us a better understanding of what other states have done regarding transportation planning and performance measurement. Based on research documents and related discussions, we obtained additional information from transportation departments in Colorado, Minnesota, Montana, Ohio, and Wisconsin, regarding processes used to prioritize projects, allocate funding and measure performance.

We also reviewed transportation literature to address the use of benefit-cost analysis in transportation planning. We reviewed literature from the FHWA and the U.S. Government Accountability Office (GAO), and Dr. David Hartgen, Professor of Transportation Studies at the University of North Carolina-Charlotte. Based on our review of the literature and interviews with a FHWA official and Dr. Hartgen, we determined Dr. Hartgen's use of cost-effectiveness in the selection of highway projects is consistent with FHWA guidance and GAO reports.

To understand the state level project prioritization process and factors that drove project decision-making, we performed numerous interviews with various MoDOT planning and operational staff. We also obtained available planning documentation related to project prioritization. To supplement our understanding of the factors used in project decision-making, we reviewed six statewide corridor projects from a listing of 51 system expansion projects, exceeding \$5 million, which were included in STIPs from 1999 to 2004, and to determine what data and other information had been considered in the project selection process, and the adequacy of the process. We obtained available documentation on the six projects and conducted interviews with MoDOT personnel for additional information and clarification of project justification.

Our audit relies significantly on project data contained in the STIP. In order to gain assurance as to the accuracy of that data, we performed data validation procedures. We traced a sample of projects from STIP data files to hardcopies of the STIP to ensure amounts and project details agreed. We also selected a sample from the hardcopy STIP and validated it against the STIP data file. We determined the project data were sufficiently reliable for the purposes of this report.

We requested comments on a draft of our report from the Director of Transportation, and those comments are reprinted in Appendix II. We performed our work between June and December 2004. We met with MoDOT's Director on March 8, 2005, to discuss a draft of this report and he provided us with a copy of MoDOT's new performance measurement report.

Funding for Preservation and Maintenance Has Not Been Consistent with Strategic Priorities

MoDOT established system preservation and maintenance as its highest priority in its 2001 planning documents. Although the funding allocated for the preservation and maintenance of Missouri's highway system has increased since establishing this priority, funding has been insufficient to achieve strategic road condition goals. This situation has occurred because the Commission has historically emphasized system expansion over system preservation and maintenance. With passage of Amendment 3, MoDOT plans to commit significant funding for system preservation and maintenance. Because MoDOT implemented a new performance measurement system, it does not plan to analyze the impact of Amendment 3 investment decisions on overall highway needs, or the financial commitment necessary to achieve long-range highway system improvements.

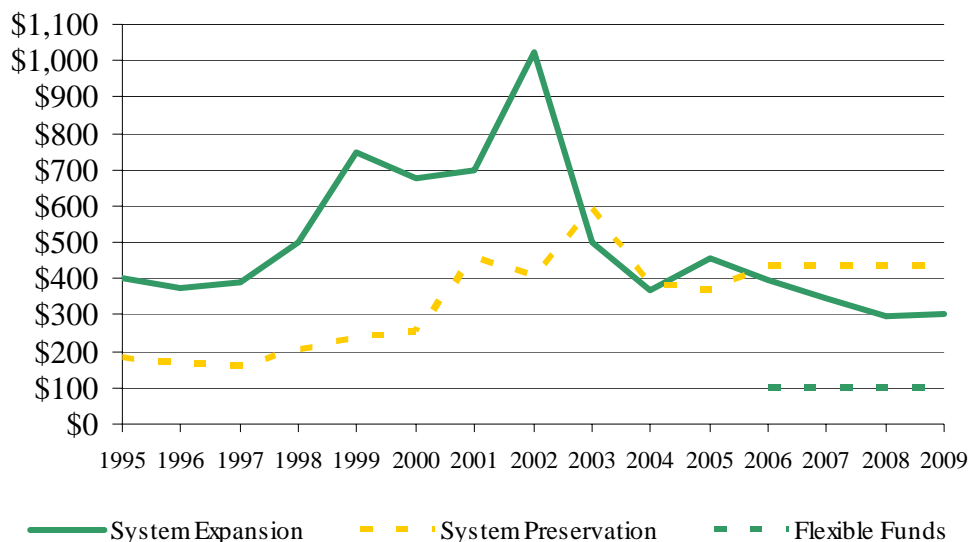
Funding Allocation Historically Favored System Expansion

MoDOT has historically funded system expansion at a significantly higher level than system preservation and maintenance with an average of 66 percent of available construction funds spent on system expansion from 1995 to 2004. Spending for expansion has been as low as \$372 million in 1996 and as high as \$1 billion in 2002 with additional bond financing. Funding for system preservation and maintenance expenditures have been as low as \$157 million in 1997 and as high as \$594 million in 2003. The funding allocation strategy, approved by the Commission in 2003, allocated more to system preservation and maintenance than to expansion for the first time for fiscal years 2006 through 2009, by allocating \$400 million per year for system preservation and maintenance compared to an average of \$336 million per year for system expansion.

Additional funding in 2004 spent on expansion projects

In June 2004, when an additional \$137 million in federal appropriations became available for construction, the Commission agreed to allocate only \$30 million (22 percent) towards system preservation and maintenance, \$97 million (71 percent) towards major projects and expansion, and \$10 million (7 percent) toward the economic development/cost-share program. Figure 2.1 depicts MoDOT's historic and projected funding for system expansion compared to funding for system preservation and maintenance.

Figure 2.1: Construction Expenditures¹ by Work Type (Dollars in millions)



¹ Does not include Amendment 3 funding. See page 11 for discussion on Amendment 3 funding.
Source: STIP summary data from MoDOT Planning Department.

According to MoDOT officials and MoDOT's current strategic plan, MoDOT's past and current emphasis on system expansion has been predicated on MoDOT's desire to fulfill the commitments of the 1992 15-year Road and Bridge Plan.

Allocated Funding Insufficient to Achieve Road Condition Goals

Based on significant input from the public, MoDOT's 2001 long-range plan emphasized system preservation and maintenance as its top priority, with system expansion as a secondary priority.² However, the department has not reflected that priority in its funding strategy until fiscal years 2006 through 2009, when approximately 56 percent³ of available construction funds were allocated for system preservation and maintenance. While this represents an increase in funding from the past decade, in which funding for system preservation and maintenance averaged 34 percent of construction funds, MoDOT documents show this level of funding would not have been sufficient to achieve MoDOT's short-term road condition goal of having 50 percent of national highway system and 85 to 90 percent of interstate miles in "good" condition within 10 years.

² In 2001, MoDOT's Director told the Commission \$645 million would be needed for system preservation and maintenance.

³ Assumes flexible funds allocated to the districts are split evenly between expansion and maintenance.

Commission reduced
recommended funding

In January 2003, MoDOT officials presented the Commission with three funding allocation options calling for an average of \$535 million per year for 10 years to be allocated toward system preservation and maintenance. MoDOT officials provided the Commission with documentation showing all three of the options would be sufficient to achieve strategic road condition goals. Based on input from local planning stakeholders, a MoDOT official subsequently recommended a fourth option which reduced funding to \$450 million per year for system preservation and maintenance and resulted in increased funding for system expansion projects. MoDOT documentation explained that preservation and maintenance funding had been reduced "to provide a better balance between the competing objectives of the transportation system." The official informed the Commission the recommended amount of \$450 million per year would not be sufficient to achieve road condition goals within 10 years, but would allow the department to "begin moving toward" those goals. During discussions regarding funding distribution, the Commission reduced the \$450 million to approximately \$400 million per year.

The Commission reallocated the \$50 million reduction from preservation and maintenance and another \$50 million from system expansion funds to establish \$100 million per year in "flexible funds" for districts to use at their discretion for system expansion or preservation and maintenance. According to the 2006-2009 STIP, approximately \$37 million was programmed for preservation and maintenance and about \$14 million had been programmed for expansion projects in 2006.

Updated estimate showed
\$575 million needed annually
to meet road condition goals

In September 2003, the Chief Engineer informed the Commission an annual investment of \$575 million for 10 years would be needed for system preservation and maintenance in order to achieve MoDOT's current short-term road condition goal of having 50 percent of the state's national highway system miles and arterials⁴ in "good" condition. No action was taken by the Commission based on this information.

In commenting on a draft of this report MoDOT officials indicated road condition goals would have been achieved eventually under the recommended funding level of \$450 million per year. However, the recommended level of funding would not have allowed for the accomplishment of road condition goals within a 10-year timeframe.

⁴ MoDOT data shows there are 4,236 national highway system miles and 4,828 arterial miles. Arterial miles represent major roads connecting to the national highway system.

System Preservation and Maintenance Spending to Increase With New Funding

Voter approval of Amendment 3 in November 2004 will allow MoDOT to issue approximately \$1.7 billion in bonds for use towards system preservation and system expansion projects.⁵ In January 2005 the Commission approved a plan to spend the first \$360 million in bond funds on preservation and maintenance by resurfacing approximately 2,200 major highway miles as part of what officials referred to as the Smooth Roads Initiative. According to MoDOT data, these 2,200 miles carry 60 percent of the state's traffic.

The Commission also approved the acceleration of approximately \$180 million in system preservation and maintenance projects and approximately \$251 million in expansion projects involving the same 2,200 miles, which had already been programmed in the 2005-2009 STIP. The accelerated projects will be funded initially using bond funds, but MoDOT officials anticipate having approximately \$1.3 billion in bonds available for projects after 2006. According to MoDOT officials, the Smooth Roads Initiative will allow the department to easily achieve, or exceed, MoDOT's short-term road condition goal which calls for 50 percent of the national highway system and arterials and 85 to 90 percent of interstate miles to be in "good" condition.

While MoDOT officials believe this initiative will achieve MoDOT goals, officials do not plan to make a detailed assessment estimating the extent to which short-term condition goals will be achieved or exceeded on the remainder of the system's 30,000 miles following the completion of the Smooth Road Initiative. In addition, officials do not plan to assess the financial commitment that will be required to achieve long-range road condition goals for the national highway and arterial systems, or the remainder of the highway system, after the Smooth Roads Initiative funds have been expended. Instead, MoDOT's Director told us the department is in the process of developing new performance measures. These measures will not include the previous percentage road condition goals. The Director plans to track incremental improvements on a year-to-year basis and publish results on a quarterly basis, which he believes will increase accountability.

⁵ Voters passed Amendment 3 in November 2004. With passage, MoDOT will receive an additional \$187 million in additional funds which it plans to use to finance the issuance of \$1.7 billion in bonds.

Conclusions

Based on input from the public, MoDOT established preservation and maintenance of the existing highway system as its highest priority in its 2001 long-range planning documents. While system preservation and maintenance funding has increased in recent years, the amount allocated by the Commission through 2009 would not have allowed MoDOT to achieve its short-term road condition goal of having 50 percent of the national highway system and remaining arterials in "good" or better condition within a 10-year timeframe. As late as September 2003, MoDOT informed the Commission an annual investment of \$575 million in system preservation funding would be necessary in order to achieve short-term road condition goals within a 10-year timeframe. However, the Commission has not taken action on this information. In fact, when \$137 million per year in additional federal funds became available in June 2004, the Commission voted to allocate 71 percent of those funds to system expansion and only 22 percent towards preservation and maintenance.

With an anticipated additional \$1.7 billion in bond funding, associated with the passage of Amendment 3, MoDOT plans to spend approximately \$540 million on system preservation and maintenance and \$251 million on expansion projects over the next three years as part of the Smooth Road Initiative. MoDOT officials believe this initiative will allow them to meet or exceed goals for 2,200 miles of Missouri's most heavily traveled roads. However, officials do not plan to make a detailed assessment of the extent good road conditions may be achieved, or exceeded, on the remaining 30,000 miles of Missouri's highway system as a result of this initiative. In addition, the department has not determined the investment needed to achieve good road conditions for the national highway and arterial system, or the remainder of Missouri's highway system, following this initiative. Because of the new performance measures rolled out in January 2005, MoDOT officials no longer plan to use goals specified in the strategic plan. Instead, officials told us they plan to track and report on incremental improvements in 18 strategic performance areas.

We believe assessing the impacts of investment decisions, such as the Smooth Roads Initiative, on the whole highway system is necessary to ensure MoDOT is moving in the right direction to best serve its customers. Without this assessment, it can be difficult to align investment decisions with road conditions improvement needs. In addition, until new department strategies and performance measures are clearly defined, assessing the impact of investment decisions is necessary to ensure all system preservation needs are met. Once the new performance measurement tool is fully implemented, we will evaluate its effectiveness.

Recommendation

We recommend the Commission:

- 2.1 Determine the appropriate investment needed to achieve good road conditions for the state's 32,000 mile road system, and align investment decisions with that strategy to ensure improvements in road conditions are accomplished timely.

Agency Comments

MoDOT's comments are included in Appendix II.

Improvements Are Needed in MoDOT's Planning Processes

MoDOT's planning process has not taken full advantage of the performance measurement process in place. Performance measurement data has not always been used to make management decisions, and data used for the purposes of measuring performance has not been updated timely. Improvements are also needed in MoDOT's transportation planning systems. When making overall investment strategy decisions, MoDOT has not been capable of performing complex trade-off analyses, and other analyses, which would allow officials to project the effect various investment strategies may have on the state's road systems and economy. As a result, MoDOT cannot be assured transportation funds have been expended in the most effective manner possible and its road improvement investment strategies will achieve overall system goals.

Use of Performance Measurement System Not Maximized

MoDOT has not fully utilized the performance measurement process as a management tool. While MoDOT has established performance measures, short-and-long-term performance goals, and has established a tool to measure progress toward stated goals, data collected to measure progress has not been updated in a timely manner and has not been used effectively to make management decisions.

Performance data not adequately used as a management tool

MoDOT has not adequately integrated performance measurement data into its decision-making process regarding the allocation of highway system investments. Our review of MoDOT documentation provided to the Commission to guide its decisions regarding the new fund allocation method disclosed it contained minimal information on performance measures or progress MoDOT had made in meeting its stated goals in previous periods. For example, our review of MoDOT data disclosed that although projections of road conditions had been provided to the Commission, no information had been provided regarding the lack of improvement in road conditions at past funding levels. Road condition performance data indicated, as of the end of 2003, road conditions have not improved from 1996 levels and actually decreased from 2002 to 2003 despite increased system preservation and maintenance spending over that time frame (see Figure 2.1 for funding levels). Performance data regarding safety measures and metropolitan congestion were also not included in the fund allocation discussion.

MoDOT's performance measurement report stated the primary use of performance measurement information is to assess the department's overall progress and to demonstrate accountability to its stakeholders, but did not specify its use in the decision-making process. Performance measurement

Performance data reported has been outdated

guidance⁶ states a performance measurement process should first be "integrated into the planning, management, and decision-making process of an agency." This includes evaluating measures of past performance to determine the effectiveness of strategies in place and making appropriate adjustments depending on the outcomes. It also states a performance measurement process which is integrated into the decision-making process will help ensure accountability, efficiency, effectiveness, improved communication, clarity and improvement over time.

MoDOT reported performance data collected to the Commission in a performance measurement report, dated July 2004. However, data presented in this report had not been updated in a timely manner. For example, the report contained road and bridge condition data through 2001, when 2002 and 2003 data had been available for use. In addition, metropolitan congestion data had only been updated through 2001 and accident data had only been updated through 2002.

MoDOT officials stated there is no urgency to update the data in the performance measurement report because they use data trends over time to measure progress and do not believe it is necessary to update it in a more timely fashion. However, according to a study published by the National Performance Review,⁷ "performance information should be disseminated quickly. Putting useful information into the hands of an organization's decision makers promptly and efficiently is critical."

Transportation Planning Systems Have Limited Capabilities

MoDOT has used its transportation management system to track all transportation related data and has used this data to provide limited projections of road conditions. However, our review of best practices in transportation planning disclosed some states have implemented transportation planning systems which allow those states to perform analyses MoDOT's system currently cannot perform. We found Montana, Colorado, and Ohio have implemented customized planning systems which have enabled them to perform complex trade-off analyses allowing decision makers to forecast the effects various investment strategies may have on their states' overall transportation systems. It also has allowed decision makers to determine various levels and mixes of performance objectives that can be accomplished with given funding and benefit-cost constraints.

⁶ Use of Performance Measures in Transportation Decision Making, Steve Pickerell and Lance Neumann, Cambridge Systematics, Inc., Conference Proceedings 26, Performance Measures to Improve Transportation Systems and Agency Operations, Transportation Research Board, National Academy Press, Washington DC, 2001.

⁷ Serving The American Public: Best Practices in Performance Measurement, National Performance Review, June 1997.

For example, these states could determine the most effective way to invest transportation funds in terms of road conditions, transportation goals, demographics and economic impact.

Other states have implemented the Highway Economic Requirements System for States, which is a version of the management system used by the FHWA. This model performs the same trade-off analyses the Montana and Colorado systems can perform, but may not be specifically customized to each specific state. According to the FHWA, this system "uses engineering standards to identify highway deficiencies, and then applies economic criteria to select the most cost-effective mix of improvements to system-wide implementation." It can also be used to "evaluate the implications of alternative programs and policies on the conditions, performance and user cost levels associated with highway systems."

MoDOT officials acknowledged MoDOT's current transportation management system's trade-off analyses have been limited to road system conditions. However, officials believe the current system is adequate and meets their needs.

Conclusions

While MoDOT has taken positive steps in its development and tracking of performance measures, performance data has not been adequately integrated into its decision-making process. To properly integrate performance measures into the decision-making process MoDOT and the Commission must monitor the progress toward performance measures and use that information when allocating resources. By tying progress towards performance goals to the fund allocation process, MoDOT and the Commission can create accountability for achieving performance goals. However, in order for performance data to be used effectively, MoDOT's performance data must be kept up-to-date.

MoDOT's current transportation planning systems have limited capabilities and cannot perform complex trade-off analyses which would provide MoDOT officials with important information regarding the most cost-beneficial investment of funds. We believe this type information, in combination with an integrated performance measurement system, would allow MoDOT officials and the Commission to make more effective investment strategy decisions.

Recommendations

We recommend the Commission:

- 3.1 Establish procedures requiring the use of performance measurement data included in MoDOT's performance management report as part of the decision-making process when determining investment strategies.
- 3.2 Establish procedures to ensure timely performance data is included in MoDOT's performance management report.
- 3.3 Determine the feasibility of upgrading the current transportation planning systems to allow for more complex investment trade-off analyses for use in making investment strategy decisions.

Agency Comments

MoDOT's comments are included in Appendix II.

Weaknesses Exist in MoDOT's Project Prioritization Processes

MoDOT has not adequately assessed the cost-effectiveness of statewide expansion projects. In addition, rural district-level expansion projects have not been prioritized on a statewide basis or objectively evaluated in a consistent manner. Cost-share projects also have not been adequately assessed for cost-effectiveness and have not been subject to the project prioritization process or compared to other projects on a statewide basis. MoDOT has made improvements in its project prioritization process that should ensure all projects are evaluated in a more objective manner. However, the new process does not ensure district-level expansion projects are evaluated in a consistent manner from district to district. Despite the improvements made in the project prioritization process, MoDOT officials do not intend to reevaluate projects already included on the current STIP. As a result of these weaknesses, MoDOT cannot be assured investments in current and future highway improvement projects selected for construction will provide the greatest benefit to the state's transportation system.

Cost-Effectiveness of Expansion Projects Not Adequately Considered

MoDOT indirectly considers the cost-effectiveness of projects selected for construction by using project prioritization processes that consider factors such as traffic volume, safety and congestion. However, MoDOT has not used a formal assessment of benefit-cost as recommended in transportation literature and government organizations. For example, according to GAO reports,⁸ GAO, the Office of Management and Budget, and the U.S. Department of Transportation have identified the use of a formal benefit-cost analysis as a useful tool for integrating the social, environmental, economic, and other effects of investment alternatives, and for helping decision-makers identify projects with the greatest net benefits.

FHWA guidance⁹ also recommends the use of a formal benefit-cost analysis which considers the life-cycle benefits and costs of a given project. The potential benefits for a project are directly related to the volume of traffic the road handles. The benefits considered include travel time and delay, vehicle operating costs, reduction in accidents and reduction in noise and emissions, while costs typically considered include agency costs, such as design, construction and land acquisition costs, as well as future maintenance costs. According to the FHWA, a formal benefit-cost analysis "considers the changes in benefits and costs that would be caused by a potential improvement to the status quo facility." FHWA guidance explains

⁸ Surface Transportation: Many Factors Affect Investment Decisions, GAO, June 2004 (GAO-04-744), and Highway and Transit Investments: Options for Improving Information on Projects' Benefits and Costs and Increasing Accountability for Results, GAO, January 2005 (GAO-05-172).

⁹ Economic Analysis Primer, United States Department of Transportation, FHWA, August 2003.

this analysis can be used to help determine 1) whether or not a project should be undertaken at all, 2) when a project should be undertaken, and 3) which competing projects should be funded given a limited budget.

According to the FHWA, an economic analysis, such as a benefit-cost analysis, "is a critical component of a comprehensive project or program evaluation methodology that considers all key quantitative and qualitative impacts of highway investments. It allows highway agencies to identify, quantify, and value the economic benefits and costs of highway projects and programs over a multiyear timeframe. With this information, highway agencies are better able to target scarce resources to their best uses in terms of maximizing benefits to the public and to account for their decisions." Without formal benefit-cost analyses, it is difficult to assess the true cost-effectiveness of metropolitan and rural expansion projects.

In its June 2004 report, GAO recognized challenges exist when using benefit-cost analyses. Difficulties exist in identifying the distribution of benefits and costs of alternative projects across affected locations, quantifying and assigning a dollar value to some effects, and ensuring the precision of estimates used in the analyses. Notwithstanding these challenges, GAO concluded benefit-cost analysis remains an important and useful tool in helping select transportation projects.

MoDOT officials stated their prioritization methodology is adequate since it indirectly considers cost-effectiveness. The officials also stated placing too much emphasis on cost-effectiveness is not a good idea because other transportation factors, such as connectivity and safety, often outweigh the cost-effectiveness of a particular project. As previously discussed, the FHWA recommends the use of a formal benefit-cost analysis, which includes transportation factors such as reductions in accidents and travel time.

Rural Expansion Projects Not Prioritized Against Other Rural Projects on a Statewide Basis

MoDOT's rural districts are responsible for prioritizing smaller scale system expansion projects, such as overpasses. Approximately \$72 million per year is allocated to the districts for non-metropolitan expansion projects. However, once prioritized at the district level, rural district expansion projects have not been compared against other rural district projects on a statewide basis. According to MoDOT planning officials, comparing projects across districts would negate the intent of MoDOT funding allocation. The officials told us they designed the fund allocation methodology to provide an equitable method of allocating funds between districts and to prioritize projects on a statewide basis may result in an inequitable distribution of expansion funds.

FHWA guidance recommends rural projects compete on a statewide basis when funds are apportioned between rural and metropolitan areas for the sake of equality, such as they are in Missouri. Transportation literature states that not comparing rural expansion projects on a statewide basis does not ensure funds allocated for that purpose are used in the most effective manner possible.

Based on our observations, MoDOT's current process allows one rural district to use expansion funds to construct an expansion project even though there may be several other rural districts across the state that have more worthy projects that remain unfunded. For example, an overpass and outer road at Route C and Highway 61 at Moscow Mills in Lincoln County, a project with significant safety concerns as a result of significant population growth in the area, has yet to be constructed¹⁰ because insufficient district-level expansion funds have been available to the Hannibal district. At the same time, other rural district expansion projects have been completed in other districts without a benefit-cost comparison of the projects.

Districts' prior project prioritization processes not consistent

Discussions with district planning personnel at five districts¹¹ disclosed MoDOT has not used a uniform project prioritization methodology at the district level. For example, while three districts had implemented a process in which each project had been given a score allowing district planning personnel to cross-compare projects, others had not. However, for two of the districts that had implemented scoring systems, the scores were based primarily on subjective input from local stakeholders and planning officials and not objective transportation and demographic data. This was not the case at the St. Louis district, where extensive transportation data had been used in the prioritization process. Transportation research recommends the use of a consistent evaluation methodology to prioritize projects.

MoDOT planning officials have recognized this weakness and are in the process of implementing a consistent evaluation methodology which is designed to allow the districts to cross-compare potential projects within each district using less subjective data.

¹⁰ Project is included in the current STIP and is planned for construction in fiscal year 2006.

¹¹ We visited MoDOT district offices in St. Louis, Hannibal, Jefferson City, Sikeston and Macon.

New prioritization process makes statewide comparisons of rural projects difficult

MoDOT's new prioritization methodology introduces increased objectivity and improved local input into the prioritization process, and allows districts significant flexibility to adjust prioritization factors. However, the flexibility of the new process will make statewide comparisons of rural projects difficult. For example, one district may believe congestion is a priority and give it a weight of 30 percent, while another district may feel congestion should only be given a weight of 5 percent. As a result, a project would be given different scores depending on which district scored it.

MoDOT officials stated this flexibility is intentional and recognizes the difference in urban and rural districts. It is an important part of the new framework because it allows each district to customize its prioritization process. MoDOT's approach may be reasonable in recognizing differences between urban and rural districts. However, transportation literature supports the statewide prioritization of rural district-level expansion projects and we believe consistency among urban districts and among rural districts would allow comparisons of projects at the rural district level.

Cost-Share Projects Not Evaluated for Cost-Effectiveness or Compared Against Other Expansion Projects

The Commission's current funding allocation includes \$30 million a year for cost-share projects. The cost-share allocation has increased from \$15 million in 2002 to \$20 million in 2003 and 2004. Cost-share funds are used for projects in which local entities are willing to assist in the project's funding and also for projects which involve economic development considerations. Cost-share program policy states that a local entity must contribute up to 50 percent of the project costs before MoDOT will pay for the remainder. MoDOT has used cost-share funds to construct projects of various scale. For example, cost-share funds have been invested in large-scale major projects such as the four-lane expansion of Highway 63 from Macon to Kirksville and the renovation of the intersection of Interstate 470 and Highway 50, mid-scale major projects such as the re-routing of Highway 72 around Fredericktown, and smaller scale projects such as turn lanes and on ramps.

Cost-share projects have not been subject to benefit-cost analysis, and cost-share program policy has not required projects meet specific criteria to ensure cost-effectiveness of projects under consideration prior to construction. Program policy only contained general criteria. For example, the project must be on the state system and provide a public benefit. In addition, since cost-share funds have been set aside specifically for cost-share projects, they have not been subject to the normal prioritization process and the full amount of available funds have been awarded to cost-share projects without any cross-comparison of other statewide expansion projects.

Our review of other states' prioritization efforts determined that Ohio's transportation department currently includes cost-share projects in the normal expansion project prioritization process. In Ohio, cost-share projects are evaluated using a separate evaluation tool which includes consideration of the cost-effectiveness of a given project, but the resulting scores are combined with the statewide expansion projects being considered for construction and the top projects across the state are selected. Ohio's prioritization of cost-share projects is consistent with transportation literature since it helps ensure the most cost-effective projects are completed first.

MoDOT officials conceded some of the projects constructed with cost-share funds would not have been constructed through the normal prioritization process, or had been significantly accelerated by the use of local money. The officials also stated the cost-share program is intended to foster economic development while at the same time leveraging local funds into the transportation system.

Existing Expansion Projects Will Not Be Reevaluated

MoDOT officials told us expansion projects already included in the 2005-2009 STIP will not be reevaluated using the new project prioritization process. Based on our review of MoDOT projects, over \$900 million is expected to be spent on expansion projects during the last three years of the most recent STIP, with the majority of these projects not started until after 2005.

As previously discussed, the new prioritization methodology introduces increased objectivity and improved local input into the prioritization process. However, MoDOT officials do not plan to reevaluate projects included in the current STIP because those projects represented commitments already made to the citizens of the state.

Conclusions

MoDOT has not adequately incorporated benefit-cost analyses into its statewide expansion project selection process. Without a formal benefit-cost analysis, it is difficult to assess the true cost-effectiveness of urban and rural projects. In addition, rural district expansion projects have not been required to compete with other rural district projects on a statewide basis. MoDOT officials have taken action to correct inconsistencies in MoDOT's prior prioritization process. However, flexibility allowed in MoDOT's new process would make statewide comparison of rural projects difficult, if not impossible. As a result, the department has no assurance the highest priority and most cost-effective statewide and district expansion projects have been selected for construction. Because of the high cost of expansion projects,

and limited state funding, we believe it is important MoDOT use a project prioritization process that selects expansion projects which will provide the greatest benefit to Missouri's citizens and transportation system.

Without specific criteria ensuring the cost-effectiveness of cost-share projects and without prioritizing cost-share projects against other expansion projects, MoDOT cannot be assured cost-share projects selected for construction represent the most effective investment of the \$30 million in cost-share program funds.

The current STIP includes approximately \$900 million in expansion projects which have yet to be started. However, MoDOT officials have no plans to reevaluate those projects using the improved project prioritization process. Using the improved process would be beneficial in ensuring projects planned under the old process are still a high priority and are important to local planning partners and the public.

Recommendations

We recommend the Commission:

- 4.1 Implement the use of a formal benefit-cost analysis in conjunction with the new prioritization process to more effectively evaluate the cost-effectiveness of proposed expansion projects, including cost-share projects.
- 4.2 Require the rural districts to prioritize expansion projects on a statewide basis and in a consistent manner.
- 4.3 Require cost-share projects to be subjected to the prioritization process and compared to other projects on a statewide basis.
- 4.4 Using the improved project prioritization process, reevaluate STIP expansion projects that have yet to be started to ensure they are still a high priority and are important to local planning partners and the public.

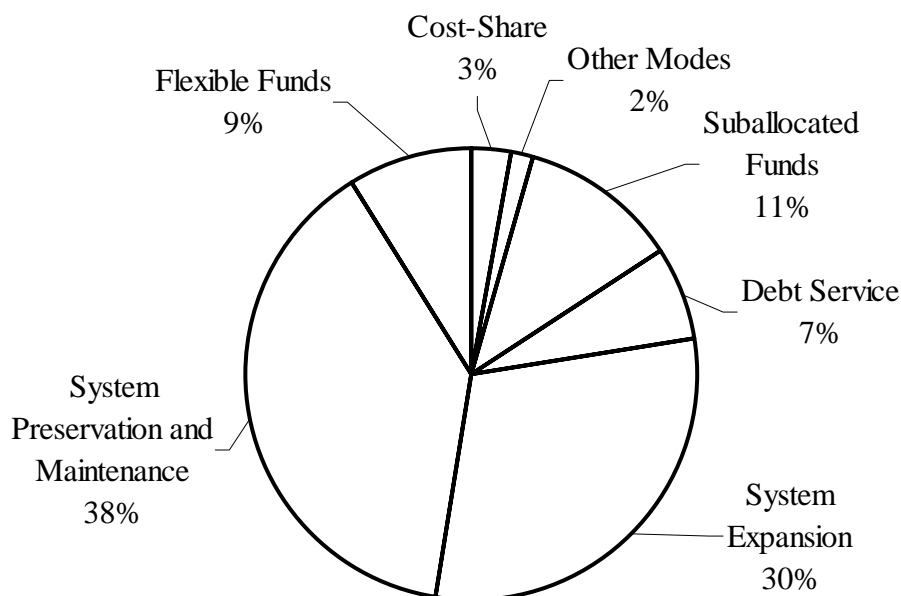
Agency Comments

MoDOT's comments are included in Appendix II.

Funding Distribution

This appendix shows MoDOT's construction funds distribution, and defines each funding category. Figure I.1 depicts the projected distribution of \$1.1 billion in transportation construction funds starting in calendar year 2005. The Commission approved the current funding allocation in January 2003 and includes an increase in federal funding which became available in June 2004.

Figure I.1: Distribution of Construction Funds



Suballocated Funds – Represents a total of \$128 million in federal funds which have been designated to specific projects by the United States Congress.

Other Modes – A total of \$18 million per year is designated for projects involving other modes of transportation including transit, aviation, waterways and railways.

Cost-Share – Approximately \$30 million per year in cost share funds are set aside for projects in which local revenues can be used to fund up to 50 percent of local projects. Emphasis is also given to projects which include an economic development aspect to them.

Debt Service – Approximately \$75 million per year will be necessary to repay bond commitments. This amount is based on the amount already bonded over 20-years, additional borrowing would necessitate additional debt service payments.

Appendix I Funding Distribution

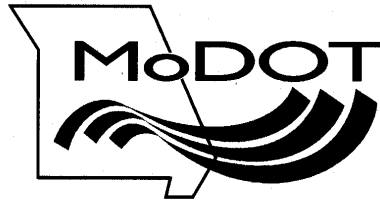
System Preservation and Maintenance – Approximately \$430 million per year will be spent on taking care of the existing system, which includes \$125 million for preservation of the interstate system, \$25 million for safety projects, and \$280 million for preservation and maintenance of the remaining system.

Flexible Funds – Approximately \$100 million will be distributed to the districts to be spent at their discretion between system preservation and maintenance, system expansion, and safety projects. This funding will not be distributed until state fiscal year 2006.

System Expansion – Approximately \$334 million will be distributed between major metropolitan areas, the districts and MoDOT for projects which expand the existing system's capacity.

Agency Comments

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March 30, 2005

Mr. Kirk Boyer
Director of Performance Audits
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Jefferson City, MO 65101

Dear Mr. Boyer:

Thank you for the opportunity to respond to the draft audit report on Transportation Planning and Project Prioritization. MoDOT prides itself on being a learning organization that embraces change and continuous improvement. Over the past few years, we have worked with our planning partners to improve transportation planning and decision-making processes and to identify a more balanced approach for distributing Missouri's transportation dollars as supported by the Missouri Highways and Transportation Commission. The bottom line is that Missouri has far more transportation needs than available funding, and therefore, tough decisions have to be made. We work continuously with our planning partners to make these decisions and to stretch Missouri's transportation dollars as far as possible.

MoDOT has a new performance measurement tool called the TRACKER. The TRACKER helps us assess our progress in meeting our customers' expectations. Over the years, through public outreach and planning efforts, we have learned what the public expects – what tangible results they're looking for as MoDOT delivers transportation products and services Missourians count on. The TRACKER includes 18 tangible results such as smooth and unrestricted roads and bridges, a safe transportation system and the best value for every dollar spent. There are specific performance measures associated with each tangible result. TRACKER is a work in progress and will change over time, but the measures it includes are the vital signs of our organization and gauge our performance in delivering what Missourians expect.

We are also updating our long-range transportation plan, the Missouri Advance Planning (MAP) initiative. The MAP will link the TRACKER performance measures, future funding projections and various levels of transportation investments through a tool used for making high-level investment comparisons. This tool will help with future transportation decision-making by illustrating the system performance trade-offs associated with different investment decisions. The MAP effort will also involve Missourians in refining their idea of the transportation system they desire, what they are willing to pay for it and the trade-offs they would support.

MoDOT is changing, and we don't expect to stop any time soon. It is crucial that we continue to improve and that we keep working with our planning partners and customers. We agree with your assessment that too little has been spent on maintenance over the past decade. We are addressing this need in two ways: (1) We have increased preservation investments to \$430 million in 2006, up from \$157 million in 1997; and (2) We are investing \$360 million from Amendment 3 to achieve good condition on 2,200 miles of roads that carry 60 percent of Missouri's traffic and are within 10 miles of 86 percent of Missouri's population. We have promised to deliver many of the projects already in the STIP sooner when it is

Our mission is to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri.

Appendix II

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possible. We are also working with our planning partners to deliver over \$1 billion in transportation system improvements over the next five years thanks to Amendment 3.

The audit report states that a cost-effectiveness evaluation is beneficial when making programming decisions about which projects should be funded. MoDOT's Planning Framework includes prioritization processes that indicate how well a transportation project solves a technical transportation problem. We use the results of this technical analysis, along with the cost of each project and the qualitative factors associated with each project, in the discussions with our planning partners to determine which projects to fund. We will continue to build on and improve this prioritization process, and develop a useful method to better gauge the cost-effectiveness of investment decisions. We appreciate your research in this area. We will continue to look into what other states are doing and what can be applied in Missouri.

We, along with our planning partners, believe there must be some flexibility at the district level to address immediate transportation needs on a small scale. This is why we allocate approximately \$72 million annually to our 10 MoDOT districts to use for regional projects. This is the most flexible of all our funding categories and can be used on almost any type of transportation project. This funding is primarily used for small safety and operational improvements. These small regional projects could not easily compete on a statewide level with major corridor projects, but we believe it's important that there is a mechanism to address them.

For example, coordinating regional traffic signals throughout the Kansas City metro area for smoother traffic flow will help reduce congestion, contribute to better air quality and make for safer traveling. Installing traffic signals on Route 50 at the California High School will ensure these young people a safer educational experience. Improving the intersection at Loop 29 and Country Club Village in St. Joseph by adding turn lanes and signals will improve safety and accommodate a new road serving a commercial development, thus supporting the state's economic stability and growth. Each district worked with their regional planning partners to determine evaluation factors for this funding category based on their unique geographic priorities.

For statewide rural expansion projects, MoDOT is already using a process similar to the one recommended in the auditor's report. All statewide rural major projects are consistently evaluated at the statewide level – with involvement from all MoDOT districts and planning partners. We begin by evaluating the technical merit of the project based on traffic volumes, safety data, pavement and bridge condition, and other system data, then work with our planning partners and local officials to consider other qualitative information needed to make a sound investment decision.

We are currently in the process of selecting new statewide major projects that could be funded with Amendment 3 dollars. We started in November, working with planning partners to determine what high-priority projects should be considered. We have worked through our process to gather information about all the projects and begin narrowing the list down to one that can be funded with available resources. We will be hosting a meeting of the Major Project Prioritization Task Force in just two weeks to finalize a recommendation. The meeting is set for April 13, 2005, 8:00 AM – 5:00 PM at the Capitol Plaza Hotel.

Finally, we cannot reevaluate and potentially remove the publicly supported, high-priority expansion projects in the current Statewide Transportation Improvement Program (STIP). Most of these rural expansion projects are part of larger corridor projects not yet completed. The projects' benefits will not be fully realized until the corridors are built to a logical stopping point. These projects are our commitment to Missourians, and we cannot compromise our credibility by breaking these commitments.

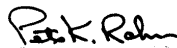
Appendix II Agency Comments

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March 30, 2005

While we have improved the process we use to select projects, we involved planning partners and used quantitative data to select the projects in the current STIP, and we stand behind them.

MoDOT has been commended for its innovations in planning and public engagement over the past year. We have been honored with several national awards in recognition of our leadership in transportation planning, and we have also been invited by national organizations and other state agencies to speak about our improved planning and public engagement processes. We embrace the ideal of making state government better and delivering the best value for every tax dollar we spend. If you would like to learn more about our award-winning project prioritization process, please stop by our meeting on April 13.

Sincerely,



Pete K. Rahn
Director

cc: All MHTC Commissioners
Mari Ann Winters-cs
Roberta Broeker-ai



Claire McCaskill

Missouri State Auditor

April 2005

TRANSPORTATION

Acquisition and Management of Right- of-Way Property



MoDOT's Process to Buy Property for Road Projects Considered Unfair by Some Property Owners

This audit reviewed how well MoDOT works with property owners when buying property for road projects, which is commonly known as right-of-way (ROW) property. MoDOT spent an average of \$63 million acquiring ROW property from fiscal years 2000 through 2004.

Some property owners said land price offers were unfair

Over half of the property owners surveyed by auditors said MoDOT's initial offer for their land was less than fair market value. Most often, MoDOT officials are buying property that is not for sale and this can result in contentious negotiations with someone who may not want to sell their property. About half the owners surveyed also said MoDOT gave "little or no consideration" to their input. (See page 9)

Property owners not provided appraisals until June 2004

Until June 2004, MoDOT would not give property owners a copy of the appraisals detailing how it determined property values. MoDOT began sharing appraisals with owners after outside peer reviewers made the suggestion. (See page 10)

Initial appraisals may not always reflect fair market value

Auditors reviewed 28 property acquisitions and found five with significant differences between initial and second appraisals. MoDOT generally prepared only one appraisal prior to making initial offers to property owners, with second appraisals only being prepared in condemnation cases or unusual situations. Auditors also found five properties in which comparable sales provided by the property owner were not considered in the initial appraisal, but affected the eventual negotiated price. In addition, MoDOT did not always include items in the appraisals for which the property owners should have been compensated. (See page 10)

MoDOT property buyers had no set negotiation limits

MoDOT had not established limits on how much ROW staff could negotiate with property owners, which led to inconsistent acquisitions. Auditors found no limits set on the amount a ROW manager can approve over the appraised amount. (See page 15)

Inconsistent practices on when to buy unneeded property

Auditors found district-to-district differences in how MoDOT officials handled property owners who wanted to sell MoDOT remaining portions of property not needed for the road project. Auditors found the officials in some districts would generally not buy more property than was needed. Officials in another district said they almost always buy all the owner's property if such a request is made. (See page 15)



Claire McCaskill
Missouri State Auditor

YELLOW SHEET

No guidance exists on buying property for projects not on construction plan

Auditors found MoDOT owns nearly 8,000 acres of future ROW property related to projects not included on its 5-year construction plan. MoDOT has owned about half the land for 25 years or more, including some dating back to the 1920s. (See page 17)

MoDOT leased property for nominal amounts or no cost

Auditors found MoDOT leased 234 properties to other parties and received rent of \$20 a year or less for about half of these leases - some at no cost. Lease records did not contain justification for the lack of compensation for most of these leases. In 13 cases, MoDOT paid \$1.7 million for the related properties, but subsequently leased the properties back to the previous owners for nothing or \$1. (See page 22)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Missouri Highways and Transportation Commission
and
Pete K. Rahn, Director
Department of Transportation
Jefferson City, MO 65102

The Missouri Department of Transportation (MoDOT) spent an average of \$63 million acquiring property for transportation purposes for fiscal years 2000 through 2004, which has affected public and private landowners. In May 2004, we reported MoDOT had inadequate right-of-way (ROW) property records and needed improvements in identifying unneeded property on completed or future projects. This report highlights problems with the acquisition of right-of-way property, and MoDOT's leasing of right-of-way property.

Improvements are needed in MoDOT's right-of-way acquisition process. A significant portion of sampled property owners believed MoDOT's initial offers had been less than fair and MoDOT had not adequately considered owners' input. Also, MoDOT's appraisal process has not always assured initial appraisals reflected fair market value. We also found improvements are needed in the leasing of right-of-way property because MoDOT has not ensured (1) ROW property leased for nominal amounts has been properly supported, (2) future ROW properties have always been evaluated for leasing potential, and (3) leasing policies and requirements have been followed. We have made recommendations which we believe will help MoDOT address these weaknesses.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer, Director. Key contributors to this report included Gregory Slinkard, Kim Spraggs, Tsetsegsaikhon (Flower) Chadraabal, Monte Davault, Susan Fifer, Anne Jenkins, and Christy Marsh.

Claire McCaskill
State Auditor

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Abbreviations

CFR	Code of Federal Regulations
MoDOT	Missouri Department of Transportation
QAR	Quality Assurance Review
ROW	Right-Of-Way
RSMo	Revised Statutes of Missouri
SAO	State Auditor's Office
USC	United States Code

Introduction

MoDOT purchases property from private and public landowners to build roads and bridges, and for other transportation purposes. Property purchased for road and bridge purposes is commonly referred to as right-of-way property. MoDOT's ROW division is responsible for overseeing the acquisition and management of this property, and works with the ten district offices located around the state.

MoDOT is one of several state agencies with the authority to exercise the power of eminent domain to acquire property. When the Missouri Highways and Transportation Commission approves projects to build new roads and bridges or widen existing highways, it often needs to buy land for ROW purposes. The state spends millions of dollars each year to acquire ROW property, and to relocate displaced property owners. Table 1.1 shows annual MoDOT ROW property expenditures for fiscal years 2000 through 2004.

Table 1.1: Annual Expenditures for ROW Property

Fiscal year	Expenditures for ROW property	Number of acres acquired¹
2000	\$52,892,879	2,370
2001	62,318,487	3,073
2002	68,301,174	2,530
2003	85,147,405	2,400
2004	49,099,746	1,291

¹ Includes an insignificant amount of permanent easements.

Source: Expenditures posted to Statewide Advantage for Missouri (SAM II) system and MoDOT ROW division records.

For each piece of property MoDOT needs to acquire, a district appraiser, or a private contracted appraiser hired by MoDOT, prepares an appraisal of the property's fair market value. Before an appraisal is accepted, a district review appraiser examines the appraisal to determine if it is thorough, accurate, and contains a reasonable estimate of the fair market value of the property. Part of this evaluation involves an on-site visit to the property as well as reviewing comparable sales used to appraise the property. The review appraiser makes changes deemed appropriate, and documents those changes. Federal regulations¹ require MoDOT's initial offer for ROW property to not be less than the amount approved by the review appraiser. This requirement is intended to ensure the initial offer represents a reasonable offer for the property.

After the appraisal has been prepared and reviewed, an initial offer is tendered to the property owner. If the property owner does not accept the initial offer, MoDOT negotiates with the property owner on the price to be

¹ 49 CFR 24.102(d)

paid. If initial negotiations are not successful, MoDOT will offer the property owner a mediation process in an effort to reach a settlement. For practical purposes, the property owner has no recourse but to ultimately sell the property to MoDOT. However, in cases where the property owner and MoDOT cannot agree on a purchase price through the negotiation or mediation processes, the case is referred to MoDOT's chief counsel's office for legal negotiations, which can include the initiation of condemnation proceedings.² In such cases, the amount paid to the affected property owner is determined by a three-person commission appointed by the circuit court in the county where the property is located. If either MoDOT or the property owner disagrees with the amount awarded by this commission, an exception can be filed and the compensation amount may ultimately be decided in court by a jury.

Unused ROW property can be classified as either excess ROW, pre-construction ROW, or future ROW. Excess ROW property represents real estate which is surplus to current and future transportation needs and is generally available for sale or disposal. Pre-construction ROW property represents real estate that has been acquired for highway projects that have not yet been constructed, but construction is programmed in the current 5-year transportation improvement plan. Future ROW property represents real estate that has been acquired for highway projects that have not yet been constructed, are not planned for construction during the current 5-year transportation improvement plan, and are being held for future use when project funding is available. Most of this property is acquired for projects with the intent to build additional lanes, interchanges, or outer roads in the future.

MoDOT may lease future ROW property when road construction on the property is not imminent. MoDOT policies require the district ROW management committee to review each lease request. If the district committee approves the property lease, the district will forward the request to headquarters ROW division officials for review and approval. Department policy requires a rental study be completed for each leased property to determine the fair market value of the lease, which is used as the basis for the rental price. The rental study is to be updated with each renewal of the lease agreement, with most lease agreements having 5-year terms.

The department sold 149 excess parcels for \$3.4 million, 178 excess parcels for \$1.5 million, and 80 excess parcels for \$1.1 million during fiscal years

² Condemnation proceedings are authorized pursuant to Chapter 523, RSMo 2000.

2004, 2003, and 2002, respectively.³ Revenues from leases totaled \$536,900, \$537,600, and \$664,700 during fiscal years 2004, 2003, and 2002, respectively. MoDOT leased 218 ROW properties, as of June 30, 2004.

MoDOT's ROW program received an external peer review at the department's request in September 2003. The review team was comprised of officials from the Federal Highway Administration and two other state transportation departments. In a report, dated January 7, 2004, the review team made recommendations to improve the effectiveness and efficiency of the ROW program. Recommendations were made in various areas, including planning, communication and training, property management, appraisal and acquisition processes, and policies and procedures.

Previous SAO Work

Our previous report⁴ evaluated the department's ROW records and procedures for identifying unneeded property on completed or future projects. That report disclosed MoDOT had not maintained a comprehensive record of all ROW property it owned, including excess ROW property on completed projects and ROW property intended for use on future projects. In addition, MoDOT had not established a database of all ROW property, nor had it developed adequate procedures to identify and periodically evaluate property which may no longer be needed on completed or future projects. Also, MoDOT could have more actively marketed excess ROW properties it had identified.

Our report included the following recommendations:

- Develop a comprehensive inventory system of all ROW property owned, including all excess and future property. To accomplish this, comprehensive policies and procedures to identify and classify all ROW property are needed.
- Establish comprehensive procedures to evaluate ROW properties to determine unneeded, or excess, properties. Procedures should clearly indicate when the evaluations are to be conducted, provide instructions or guidelines in conducting the evaluations, and require the evaluations be documented.

³ These amounts include both ROW and non-ROW properties sold, with a significant portion being ROW properties.

⁴ Review of Department of Transportation's Excess and Future Right-Of-Way Property (Report no. 2004-36, May 7, 2004).

-
- Require future ROW property be evaluated on a periodic basis to determine whether property is still needed for future projects.
 - More actively market excess ROW property no longer needed for current or future projects. Excess property should be analyzed to determine the feasibility and cost/benefits of selling the property.

We discussed the current status of these recommendations with ROW division officials in August 2004. Officials stated improvements are planned, or in process, to address various weaknesses reported. They said MoDOT is in the process of developing a comprehensive database system of all real estate owned by the department, including ROW property, and planned to revise the property management section of the ROW manual. They estimated the initial phase of the database system would be operational by the end of calendar year 2004, with new policies and procedures being implemented in phases.

Scope and Methodology

We surveyed 200 Missouri citizens or businesses that had property purchased by MoDOT between July 1, 2001 and June 30, 2003⁵ to obtain input on the ROW acquisition process and to determine how property owners felt they had been treated during the process. We received 125 survey⁶ responses (63 percent response rate). The survey form and summary responses are included in Appendix I.

We reviewed district files and interviewed MoDOT employees involved in the acquisition cases selected for detailed review noted below, and MoDOT district and headquarters staff responsible for ROW acquisition and management. Interviews involved individuals located at MoDOT headquarters and district offices in Jefferson City (District 5), St. Louis (District 6), and Springfield (District 8). Personnel included division management officials, district ROW managers, district and contracted negotiators, district and contracted (fee) appraisers, district property management staff, district engineers, and headquarters and district legal staff. Our interviews focused on the effect of (1) ROW policies and practices concerning selected acquisitions, (2) appraisal policies and practices, (3) ROW policies and practices about property management and oversight, and (4) other case-specific details that were not addressed by past or present policies.

⁵ During this time period, MoDOT made 2,324 ROW acquisition payments. We randomly selected the property owners surveyed from the 1,354 payments which exceeded \$5,000.

⁶ Survey responses received from three property owners who chose to only provide written comments were not included in the survey analysis.

To determine whether MoDOT handled ROW acquisitions according to policy, and adequately justified and documented prices paid, we examined both MoDOT's Parcel Acquisition System and its underlying data to attempt to determine the reliability of the information that the system provides. Where possible, we compared the data that the districts reported with that from their internal acquisition records. We conducted interviews with headquarters and ROW officials responsible for operating and maintaining the Parcel Acquisition System and selected district officials responsible for reporting the data and ensuring its accuracy. As part of our effort to examine MoDOT's Parcel Acquisition System, we reviewed the extent and quality of controls over ROW acquisition data. In doing so, we sought to determine whether (1) MoDOT had management controls in place to provide reasonable assurance that the Parcel Acquisition System data was valid and reliable and (2) parcel acquisition data was sufficiently reliable for our intended use. We identified and evaluated MoDOT's management controls over the processes to record and analyze acquisition data. We found information in the database was not sufficiently reliable for purposes of this report. As a result, we developed recommendations to help ensure the system accurately reflects complete records of acquisitions, and whether department policies were followed.

To accomplish our objectives, we evaluated 28 acquisitions of ROW properties by reviewing headquarters and district files, and interviewed responsible ROW officials at MoDOT's headquarters and three district offices to assess the overall effectiveness of MoDOT's existing property acquisition policies and procedures. We judgmentally selected the 28 acquisitions from MoDOT's records of acquisitions and the Statewide Advantage for Missouri (SAM II) system during the period from July 1, 2001 to June 30, 2003. This sample was designed to verify potential weaknesses or risks identified from our survey respondents, transactions with other agencies or MoDOT employees, or transactions with substantial differences between the original appraised amount and final purchase price.

To evaluate MoDOT's justification for the recent acquisition of future ROW property, we judgmentally selected 12 future ROW properties for review from listings of future ROW properties prepared by the districts.

To determine whether MoDOT effectively managed its ROW property, we performed tests to determine if (1) future ROW properties were marketed for leasing, (2) sale and leasing policies were followed, and (3) property management (leasing) records were accurate and complete.

As part of this testing, we selected and reviewed a statistically-based sample of 63 parcels from a population of 922 excess and future properties, per MoDOT records as of January 2004, and a statistically-based sample of 53

leases from a population of 234 properties leased, as of October 2003. Because of inadequate and unreliable MoDOT ROW records, we could not ensure the completeness of the population or project our test results based on these records.

For the various audit tests, we obtained documentation from and contacted various officials and employees throughout all ten districts. We also contacted the Arizona, California, Colorado, Iowa, and Washington transportation departments to compare MoDOT's procedures over ROW acquisitions and property management to the policies and procedures of those states.

MoDOT ROW division officials reviewed our surveys for comprehensiveness and technical accuracy, and the case study methodology. District officials told us selected ROW properties were representative of typical ROW acquisitions and management in those districts.

We requested comments on a draft of our report from the Director of Transportation, and those comments are reprinted in Appendix II. We conducted our work between March and September 2004.

Improvements Needed in Right-of-Way Property Acquisition Processes

Approximately half of surveyed property owners believed MoDOT's initial offers had been less than fair market value and MoDOT had not adequately considered owners' input. In addition, MoDOT's appraisal process has not always assured initial offers to property owners reflected fair market value. Subsequent appraisals often valued properties at higher levels because appraisers had differing opinions of property values, comparable sales were not always adequately identified and considered in appraisals and subsequent offers, and MoDOT appraisers had not always adequately considered non-land damages in appraisals, sometimes underestimated the value of property components, or missed items. MoDOT also lacked adequate guidance on when to prepare a second appraisal and appraisers had not always gotten adequate feedback on their performance. Weaknesses in the appraisal process may also contribute to more condemnation cases. MoDOT also lacked (1) consistent negotiation procedures on how much ROW staff could negotiate with property owners, (2) consistent guidance in determining when to buy unneeded property, and (3) guidance restricting the purchase of future ROW properties not funded in MoDOT's 5-year plan. In addition, MoDOT's ROW property acquisition database could not be used as intended. As a result, MoDOT cannot be assured its ROW property acquisition process is effective.

Some Property Owners Not Satisfied With Acquisition Process

ROW properties acquired by MoDOT usually were not for sale at the time they were acquired. As such, MoDOT was in the unenviable position of negotiating with property owners who did not necessarily want to sell their property. Property negotiations can become difficult and contentious, and many property owners may tend to view the process in a negative light. While 37 percent of our survey respondents believed the final purchase price was less or substantially less than fair market value, most property owners believed they received fair market value or more on the final purchase price.

Over half (55 percent) of the property owners responding to our survey reported MoDOT's initial offer for their property was less than fair market value, with 38 percent reporting they believed the initial offer was substantially less than fair market value. About half (47 percent) of the property owners believed their input received "little or no consideration" during MoDOT's acquisition of their property, and 56 percent believed their input received "little or no consideration" during the project design development process.⁷

⁷ Several steps in MoDOT's design and planning processes involve getting input from the community. MoDOT feels the community members can provide critical information on the most important needs since they are the ones who will use the roads.

Property owners responding to our survey had mixed opinions about their experience with the ROW acquisition process and whether MoDOT had treated them fairly. For example, one survey respondent indicated he believed MoDOT values property at the lowest possible value, rather than determining what is the fairest value in the interests of the property owner, who is making the sacrifice for the public good. Another survey respondent wrote: "MoDOT's people were very forthright in their dealings. They were knowledgeable and helpful in each portion of my dealings with them." A third survey respondent wrote: "I felt they started out with a low figure...after it was all settled I felt it was a fair deal for all concerned."

Property owners generally reported MoDOT employees had explained why their property had been needed, they had been given an adequate amount of time to consider MoDOT's offer, and MoDOT fulfilled all or most commitments made to them during the ROW acquisition process. Over half (57 percent) of the property owners responding to our survey indicated they had been treated fairly by MoDOT during the ROW acquisition process. However, property owners felt burdened by the acquisition process. Our survey found 68 percent of the property owners reported the property acquisition caused a commitment of their personal time, with 36 percent reporting that commitment to be great or very great.

Appraisals not provided to property owners until June 2004

Prior to June 1, 2004, MoDOT had not provided property owners a copy of appraisals documenting how property values and resulting initial offers had been determined. Although one negotiator said she allowed the property owner to view the appraisal, she said this had not been the standard practice and it had only been done by about half the negotiators in her district. One survey respondent indicated he did not know whether MoDOT's initial offer for his property had been fair because MoDOT staff refused to show him any research used in determining the offer amount.

The recent external ROW division peer review recommended MoDOT give copies of appraisals to property owners so they could better understand the appraiser's reasoning in the valuation of their property and to help in negotiations. MoDOT revised its procedures and now provides copies of appraisals to property owners. Districts received written notification of this change in a memo dated May 27, 2004, which advised giving out copies of appraisals on all projects for which ROW acquisition began after June 1, 2004.

Initial Appraisals May Not Always Reflect Fair Market Value

MoDOT's appraisal process has not ensured initial offers to property owners always reflected fair market value. This has occurred because subsequent appraisals often valued properties at much higher levels, negotiated prices were sometimes based on comparable sales not included in the original appraisal, and MoDOT appraisers had not always included items for which

the property owner should have been compensated. In addition, we found guidance had not been established for when second appraisals should be done prior to initial offers. We also found department appraisers had not received consistent feedback on the outcome of cases involving appraisals and some fee appraisers had not been evaluated in accordance with division policy.

Weaknesses existed in appraisal process

Considering over half of the property owners responding to our survey indicated they believed MoDOT's initial offer was less than fair market value, and the recent external peer review identified weaknesses in the appraisal process, we evaluated the process to determine the extent to which weaknesses existed. We analyzed a judgmental sample of 28 cases where either survey respondents or division data indicated potential problems, such as substantial differences between the original appraised value and the final purchase price. We also interviewed ROW officials from three districts regarding these cases, who confirmed the cases were typical acquisitions and the procedures followed were consistent with all of their acquisitions.

Our review of 28 properties disclosed weaknesses existed in the appraisal process for about half of those properties. For example, five properties had significant differences between initial appraisals and subsequent appraisals. For five other properties, comparable sales provided by the property owner, which were not considered in the initial appraisal and subsequent offer, affected the negotiated price of the properties. For three other properties, MoDOT determined the initial appraisals missed certain items which should have been included in the appraisal, or included items which MoDOT undervalued.

Examples of cases in which subsequent appraisals increased the appraised amount.

- For one property, the seller did not accept the initial offer, and during the condemnation process, the legal department had another appraisal prepared for the property. That appraiser valued the property at over 400 percent of the initial offer amount. The initial and subsequent appraisals varied significantly because the appraisers' opinion on the highest and best use (commercial versus residential) differed. Condemnation proceedings continue for this property as of January 2005.
- For another property, the initial appraiser valued the property at \$30,828. After the case went to condemnation, the legal department had a contracted (fee) appraisal prepared which valued the property at \$164,000. The appraisals differed because the second appraiser allowed a \$101,000 reduction in value to the building on the property because parking spaces had been reduced. The initial appraiser had not included

this reduction because she believed the applicable city would not enforce a zoning requirement which affected the parking lot. MoDOT ultimately settled with the property owner for \$300,000.

- For another property, the initial appraisal valued the property at \$20,750. After the case went to condemnation, the legal department had a second appraisal prepared which valued the property at \$83,500. The appraisals differed because the initial appraiser had not considered damages to the remaining property associated with a change in access to the highway. MoDOT ultimately settled with the property owner for \$109,198. The MoDOT attorney who handled the settlement said the change in access had been considered in the settlement amount.

Examples of cases in which the negotiated price of the property acquisitions had been affected by a comparable sale(s) provided by the property owner, which had not been considered in the initial appraisal and subsequent offer.

- For one property, MoDOT initially appraised and offered \$850,000 for a 95 acre parcel. MoDOT eventually settled with the property owners for \$1,255,488, based partly on a comparable sale not considered in the initial appraisal.
- For another property, MoDOT initially appraised and offered \$19,500. The property owners made a counter offer of \$21,000 based on a comparable sale they had identified. MoDOT decided to settle at the amount of the counter offer.

Examples of instances where MoDOT determined the initial appraisals missed certain items for which the property owner should have been compensated, or included items MoDOT undervalued.

- For one property, MoDOT offered the property owner \$12,350, based on the initial appraisal. During negotiations, MoDOT discovered the initial appraisal did not include the costs the property owner would have to incur to move a private road that had been affected by the project. MoDOT agreed to compensate the property owner an additional \$32,650 to reimburse him for these estimated costs.
- For another property, MoDOT agreed to pay the property owner an additional \$30,500 to cover the replacement of a landscape berm and trees. The appraiser had initially estimated that 60 trees would need to be replaced. However, the owner contended with relocation of the landscape berm, 180 trees would need to be replaced. The owner also contended the appraiser did not allow enough for the cost of the trees. The additional

amount reflected an increase in the estimated amount paid for trees lost which were not properly considered or estimated in the initial appraisal.

According to appraisers and negotiators, the appraisal process is subjective and appraised values on the same property often vary and sometimes by substantial amounts. Valuation differences can vary because (1) the appraisers' opinions of the highest and best use for the property may differ, (2) different comparable sales are used in preparing the appraisal, (3) certain non-land items (damages) might not be included in one of the appraisals.

Guidance needed on when to prepare a second appraisal

The MoDOT ROW division generally prepared one appraisal prior to making initial offers to property owners and obtained a second appraisal only when there had been a unique or complex situation, according to department officials. MoDOT had no written policy or procedure identifying situations when second appraisals had been needed. Further, division officials had not maintained records when second appraisals had been obtained. According to the ROW division director, prior to the early 1990s, the division had a policy requiring staff obtain a second appraisal for any parcel with an estimated value over \$50,000 or with a certain level of complexity, prior to the initial offer being made. However, the division director said he did not know why or when this policy changed.

An Iowa Department of Transportation official said his department requires a second appraisal for acquisitions in which the property is very complex, the highest and best use is different from the current use, or partial acquisitions in which the property has a special use or extensive damage. He estimated the department obtains second appraisals prior to initial offer in approximately 10 to 15 percent of acquisitions.

Appraisers not always getting adequate feedback

Department appraisers said they often had not been aware of the final outcome of acquisition cases they were involved with, any adjustments made on those cases, or problems encountered by negotiators. This situation occurred because MoDOT has not established procedures to effectively communicate problems noted in an appraisal, or a differing opinion, to the initial appraiser.

In addition, fee appraisers had not always been evaluated in accordance with MoDOT policy. Fee appraisers had been evaluated on two of ten (20 percent) appraisals reviewed. ROW division policy requires a fee appraiser's performance be evaluated after completion of all appraisal assignments in a given contract. The ROW division similarly noted that fee appraiser evaluations were not always prepared as required during its fiscal year 2001

district quality assurance review.⁸ However, no corrective action had been taken, as of August 2004.

Peer review suggested improvements to appraisal process

The recent external peer review of the MoDOT ROW program recommended several changes to the appraisal process. The peer review team suggested a major cultural shift in philosophy toward valuation and acquisition is needed by all ROW staff, and that MoDOT should look at its business practices, including appraisal, appraisal review, and acquisition in order to do as much as it can to reduce the number of cases turned over to the legal department for condemnation. The peer review team recommended a new approach in the appraisal of properties toward the "highest reasonable value that a parcel would receive if on the open market." In addition, it recommended that all MoDOT appraisers (staff appraisers and fee appraisers) use a consistent appraisal approach, to increase the quality of all appraisals. The peer review team reported that other states have had good results from this approach and had been successful in reducing cases going to condemnation.

Improvements in the appraisal process could reduce condemnation costs

A significant portion of the money MoDOT spends on the acquisition of ROW property relates to condemnation cases. While 48 of 200 cases (24 percent) we surveyed went to condemnation, these cases accounted for over half of the \$26.1 million ROW expenditures incurred on those cases through June 2004. Property owners whose property went to condemnation received, or have been awarded, as of June 2004, an average of 98 percent more than the initial offer.⁹

Most MoDOT employees and officials said the condemnation process is very costly to the state, both in high condemnation awards and legal costs. Several MoDOT officials said they believed condemnation proceedings usually result in MoDOT paying more than it should, and that once a case is in the condemnation process, fair market value of the property is no longer a consideration.

ROW officials recognize improvements needed

ROW division officials acknowledged improvements have been needed in the appraisal process and corrective action has been planned. For example, during MoDOT's fiscal year 2005 quality assurance review process, appraisals will be reviewed to determine where improvements can be made in the areas of highest and best use determination and comparable sales

⁸ This process involves independent reviews of processes handled by each district, conducted throughout the fiscal year.

⁹ Of the 48 cases where condemnation was filed, 12 were settled by the legal department at an average of 63 percent more than the initial offer; and 4 were settled through jury award, averaging 253 percent more than the initial offer. The remaining cases that were filed for condemnation were either pending at June 2004 or settled at the commission award amount.

analysis, according to the officials. In addition, MoDOT plans to hold training sessions in the future for staff and fee appraisers, with the focus on evaluating the highest and best use of the property and increasing fairness and consistency in appraisals.

Consistent Procedures Needed on Negotiation Limits

We found the three districts reviewed had inconsistent negotiation practices because MoDOT had not established limits on how much ROW staff could negotiate with property owners. Negotiations are handled in the districts by a ROW negotiator, subject to approval by the chief negotiator (in those districts where there is a chief negotiator) and the ROW manager. There are no limits on the amount the ROW manager can approve over the appraised amount, according to ROW division officials. In addition, most district ROW negotiators told us negotiators in their districts do not have established limits; but they have their own idea, based on experience, of what will be approved by the ROW manager. In one district, the chief negotiator told us negotiators have an informal limit of 15 percent or \$2,500, whichever is greater, with no established limits for the chief negotiator. The ROW division director said the leeway given to negotiators varies by district based on factors such as the individual negotiator's experience level, the particular project, and complexity of cases.

The Iowa Department of Transportation has a written policy requiring less experienced staff to obtain supervisory approval prior to entering into agreements for a value other than the appraised value. Experienced ROW staff can offer landowners up to ten percent more than the appraised amount, not to exceed \$2,500. In addition, if the ROW staff and the property owner cannot reach agreement, the official said the acquisition supervisor has authority to negotiate settlements up to \$10,000 over the appraised value, the ROW director has authority to approve settlements up to \$50,000 over the appraised value, and the department division director must approve all settlements exceeding \$50,000 over the appraised value.

Consistent Guidance Lacking in Determining When to Buy Unneeded Property

MoDOT has not established consistent policies outlining the decision-making process when property owners request MoDOT acquire remaining (economic) portions of property. Our review of 28 cases and interviews with ROW managers, appraisers and negotiators at three MoDOT districts disclosed differences in how the districts handle owner requests to buy unneeded parcels of property. For example, officials at two of the districts said they cannot, and generally will not, buy more property than is needed for a project. However, officials at the other district (the district handling the first two examples cited below) said they almost always acquire the property owner's entire property when such a request is made.

Federal regulations require MoDOT to acquire uneconomic remnants, which represent portions of properties not needed for the project having little or no

value, or utility, to the owner.¹⁰ Federal regulations also give MoDOT the authority to make this determination. However, federal regulations do not require MoDOT to purchase remaining (economic) portions of property when they have value or utility to the owner. ROW division officials said district procedures relating to these requests likely vary, and the districts should review such requests and try to accommodate the property owner if that individual has a valid reason for making the request.

The following acquisitions represent examples where MoDOT agreed to purchase some remaining property from the owners even though the appraiser had not considered the remaining property an uneconomic remnant.

- MoDOT needed 6.5 acres, which included the property owners' house, for a project but bought the property owners' remaining 35.5 acres. According to the negotiator's report, the property owners requested MoDOT buy the entire property, involving 42 acres, because they did not want to be there during the construction process and they no longer wanted to live on the property. The property owners were paid an additional \$53,000 for the unneeded 35.5 acres.
- MoDOT agreed to buy an additional 10.6 acres of commercial property not needed for the project through a joint purchase with the city of Springfield. MoDOT and the city paid \$2,298,900 for the additional property. According to the negotiator's report and the district ROW manager, the property owner's attorney told MoDOT during negotiations the remaining 10.6 acres would be of no value to the property owner after the acquisition of the property being targeted for acquisition. The attorney said the property owner had been ready to proceed to condemnation proceedings if MoDOT had not been willing to acquire the entire property.
- MoDOT needed a 7,700 square foot strip of property. However, it purchased the entire property, including the house, after the owners claimed they would be adversely affected. Three ROW employees in the St. Louis district said this purchase had been contrary to the district's general practice; however, they said the project manager had given the property owners the option of MoDOT acquiring the entire property (38,000 square feet of land plus the house) or only the portion needed. The original offer for the land needed plus damages to the remaining

¹⁰ Uneconomic remnants are typically parcels that are too small to use as a stand alone property, or parcels in which the property owner no longer has access.

property totaled \$79,000. However, MoDOT ultimately paid the property owners \$358,500. While MoDOT subsequently sold the house and remaining property to other individuals for \$242,500, it incurred additional expenditures by purchasing the entire property, including \$8,770 in relocation expenses and \$15,450 in realtor commissions and closing costs to sell the property. The district ROW manager said despite these additional costs, she believed had MoDOT not acquired the entire property, the case would have gone to condemnation.

Guidance Needed for Purchase of Future ROW Properties

MoDOT has not established guidelines limiting or restricting purchases of ROW property for projects it did not plan to begin constructing within its 5-year planning cycle. We identified 7,939 acres of future ROW property for projects not included on MoDOT's current 5-year plan (i.e., construction for the related projects had not been funded). Table 2.1 shows MoDOT has owned 3,485 of 7,939 (44 percent) acres of future ROW property for 25 years or more.

Table 2.1: Future ROW Property Acquired With No Construction Planned

Date acquired ¹	Number of projects	Number of acres
1920s	1	1
1930s	1	45
1940s	2	14
1950s	4	199
1960s	16	867
1970s	45	2,359
1980s	8	432
1990s	47	3,578
2000 - Present	15	444
Total	139	7,939

¹ Projects and related acres listed in the year MoDOT began acquiring ROW property.

Source: SAO computation based on MoDOT (Controller's Office, ROW division and district) records.

Examples of future ROW acquisitions in recent years with uncertain construction timing include:

- MoDOT began purchasing ROW properties for two Camden County Route 54 projects (a Route 54 bypass in Osage Beach) in 1991 and continues to acquire property for these projects. MoDOT personnel estimated most of the properties have been acquired for the two projects at a total estimated cost of \$24 million. The draft 2005-2009 plan estimates MoDOT will spend another \$6.7 million on ROW property related to these projects during fiscal years 2005 and 2006. Although MoDOT officials do not know when construction will begin on these projects, they estimate the construction costs will total \$21.9 million and

\$36.6 million, respectively. MoDOT officials said the advanced purchase of ROW property for these projects was advantageous because the properties are located in areas of developmental growth and property values are significantly lower than they will be at the time the property is needed.

- MoDOT spent approximately \$5.4 million from 1997 through 2003 to acquire 618 acres of property related to a project to construct a Route 63 bypass around the city of Kirksville in Adair County. Most of the property was acquired in fiscal years 2000 and 2001. The district ROW manager said this project was included on a short term action plan used by MoDOT during the period 1996 through 1998. This project was budgeted for only ROW acquisitions and not construction. The purpose was to accelerate new projects by having the property acquired so that projects were ready to advance to construction once funding became available. However, district officials said funding to construct the project had not become available and MoDOT did not know when the project will be constructed.
- MoDOT spent \$483,000 between 1999 and 2001 on a project to replace substandard curves and pavement on Route 32 in Cedar County. Although MoDOT has acquired all ROW property needed for this project (61 acres), a district official said MoDOT did not know when the project would be constructed because funding is not currently available for it. That official said at the time the ROW was purchased, funding was available to buy the ROW but not to construct the project. While the district had anticipated construction funding would become available once the property was acquired, this did not occur.
- In November 2001, MoDOT purchased 46 acres of land and 7 acres of permanent easement for \$2,273,750, from the Missouri Department of Conservation related to highway projects in St. Charles County. MoDOT officials said 19 of the 46 acres acquired were not needed for the current project, but for future projects. MoDOT paid approximately \$855,000 for the future ROW portion of this tract of land. Since this property was owned by another state agency and being used as a conservation area, it is unlikely it would have been developed prior to the time MoDOT might need the property. Even though MoDOT could have acquired the property later if needed, MoDOT officials said they purchased the additional acreage at the request of conservation officials.

MoDOT officials said future ROW property is typically acquired either for a new road or section of road to be built in the future, or for the future addition of new lanes or interchanges to an existing road. They said property can be acquired at a cheaper price than in the future, especially in areas of

development. In addition, they said costs can be saved, and property owner satisfaction levels maintained, when they acquire future ROW property from a property owner (i.e., for an additional future lane or interchange) at the same time they acquire the property currently needed for a project.

In August 2004, we discussed concerns in this area with a MoDOT planning division official. The official told us MoDOT plans to revise planning policies regarding ROW acquisitions, which will include guidelines regarding the acquisition of future ROW property. The official anticipates the revision will not permit ROW property to be acquired unless there is construction funding on MoDOT's 5-year plan.

Future ROW impacts property owners

Property owners who either responded to our survey, or contacted us, said they have been financially burdened due to their properties and others in their areas being targeted for advanced acquisition related to a future project. Property owners described scenarios in which they were unable to market and sell properties for periods in excess of ten years because of known future ROW projects.

ROW Property Acquisition Database Could be More Useful

As currently maintained, the ROW division's property database records contained in the Parcel Acquisition System¹¹ cannot be used as intended. According to ROW division officials, the Parcel Acquisition System records are important to the division because those records allow division personnel to analyze ROW acquisitions. For example, first offers to final payments, case loads of appraisers and negotiators, condemnation results, and jury trial results could be analyzed, according to ROW division officials. However, the division has not required the districts to fully utilize the ROW property database records nor clarified whether the division or the districts are responsible for entering various types of information into the system.

Audit tests disclosed 20 of the 28 acquisitions (72 percent) reviewed had inaccurate and incomplete data in the system, and 6 instances in which parcel acquisitions had not been recorded in the system. ROW division officials said system data has not been complete because some districts had not fully utilized it. They stated when data has not been entered in the system, analyses cannot be done. District personnel confirmed they have not fully utilized the system. For example, the ROW manager in one district said district personnel had not recorded information in this system because of time constraints, the system was not user-friendly, it had not provided useful information, and reports could not be printed. Officials at another

¹¹ Division officials said information in the Parcel Acquisition System will likely be interfaced with the new planned comprehensive database of department-owned property. See introduction section regarding the planned comprehensive database.

district told us they had not input all required information in the database because they did not believe the information to be useful or needed, and/or they had not been sure whether they (versus the division) had been responsible for adding information to the system.

Conclusions

Approximately half of surveyed property owners reported concerns with MoDOT's ROW acquisition process and felt they had not been treated fairly and their input on the acquisition and project design had not been considered. Property owners' perception of their treatment is important in their willingness to negotiate and settle, and avoid condemnation proceedings. Improving communications with property owners would help owners' perceptions of the acquisition process.

MoDOT's appraisal process has not ensured initial appraisals always reflected fair market value. Subsequent appraisals often valued property at a higher level, comparable sales were not always adequately identified and considered in the appraisals, and MoDOT appraisers had not always included items for which the property owner should have been compensated. In addition, guidance had not been established for when second appraisals should be prepared prior to initial offers. Specific guidelines when to obtain second appraisals would also help support initial offers and could be beneficial in the negotiation process. Department appraisers also had not received feedback on the outcome of cases involving appraisals and fee appraisers had not been evaluated in accordance with division policy. We believe providing appraisers feedback and evaluating fee appraisers should be done and would help ensure fair and reasonable appraisals. Enhancing the appraisal process may also help reduce the number of cases going to condemnation.

MoDOT's negotiation procedures have been inconsistent because MoDOT had not established limits on how much ROW staff could negotiate with property owners. Establishing limits would help ensure consistency among districts. MoDOT also has not established (1) policies and procedures to evaluate owner requests to purchase entire parcels when only a portion is actually needed, and (2) guidelines limiting or restricting the purchase of future ROW property on projects where the timing of construction is uncertain. Establishing guidance in these areas would help ensure MoDOT uses current funding as effectively as possible and does not purchase unnecessary parcels of property. In addition, the ROW manual is out-of-date and incomplete, making it less useful for staff, and ROW acquisition records are not useful because they contain inaccurate and unreliable information, and are not used by all districts.

Recommendations

We recommend the Director of MoDOT:

- 2.1 Improve communications with property owners through a review of current communication methods.
- 2.2 Ensure the ROW policies and procedures manual is complete and updated to include the following:
 - standard procedures for appraisals, including when second appraisals should be obtained, and better assurance offers are as accurate and reflective of fair market value as possible,
 - procedures to ensure appraisers receive feedback regarding problems or deficiencies in appraisals prepared, and fee appraiser evaluations are prepared, as required by policy,
 - formal limits on the amounts that can be negotiated by the negotiators, chief negotiators, and ROW managers above appraisal amounts, and
 - the decision-making process to be used in determining when to buy economic portions of property from owners.
- 2.3 Ensure guidelines are established limiting or restricting the purchase of ROW property for projects not included on MoDOT's 5-year plan and where the timing of construction is uncertain.
- 2.4 Require the districts to fully utilize the Parcel Acquisition System and any replacement of this system to ensure a complete record of MoDOT ROW acquisitions is maintained. Guidance should be provided to clarify whether the division or the districts are responsible for entering the various types of information into the system. In addition, steps should be taken to ensure data is accurate and reliable.

Agency Comments

MoDOT's comments are included in Appendix II.

Improvements Needed in the Leasing of ROW Property

	MoDOT has not ensured (1) ROW property leased for nominal amounts has been properly supported, (2) future ROW properties are always evaluated for leasing potential, (3) leasing policies and requirements have been followed. In addition, MoDOT has not ensured districts maintain complete and accurate property management records. As a result, MoDOT cannot be assured it has maximized potential revenue from leased ROW property.
Property Leased at Nominal Amounts Not Adequately Supported	According to MoDOT records, MoDOT had executed 234 leases to property owners, as of October 1, 2003. Of the 234 leases, MoDOT received rent of nominal amounts (\$20 per year or less) on 105 ¹² (45 percent) of those leases. ROW policy requires the rate of compensation for leased property be based on a rental study, or an appraisal, to determine fair market rent, except in certain situations. ¹³
No-cost/minimal leases not always adequately justified	<p>About half (25) of the 53 sampled leases represented properties leased at nominal amounts. Our review of nominal cost leases disclosed that 14 nominal leases reviewed had not been adequately justified.¹⁴ Only 1 of the nominal leases reviewed involved a valid exception. We found 13 of the 14 leases had been executed with the previous owners at no cost or \$1. MoDOT had not prepared rental studies to determine fair market rent for the 13 leases, and district and division lease records did not contain adequate documentation justifying the lack of compensation received related to these leases. District and division officials said they agreed to these leases during negotiations to acquire the properties. Those officials said such leases may be the result of a settlement with the property owner to acquire his or her property, and documentation of the settlement should explain the justification for waiving the lease compensation policy.</p> <p>The practice of allowing no-cost/minimal leases as part of the negotiation process had not been established in formal ROW policy/procedures. In addition, while ROW acquisition records for most of these properties did mention the lease of the property, there was no documentation the lease had been part of the settlement or affected the acquisition price paid by MoDOT. The total appraised value of the applicable 13 properties was \$1,225,000 and the total amount MoDOT paid for these properties was \$1,692,000.</p>

¹² Of the 105 leases, 96 had been negotiated at no-cost or \$1.

¹³ The exceptions are (1) the area is for a utility use or occupancy under 23 CFR 645, Subpart B, (2) the area use is part of a highway or transit project under Chapter 1 of Title 23 USC, (3) the area is used for governmental purposes and, under state law, the state or state highway agency cannot charge another agency or political subdivision for such use and no income is generated, or (4) the use is governmental but non-proprietary.

¹⁴ We evaluated 15 of the 25 nominal cost leases.

No-cost/minimal leases done to avoid public concern, condemnation, and save cost of maintaining properties

In the other property, MoDOT agreed to lease some ROW property to an adjoining property owner to extend his backyard. During lease negotiations, MoDOT officials failed to discuss rental cost with the property owner until they notified him of their decision to lease the property, according to lease file documents. District officials decided to lease the property to the individual at no cost because "it would look bad for us to come to them out of the blue asking for money." MoDOT executed the lease in 1994 and it will stay in effect as long as the lessees own and occupy their residence.

We found 8 of the 13 leased properties had been acquired by MoDOT between March 1999 and April 2001, and related to two future projects in Adair and Cedar counties. District and division officials said there had been a large amount of public concern expressed during the acquisition of ROW property on the Cedar County project and officials decided to lease the properties to the property owners at no charge until needed for construction. A district official said a number of property owners affected by the Adair County project requested they be allowed to lease their properties at no cost until MoDOT was ready to start construction on the applicable project. The official said MoDOT decided to grant these requests in order to avoid condemnation, and/or save the costs of maintaining and mowing the properties. For one of these leases, legal settlement documents showed a fair rental value of at least \$27,000 annually for the property.

None of the 14 leases discussed above represented valid exceptions to ROW policy or had a rental study prepared.

Fair market rent received for some properties leased to previous owners

In contrast to the 13 leases discussed above, we found MoDOT had leased properties to the original property owners and received fair market rent for 6 of the 53 leases sampled. Three of the leases had been established during the acquisition process, and three were leased to the property owner several years after MoDOT acquired the property. MoDOT had leased these properties from 2 to 23 years and received a total of \$33,500 per year in rental income from these leases for 2003. MoDOT personnel had documented these leases with rental studies or appraisals, in accordance with formal ROW policy.

Future ROW Properties Not Always Evaluated for Leasing Potential

During our evaluation of property management practices, we selected 63 excess and future ROW properties for review. Of the 50 excess ROW properties reviewed, 27 represented properties that the department should have more actively marketed for sale as recommended in our previous report.¹⁵ The remaining excess properties had either been sold or adequately

¹⁵ Review of Department of Transportation's Excess and Future Right-Of-Way Property (Report no. 2004-36, May 7, 2004).

marketed for sale, or were not actually excess ROW properties. Of the 13 future ROW properties selected for review, MoDOT personnel had not determined whether 11 properties could be leased until needed for construction.

MoDOT had owned 500 acres associated with the 11 properties from 5 to 40 years. District officials said there are some possible restrictions to leasing portions of some of these properties (access, topography, and shape). However, these properties had not been evaluated to determine whether or not the properties could be leased. They also said all of these properties involved land without buildings or other structures.

Officials at three districts said they had not actively marketed future ROW properties for lease because of (1) administrative costs to process the lease application, (2) little or no interest in leasing some properties because of accessibility issues, (3) increased liability to the department, and (4) upkeep costs of properties with improvements.

Leasing Policies and Requirements Not Always Followed

MoDOT staff had not always followed ROW property leasing policies and requirements. For example:

- Districts had not ensured lessees had maintained liability insurance on leased property as required. Districts could not provide documentation of current insurance held by the lessee for 6 (20 percent) of 30 leases reviewed. While evidence existed insurance had been maintained related to all of these leases in the past, the insurance had expired from 2 to 17 months prior to our review. The districts had made inquiries regarding current insurance for two of these leases approximately 6 months prior to our review, but the lessees had not responded to the inquiries. All lease agreements require the lessee to maintain liability insurance, and ROW policy requires the districts to ensure compliance by obtaining a copy of the current insurance binder each year.
- Districts had not performed and documented required annual physical inspections of leased properties for 16 (53 percent) of 30 lease files reviewed. ROW policy requires district personnel visually inspect leased properties at least once a year to ensure compliance with the terms of the lease, and to maintain written documentation of the inspection. Documentation showed 6 of these properties in one district had not been inspected since June 2001. Officials at another district said they periodically inspect properties, but did not always prepare documentation of the inspections.
- The districts had not sent all required lease documentation to the division. The ROW division had responsibility for approving and executing all

lease agreements, but division files did not always contain a summary of the district review and recommendation of lease agreement conditions (6 of 30 test items), a completed copy of the MoDOT property inventory record (7 of 31 test items), a copy of the plan sheet of the area (3 of 31 items), and/or a copy of the application for lease (7 of 20 items). ROW policy requires these documents be transmitted to the ROW division to be reviewed prior to approval of a lease. Division officials could not explain why this information had not been located in lease files.

- Ten (43 percent) of 23 leases of interstate property reviewed had not been sent to the Federal Highway Administration for approval, as required. ROW policy, as well as federal regulation,¹⁶ requires that leased property located on interstate routes be reviewed and approved by the Federal Highway Administration prior to execution. Many of these leases had been initiated prior to April 2001, when MoDOT placed the requirement in the policy manual. Officials from four districts said they had not been aware of the federal requirement until MoDOT established the policy and/or they believed federal approval had not been required on projects that had not yet been constructed. ROW policy did not provide specific guidance to assist district and division staff in determining when Federal Highway Administration approval would be necessary.

The fiscal year 2001 quality assurance review process also found numerous instances of non-compliance with ROW property management policies, including not properly documenting annual inspections of leased properties, and failure to ensure liability insurance had been in force for leased properties.

Property Management Records Inadequate or Incomplete

Records relating to improvements acquired and leases had not always been complete, and in some cases, records had not been maintained. ROW policy requires districts maintain complete records of all improvements (houses, outbuildings, other structures), acquired on ROW property and the details regarding the ultimate disposition of each improvement. Complete improvement inventory records had not been maintained by the districts. For example, officials at one district said they had not maintained these records because they encountered difficulties in gathering the information needed when they began preparing the records in fiscal year 2001. Another district maintained these inventory records; however, we found the records had not listed all improvements acquired, and some disposition information had not been recorded. The district employee responsible for the records said she relied on various employees to notify her when improvements had been acquired and disposed of, but she had not always been notified when these

¹⁶ 23 CFR 771.117(d)

actions occurred. The fiscal year 2001 quality assurance review process also reported districts had not maintained adequate records of improvements.

ROW personnel had not maintained complete and accurate lease information on a database system. For example, for 11 (35 percent) of 31 leases reviewed, we noted certain required fields on the system were either incorrect or not completed. In most cases, the incorrect or incomplete field had been the property classification (i.e., excess ROW, pre-construction ROW, current ROW, etc.). Further review of these errors disclosed the classification changed sometime after the lease had been established. However, MoDOT staff had not updated the classification on the system. MoDOT officials said procedures had not been established to ensure database information is accurate and up-to-date.

Conclusions

MoDOT personnel have not adequately supported decisions to lease ROW property for nominal amounts. Personnel have not always followed ROW guidance requiring lease rates to be based on rental studies, or appraisals, to determine fair market rent. ROW personnel have provided nominal cost leases as part of negotiations to buy ROW property, and to avoid public concerns, condemnation proceedings, and save the cost of maintaining properties. However, MoDOT has not established procedures ROW personnel can follow in determining when it is advantageous for MoDOT to provide nominal lease rates. By not establishing ROW guidance in this area, MoDOT has no assurance nominal cost leases are advantageous to MoDOT, or represent fair market value.

MoDOT also has not always evaluated future ROW properties for leasing potential. ROW officials cited administrative costs, little interest in the property, increased liability to MoDOT, and upkeep costs of properties with improvements as impediments to actively marketing future ROW property for lease. We believe MoDOT should establish procedures to determine when it is cost-effective to lease ROW property and ensure all future ROW property is assessed for potential leasing.

MoDOT has not always followed leasing policies and procedures. Districts have not (1) ensured lessees have maintained liability insurance on leased property, (2) performed and documented required annual physical inspections of all leased properties, (3) sent all required lease documentation to the division, and (4) always sent leases to the Federal Highway Administration for approval, as required. By not following leasing policies and procedures, MoDOT has potentially increased its liability as owner of properties and cannot be assured properties and improvements are in good condition. In addition, MoDOT staff has not maintained complete property management records and lacked procedures to ensure those records are accurate.

Recommendations

We recommend the Director of MoDOT:

- 3.1 Follow established guidance requiring rental studies or appraisals in determining fair and reasonable lease rates, and ensure appropriate documentation is retained.
- 3.2 Establish procedures requiring all future ROW property be evaluated to determine the feasibility of leasing the property, and actively market properties identified.
- 3.3 Ensure ROW property improvement inventory and lease records are complete and maintained as required.

Agency Comments

MoDOT's comments are included in Appendix II.

Right-Of-Way Property Owner Questionnaire Results



Missouri State Auditor's Office

Right-Of-Way Property Owner Questionnaire

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Introduction

The Missouri State Auditor's Office (SAO), an audit agency independent of the Missouri Department of Transportation (MoDOT), is conducting a review of MoDOT's right-of-way program.

We are surveying property owners who have had land and other property acquired by MoDOT to obtain input on the right-of-way acquisition process, and how the property owners feel they were treated during the process. To help gather this information, we are sending a survey to a sample of property owners who had property acquired by MoDOT for right-of-way purposes.

We understand that you may have previously received and responded to a survey(s) from MoDOT regarding the acquisition of your property. We realize that your time is valuable, but this questionnaire should only take about 20-30 minutes to complete. Your response to this questionnaire will help us gain an understanding of the effectiveness of the right-of-way acquisition process and property owners' ideas and opinions.

We ask that you respond to each question and provide the information requested as best you can. It is not our expectation or

intent that you should need to consult with an attorney or other paid professional in order to complete this survey.

This questionnaire is confidential, and the SAO will safeguard the privacy of your responses. They will be combined with those of other respondents and will be reported only in summary form. The control number at the top is included only to aid us in our follow-up efforts.

If you have any questions concerning any part of this survey, please call Kim Spraggs or Anne Jenkins at (573)751-4213. E-mail requests or comments can be sent to SAOROW@auditor.state.mo.us.

Please return the completed questionnaire in the enclosed pre-addressed envelope within 2 weeks to:

Missouri State Auditor's Office
ATTN: Kim Spraggs
PO Box 869
Jefferson City, MO 65102

Thank you for your assistance.

Appendix I

Right-Of-Way Property Owner Questionnaire Results

Please check the response(s) that seem most appropriate to the following questions. Please write any comments in the space provided at the end.

I. Background Information

1. What type of property did the Missouri Department of Transportation (MoDOT) acquire from you? *Check all that apply.* N¹⁷=124

18 House
 106 Land
 10 Outbuildings (not including a house)
 15 Business
 10 Other (please describe) _____

II. Opinions About the Right-of-Way Acquisition Process¹⁸

2. To what extent, if at all, did MoDOT's right-of-way representative(s) explain why your property was needed (i.e. the project design) and how the project would affect your remaining property? *Check one box in each row.*

	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Don't know (6)
a. Why your property was needed N=122	18%	42%	25%	13%	0%	2%
b. How the project would affect your remaining property N=117	13%	24%	28%	17%	15%	3%

3. To what extent, if at all, do you feel that your input was considered during the project design development and right-of-way acquisition processes? *Check one box in each row.*

	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Don't know (6)
a. Project design development process N=119	6%	13%	19%	17%	39%	7%
b. Right-of-way acquisition process N=119	9%	16%	25%	24%	23%	3%

4. In your opinion, to what extent, if at all, did MoDOT's right-of-way representative(s) explain the options available to you if you rejected MoDOT's initial offer for your property? *Check one box in each row.*

Options	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Don't know (6)
a. Negotiation N=122	10%	25%	40%	10%	13%	2%
b. Mediation N=111	7%	23%	37%	19%	13%	2%
c. Condemnation N=109	9%	24%	31%	21%	13%	2%

Appendix I

Right-Of-Way Property Owner Questionnaire Results

5. Which of the following best describes your feelings about the initial offer MoDOT made for your property? *Check one box.* N=120

1% It was substantially more than fair market value
 8% It was slightly more than fair market value
 32% It was equal to fair market value
 17% It was slightly less than fair market value
 38% It was substantially less than fair market value
 5% Don't know

6. In your opinion, to what extent, if at all, did MoDOT's right-of-way representative(s) explain how the value of the property acquired was determined? *Check one box.* N=123

7% Very great extent
 24% Great extent
 45% Moderate extent
 15% Little extent
 7% No extent
 4% Don't know

7. Other than the MoDOT offer letter, did MoDOT's right-of-way representative(s) provide you with the following documentation regarding the valuation of your property? If you did not receive the documentation, did you request a copy? *Check at least one box in each row. If you answer "No" to the first part, then answer the second part of the question. If you answer "Yes" to the first part, go to the next line.*

	Did you receive the following?	If no, did you ask for a copy?		
		Yes (1)	No (2)	Don't know (3)
a. Appraisal report(s) or payment estimate providing details of how the value of your property was determined * N=120	62% ¹⁹ Yes 28% No → ----- 11% Don't know	36% N=28	54%	11%
b. "Basis for Just Compensation Pursuant to Offer of Settlement", a document which provides comparable sales data, but not details of how the value of your property was determined N=107	57% Yes 27% ²⁰ No → ----- 16% Don't know	27% N=26	69%	4%

* Appraisals are typically prepared for acquisitions valued at more than \$10,000 and payment estimates are typically prepared for acquisitions valued at \$10,000 or less.

8. In your opinion, to what extent, if at all, do you feel that the valuation process (i.e. appraisal(s) or payment estimate) of your property was complete (included all aspects of your property and addressed all project impacts on your property) and prepared in an objective manner? *Check one box in each row.*

	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Don't know (6)
a. Complete N=120	8%	34%	31%	14%	8%	5%
b. Prepared in an objective manner N=112	6%	36%	24%	18%	9%	7%

9. If you were not given a copy of the appraisal report(s) or payment estimate, to what extent, if at all, do you feel that the "Basis for Just Compensation Pursuant to Offer of Settlement" was sufficient to help you understand how the value of your property was determined? *Check one box.* N=112

1% Very great extent
 17% Great extent
 31% Moderate extent
 12% Little extent
 4% No extent
 8% Don't know
 27% Not Applicable, I was not given a copy of the "Basis for Just Compensation Pursuant to Offer of Settlement", or I was given a copy of the appraisal report(s) or payment estimate

Appendix I

Right-Of-Way Property Owner Questionnaire Results

10. To what extent, if at all, do you feel that the comparable property sales information, listed in the "Basis for Just Compensation Pursuant to Offer of Settlement", was appropriate for the valuation of your property? *Check one box.* N=123

0% Very great extent
17% Great extent
33% Moderate extent
18% Little extent
9% No extent
9% Don't know
14% Not Applicable, I was not given a copy of the "Basis for Just Compensation Pursuant to Offer of Settlement"

11. How satisfied or dissatisfied were you with the amount of time you were given to consider the offer before you had to make a decision? *Check one box.* N=124

24% Very satisfied
39% Generally satisfied
25% Neither satisfied nor dissatisfied
6% Generally dissatisfied
6% Very dissatisfied
1% Don't know

12. How was the price of your property ultimately determined? *Check one box.* N=124

31% I accepted MoDOT's initial offer
45% I negotiated a price with MoDOT
15% The price was negotiated through a third-party mediation process
8% The price was determined through the condemnation process
1% Don't know

13. Which of the following best describes your feelings about the final price you received for your property? *Check one box.* N=120

1% It was substantially more than fair market value
11% It was slightly more than fair market value
48% It was equal to fair market value
23% It was slightly less than fair market value
14% It was substantially less than fair market value
4% Don't know

14. If you did not accept MoDOT's initial offer and were unsuccessful in negotiating a price with MoDOT, were you offered a third-party mediation process? N=106

23% Yes
9% No
6% Don't know
62% Not Applicable, I either accepted MoDOT's initial offer or negotiated a price with MoDOT for my property

15. If MoDOT acquired your property through the condemnation process, to what extent, if at all, do you believe the process was fair? *Check one box.* N=102

2% Very fair
8% Generally fair
4% Neither fair nor unfair
1% Generally unfair → See follow up question below
3% Very unfair → See follow up question below
4% Don't know
78% Not Applicable, my property was not acquired through the condemnation process

If you feel the condemnation process is unfair, please explain the aspects of the process that you feel are unfair or would like to see changed.

Appendix I

Right-Of-Way Property Owner Questionnaire Results

16. In your opinion, to what extent, if at all, do you feel that all of the property acquired from you was needed by MoDOT, and used in a timely manner? *Check one box in each row.*

	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Don't know (6)
a. MoDOT needed all of the property N=115	17%	32%	23%	9%	8%	11%
b. MoDOT used the property in a timely manner N=107	11%	23%	19%	12%	11%	23%

17. How satisfied or dissatisfied were you with MoDOT's right-of-way representative(s)'s explanation of your relocation benefits? *Check one box.* N=115

17% Very satisfied
 17% Generally satisfied
 6% Neither satisfied nor dissatisfied
 1% Generally dissatisfied
 7% Very dissatisfied
 1% Don't know
 52% Not Applicable, I was not eligible for relocation benefits

18. If you needed to move, to what extent, if at all, do you believe you were adequately compensated for your relocation expenses? *Check one box.* N=104

2% I received substantially more than I expected
 4% I received slightly more than I expected
 13% I received the amount I expected
 2% I received slightly less than I expected
 3% I received substantially less than I expected
 0% Don't know
 76% Not Applicable, I was not eligible for relocation benefits

19. To what extent, if at all, do you believe MoDOT fulfilled all commitments made to you either formally or informally by the right-of-way representative(s)? *Check one box in each row. If any commitments were not fulfilled, answer follow up question.*

	All commitments fulfilled (1)	Most commitments fulfilled (2)	About half of the commitments fulfilled (3)	Some commitments fulfilled (4)	No commitments fulfilled (5)	Don't know (6)
a. Formal N=107	55%	25%	1%	7%	1%	11%
b. Informal N=92	47%	23%	5%	5%	4%	15%

If you feel that MoDOT did not fulfill all of its commitments made to you by the right-of-way representative(s), please explain the commitments you feel were not fulfilled.

Appendix I

Right-Of-Way Property Owner Questionnaire Results

20. Did you incur any of the following costs (in your time or in dollars) as a result of MoDOT's acquisition of your property? If yes, indicate to what extent you feel you were unduly burdened by these costs. *Check at least one box in each row. If you answer "Yes" to the first part, then answer the second part of the question. If you answer "No" to the first part, go to the next line.*

		If yes, to what extent were you unduly burdened by the cost?					
	Did you incur the following cost?	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Don't know (6)
a. My time N=110	68% Yes → 32% No	16% N=75	20%	33%	23%	7%	1%
b. Attorney services N=105	37% Yes → 63% No	21% N=38	16%	24%	21%	16%	3%
c. Accounting services N=96	25% Yes → 75% No	8% N=24	8%	21%	38%	21%	4%
d. Appraisal services N=101	28% Yes → 72% No	12% N=26	23%	27%	12%	27%	0%
e. Other - (Specify ²¹) _____ N=43	21% Yes → 79% No	56% N=9	11%	11%	0%	22%	0%

21. Taking everything into consideration regarding MoDOT's acquisition of your property, how would you rate the overall fairness of the following processes? *Check one box in each row.*

	Very fair (1)	Generally fair (2)	Neither fair nor unfair (3)	Generally unfair (4)	Very unfair (5)	Don't know (6)
a. The eminent domain process N=97	22%	30%	13%	10%	9%	15%
b. The right-of-way acquisition process N=116	25%	32%	14%	15%	10%	4%

22. This questionnaire was completed by: *Check one box.* N=121

86% Property owner
 4% Relative of the property owner
 2% Paid professional (i.e. attorney, accountant, etc.)
 7% Other → Please indicate relationship to the property owner. _____

Appendix I

Right-Of-Way Property Owner Questionnaire Results

23. Please use the space below to provide any comments you would like to make regarding the acquisition of your property by MoDOT or to make suggestions on how to improve the right-of-way acquisition process. If your comments relate to a specific question in the survey, please indicate which question(s) they relate to. You may attach additional sheets if necessary. If you prefer, you may e-mail additional comments to SAOROW@auditor.state.mo.us.

¹⁷ N is the number of respondents for each question.

¹⁸ Due to rounding of the survey response percentages, total responses to each question may not equal 100 percent.

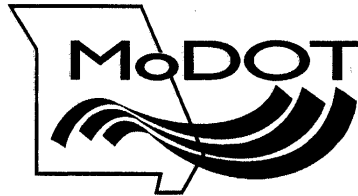
¹⁹ Since MoDOT's practice was not to provide property owners with a copy of the appraisal, and 62 percent of the respondents answered they did receive a copy of the appraisal or payment estimate (60 of the 74 respondents who responded this way had appraisals prepared for their property while 14 had payment estimates prepared for their property), we contacted 10 percent of those respondents for which an appraisal was prepared for their property. All respondents said they had not received a copy of the appraisal, but they had received the "Basis for Just Compensation Pursuant to Offer of Settlement" instead. Therefore, it is likely most, if not all, of the property owners, who said they received a copy of the appraisal, did not actually receive a copy of it.

²⁰ Since MoDOT officials said they almost always provide property owners with a copy of the "Basis for Just Compensation Pursuant to Offer of Settlement", and 27 percent of the respondents answered they did not receive a copy of this document, we contacted 10 percent of those respondents. All respondents said they had received the "Basis for Just Compensation Pursuant to Offer of Settlement". Therefore, it is likely most, if not all, of the property owners, who said they did not receive this document, did actually receive it.

²¹ Respondents indicated they incurred the following other costs: inventory loss, travel expenses, subcontractors not staying within ROW boundaries, bridge loan payments, stress/mental anguish, historic tree specialist arborist fees, and real estate taxes.

Agency Comments

**Missouri
Department
of Transportation**



Pete K. Rahn, Director

105 West Capitol Avenue
P.O. Box 270
Jefferson City, MO 65102
(573) 751-2551
Fax (573) 751-8555
www.modot.org

February 17, 2005

Mr. Kirk Boyer
Director of Performance Audits
Truman State Office Building
Room 880
Jefferson City, MO 65101

Dear Mr. Boyer:

Please accept the following as the Missouri Department of Transportation's response to your Acquisition and Management of Right of Way Property audit report. In regard to your first finding, regarding improvements to the property acquisition process, our response is as follows:

We would like to thank you for the information provided in your report. MoDOT appreciates any suggestions that can help us do a better job for the taxpayers of the State of Missouri. The acquisition of private property for public use (right of way) is necessary and taken very seriously by MoDOT as we deliver the Statewide Transportation Improvement Program.

To the extent your judgmental sample of 28 acquisitions is representative of the approximately 2,100 parcels acquired during the two years ended June 30, 2003, we will use your suggestions to further improve MoDOT's acquisition process. We presently acquire 85 percent of all parcels through negotiation and our customer surveys rate us at 4.6 on a 5-point scale (with 5 being the highest rating) after the acquisition process is complete. Regarding the specific recommendations, we plan the following:

- 2.1 The 28 acquisitions reviewed occurred between July 2001 and June 2003. In April 2003, we implemented project scoping procedures that require all projects to have public involvement before they are added to the STIP. In June 2004, we began providing copies of appraisals to property owners. We believe these two significant steps will do much to enhance communications with property owners.
- 2.2 A revision of the ROW manual is under way. We will add guidance on situations where second appraisals prior to the initial offer may be appropriate. We are also working with staff appraisers to improve appraisal quality. As appropriate, we will incorporate guidance in the ROW manual.

Regarding fee appraiser evaluations, we will include this item in future Quality Assurance reviews to determine the extent of the problem and will continue to emphasize to district personnel the importance of this step.

We disagree that it is appropriate to establish rigid dollar limits on the amounts that can be negotiated by ROW employees in various job titles. The ROW managers have sufficient

Our mission is to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri.

Appendix II
Agency Comments

Mr. Kirk Boyer
Page 2
February 17, 2005

experience to make good decisions and some delegate authority to staff to settle parcels up to certain limits. This is a matter of experience, project complexity and professional judgment rather than an employee's job title. The ROW manager must justify settlement terms to the ROW Division, and this provides the necessary oversight.

Finally, ROW managers are involved in decisions to buy out property owners in the entirety, and we believe the districts are making good decisions based on property owner needs.

- 2.3 Putting the STIP together involves many factors; factors that are considered by our Transportation Planning division, the FHWA and the districts, and are included in our planning framework, which involves all of our planning partners. We will continue to purchase future ROW when it is deemed prudent to do so by all these individuals. We will work to better document the reasons for the decisions.
- 2.4 We feel confident our parcel acquisition database is a good tool for tracking and reporting. Districts were recently instructed to enter all appropriate data. We will monitor compliance using ROW division and internal audit staff.

Regarding your recommendations on leasing ROW property, our response is as follows:

- 3.1 We are now requiring a rental study in every file and checking for proper documentation when the ROW director signs the leases.
- 3.2 We will be better able to track future ROW when the Realty Asset Inventory Database is fully populated with data. The database will assist us in more aggressively marketing disposals and leases.
- 3.3 The new Realty Asset Inventory Database is just being rolled out, but will provide us a much-improved record system. The ROW division will monitor data to ensure the database is being updated as necessary.

Should you have any questions about these responses, please contact Roberta Broeker at 751-2467.

Sincerely,



David B. Nichols, P.E.
Director of Project Development

lh

cc: Mr. Terry Sampson - rw
Ms. Roberta Broeker - ai
Mr. Jim Deresinski - ct



Claire McCaskill

Missouri State Auditor

March 2005

Office of the State
Treasurer

Year Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following report is our review of the Office of the State Treasurer.

The Office of State Treasurer (STO) is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies as allowed by state law. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The STO's internal audits of the collateral securities system do not ensure custodial banks properly release collateral securities in accordance with the custodial contract. Our review of audits of three custodial banks for the quarter ended March 31, 2004, found the Internal Audit staff noted pledged securities that were included in the STO's collateral security records but not on the bank confirmations and vice versa. In six of the instances, for which letters were sent in May 2004 requesting additional information to resolve the issues, the office had neither received a response nor been followed up by the STO as of October 12, 2004. In 14 other instances, the Internal Audit staff was able to trace the release to a subsequent authorization letter; however, they did not contact the banks to determine the actual date of release or notify the banks of the apparent discrepancies. The failure to officially notify the custodial banks when possible violations are noted may weaken the STO's ability to enforce the contract requirements in the event of a bank default. Additionally, the STO Internal Audit staff does not summarize or report the audit results of the collateral securities to upper management. As a result, the STO's management staff is not made aware of recurring problems that might warrant further action with the bank.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF STATE TREASURER

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OFFICE OF STATE TREASURER

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Nancy Farmer
and
Honorable Sarah Steelman, State Treasurer
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's Information Fund; and Statement of Appropriations and Expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's

Information Fund; and the appropriations and expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2004 and 2003, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 28, 2005, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that presented in Schedule 4, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. We did not audit the information presented in Schedule 4 and, accordingly, express no opinion on it.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 28, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA,CFE
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Lucinda Hentges
	Gary A. Raines
Anne M. Jenkins	



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Nancy Farmer
and
Honorable Sarah Steelman, State Treasurer
Jefferson City, MO 65102

We have audited the financial statements of the Office of State Treasurer as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated January 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of State Treasurer, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Management Advisory Report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over

financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Office of State Treasurer are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 28, 2005 (fieldwork completion date)

Financial Statements

Exhibit A

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS-
ABANDONED FUND ACCOUNT FUND, CENTRAL CHECK MAILING SERVICE REVOLVING FUND, AND
TREASURER'S INFORMATION FUND

	Year Ended June 30,					
	2004			2003		
	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund
RECEIPTS						
Unclaimed deposits, dividends, interest, and other	\$ 76,788,648	0	0	38,489,195	0	0
Charges for services	0	157,281	1,309	0	154,113	2,015
Total Receipts	76,788,648	157,281	1,309	38,489,195	154,113	2,015
DISBURSEMENTS						
Refunds of unclaimed deposits	18,739,655	0	0	13,011,897	0	0
Expense and equipment	1,109,851	159,771	2,529	249,758	113,729	3,387
Total Disbursements	19,849,506	159,771	2,529	13,261,655	113,729	3,387
RECEIPTS OVER (UNDER) DISBURSEMENTS	56,939,142	(2,490)	(1,220)	25,227,540	40,384	(1,372)
TRANSFERS						
Transfers from Other Funds	0	0	0	6,965,894	0	0
Transfers (to) Other Funds	(54,086,974)	(1,504)	(41)	(31,465,574)	(585)	(23)
Total Transfers	(54,086,974)	(1,504)	(41)	(24,499,680)	(585)	(23)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	2,852,168	(3,994)	(1,261)	727,860	39,799	(1,395)
CASH AND INVESTMENTS, JULY 1	2,925,399	42,925	8,380	2,197,539	3,126	9,775
CASH AND INVESTMENTS, JUNE 30	\$ 5,777,567	38,931	7,119	2,925,399	42,925	8,380

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriations	Expenditures	Lapsed Balances**	Appropriations	Expenditures	Lapsed Balances **
GENERAL REVENUE FUND - STATE						
Issuing duplicate/outlawed checks	\$ 3,225,000	1,124,492	2,100,508	1,500,000	1,255,175	244,825
Services to monitor companies doing business in Northern Ireland	4,500	0	4,500	0	0	0
Outlawed checks	0	0	0	50,150	46,947	3,203
Lease and utility expense	4,388	1,521	2,867 *	3,921	2,959	962
Personal service	1,378,412	1,321,101	57,311	1,282,524	1,209,326	73,198
Expense and equipment	380,383	354,576	25,807	419,942	367,729	52,213
Personal service/expense and equipment flex	0	0	0	189,163	162,903	26,260
Refunds of excess interest from the linked deposit program	3,000	2,333	667	3,000	1,627	1,373
Total General Revenue Fund - State	4,995,683	2,804,023	2,191,660	3,448,700	3,046,666	402,034
TREASURER'S INFORMATION FUND						
Expense and equipment	25,000	2,529	22,471	8,000	3,387	4,613
CENTRAL CHECK MAILING SERVICE REVOLVING FUND						
Expense and equipment	225,000	159,771	65,229	225,000	113,729	111,271
STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND						
Personal service	464,135	464,134	1	458,699	444,936	13,763
SECOND INJURY FUND						
Personal service	36,675	36,674	1	36,232	36,232	0
Expense and equipment	3,280	3,280	0	3,280	3,280	0
Total Second Injury Fund	39,955	39,954	1	39,512	39,512	0
ABANDONED FUND ACCOUNT FUND						
Expense and equipment	1,119,000	1,109,851	9,149	345,000	249,758	95,242
Payment of claims for abandoned property	20,000,000	18,739,655	1,260,345	16,000,000	13,011,897	2,988,103
Total Abandoned Fund Account Fund	21,119,000	19,849,506	1,269,494	16,345,000	13,261,655	3,083,345
Total All Funds	\$ 26,868,773	23,319,917	3,548,856	20,524,911	16,909,885	3,615,026

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

** Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30, 2004	Year Ended June 30, 2003
General Revenue Fund - State:		
Monitoring Northern Ireland	\$ 135	0
Personal service	0	90,931
Expense and equipment	0	49,405
Outlawed checks	0	900
Refunds of excess interest from the linked deposit program	90	720
Lease and utility expense	132	183
Total	\$ 357	142,139
State Highways and Transportation Department Fund:		
Personal service	\$ 0	13,761

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2004	2003
Personal service	\$ 1,821,909	1,853,397
Travel	11,774	15,007
Expense and equipment	278,807	225,635
Communications expense	39,092	49,398
Professional services	1,125,527	264,399
Equipment repairs and maintenance	71,099	71,990
Equipment and software purchases	105,229	114,413
Abandoned fund claim payments and linked deposit interest refunds	18,741,988	13,013,524
Replacement of outlawed checks	1,124,492	1,302,122
Total Expenditures	\$ <u>23,319,917</u>	<u>16,909,885</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
YEAR ENDED JUNE 30, 2004

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2003	\$ 818,886	16,582	835,468
Additions	83,734	0	83,734
Dispositions	(12,411)	0	(12,411)
Balance, June 30, 2004	\$ 890,209	16,582	906,791

Fund of Acquisition	Balance June 30, 2004
General Revenue Fund-State	\$ 843,634
Central Check Mailing Service Revolving Fund	38,054
Second Injury Fund	2,093
Abandoned Fund Account Fund	21,311
Treasurer's Information Fund	1,699
Total All Funds	\$ 906,791

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 3

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF FUNDS IN CUSTODY OF STATE TREASURER

	June 30,				
	2004	2003	2002	2001	2000
APPROPRIATED FUNDS					
Demand Deposits:					
US Bank	\$ 12,247,705	(5,845,909)	2,576,463	19,067,922	20,193,672
Central Bank	(58,532,570)	(133,946,937)	(138,593,954)	(171,270,259)	(145,640,671)
Premier Bank	58,705	17,025	43,795	23,742	N/A
Collection bank accounts	3,953,086	3,640,880	4,938,377	1,269,172	1,144,983
Total Demand Deposits	(42,273,074)	(136,134,941)	(131,035,319)	(150,909,423)	(124,302,016)
Pooled Investments:					
Time deposits	373,397,355	326,995,334	367,178,643	453,435,866	498,164,830
U.S. government securities	1,678,892,718	1,701,713,339	1,447,407,896	1,419,273,616	1,812,434,510
Commercial paper and banker acceptances	516,179,983	516,971,919	694,144,369	873,037,428	688,517,469
Repurchase agreements	356,298,000	361,795,000	527,329,300	341,656,000	214,844,900
Other investments	N/A	N/A	N/A	N/A	N/A
Total Pooled Investments	2,924,768,056	2,907,475,592	3,036,060,208	3,087,402,910	3,213,961,709
Total Demand Deposits and Pooled Investments(Schedule 4)	2,882,494,982	2,771,340,651	2,905,024,889	2,936,493,487	3,089,659,693
Special Fund Dedicated Investments:					
U.S. government securities	22,307,523	19,513,106	17,611,544	16,703,999	15,900,896
Donated corporate stock	5,130	5,130	5,130	5,130	5,130
Total Special Fund Dedicated Investments	22,312,653	19,518,236	17,616,674	16,709,129	15,906,026
Total Appropriated Funds	2,904,807,635	2,790,858,887	2,922,641,563	2,953,202,616	3,105,565,719
NONAPPROPRIATED FUNDS					
Demand deposits	12,326,160	36,701	184,828	19,312	4,417
Repurchase agreements	8,329,000	19,406,000	96,338,000	110,607,600	8,074,300
U.S. government securities	15,105,450	64,522,948	65,418,122	65,312,467	0
Total Nonappropriated Funds (Schedule 5)	35,760,610	83,965,649	161,940,950	175,939,379	8,078,717
Total Cash and Investments	\$ 2,940,568,245	2,874,824,536	3,084,582,513	3,129,141,995	3,113,644,436

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
General Revenue Fund	\$ 505,819,660	288,668,747	326,037,792	438,697,261	776,602,798
Budget Reserve Fund	444,203,058	462,371,185	469,923,934	451,979,496	N/A
Budget Stabilization Fund	0	0	0	0	142,777,241
Cash Operating Reserve - General Revenue Fund	0	0	0	0	293,425,819
Abandoned Fund Account Fund	5,777,567	2,925,399	2,197,539	2,799,058	671,421
Abandoned Mine Reclamation Fund	1,009,746	992,668	906,128	805,733	709,252
Academic Scholarship Fund	286,706	330,882	133,211	327,773	321,932
Acupuncturist Fund	48,722	45,512	22,352	0	0
Adjutant General - Federal Fund	3,499,460	2,531,799	2,513,349	1,259,644	1,575,342
Adjutant General Revolving Fund	83,706	96,929	112,537	110,311	244,176
Administrative Trust Fund	10,389,140	10,257,922	11,906,971	12,353,604	10,990,480
Advantage Missouri Trust Fund	379,860	105,864	166,500	82,906	36,860
Agricultural Product Utilization and Business					
Development Loan Guarantee Fund	4	N/A	N/A	N/A	N/A
Agricultural Product Utilization Business					
Development Loan Guarantee Fund	1	1	1	1	8
Agricultural Product Utilization Grant Fund	19	41	48,656	73,417	417,500
Agriculture Bond Trustee Fund	0	0	0	0	0
Agriculture Development Fund	62,256	82,753	81,312	64,422	55,582
Alternative Care Trust Fund	3,394,342	2,972,087	2,724,219	2,011,676	1,917,619
Americans With Disabilities Act Compliance Fund	0	0	30,362	283,262	1,566,973
Animal Care Reserve Fund	162,834	150,306	114,357	143,176	206,352
Animal Health Laboratory Fee Fund	184,004	174,107	222,038	247,997	235,049
Antiterrorism Fund	988	N/A	N/A	N/A	N/A
Apple Merchandising Fund	3,996	5,813	15,171	10,386	11,214
Aquaculture Marketing Development Fund	0	7	1	0	0
Arrow Rock State Historic Site Fund	22,661	22,278	N/A	N/A	N/A
Assistive Technology Loan Revolving Fund	2,072,894	1,141,856	1,020,146	469,704	N/A
Athletic Fund	515,626	424,024	472,084	405,982	351,203
Attorney General - Federal and Other Fund	252,576	29,349	4,706	46,212	663
Attorney General Anti-Trust Revolving Fund	128,388	488,419	597,451	314,260	801,742
Attorney General Court Costs Fund	49,908	67,090	48,937	48,898	11,644
Aviation Trust Fund	2,737,048	3,259,469	5,840,058	8,593,264	6,197,404
Basic Civil Legal Services Fund	260,857	N/A	N/A	N/A	N/A
Bingo Proceeds for Education Fund	4,913,574	5,048,369	6,165,023	5,910,434	7,078,673
Biodiesel Fuel Revolving Fund	191,385	2,655	N/A	N/A	N/A
Blind Pension Fund	12,728,361	12,495,281	10,448,724	7,949,388	5,735,291
Blindness Education, Screening and Treatment Program Fund	539,975	469,756	305,462	113,420	N/A
Board of Barber Examiners Fund	571,704	277,404	394,477	106,499	150,580
Board of Embalmers and Funeral Directors Fund	1,162,774	598,740	907,167	329,728	657,413
Board of Geologist Registration Fund	193,549	168,367	141,930	101,147	88,133
Board of Pharmacy Fund	2,718,220	2,563,783	2,283,999	2,042,991	1,451,661
Board of Registration for the Healing Arts Fund	6,419,544	4,492,400	6,765,256	5,174,356	5,179,330
Boiler and Pressure Vessels Safety Fund	475,950	342,438	N/A	N/A	N/A
Boll Weevil Suppression and Eradication Fund	39,460	5,466	9,158	0	0
BPB Series A 2003 Bond Proceeds - Projects	118,185,365	203,204,063	N/A	N/A	N/A
BPB Series A 2003 Bond Proceeds - Notes	40,320	24,360	N/A	N/A	N/A
Bridge Scholarship Fund	0	0	0	0	1,335,986
Business Extension Service Team Fund	327,522	298,179	1,544,580	4,962,020	4,248,291
Central Check Mailing Service Revolving Fund	38,930	42,924	3,126	6,980	23,361
Champ W. Smith & Mary C. Smith					
Memorial Endowment Trust Fund	380,256	388,011	413,079	424,095	405,892
Chemical Emergency Preparedness Fund	702,192	634,562	554,474	651,174	746,644
Childhood Lead Testing Fund	166,542	N/A	N/A	N/A	N/A
Child Labor Enforcement Fund	164,455	163,877	138,996	43,995	30,107
Child Support Enforcement Fund	10,181,912	6,304,558	4,595,307	7,762,255	11,139,043

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
Children's Trust Fund	3,278,420	3,302,480	3,578,065	4,250,891	4,302,138
Clinical Social Workers Fund	795,507	695,706	675,815	568,315	559,955
Coal Mine Land Reclamation Fund	780,537	839,048	831,359	908,615	846,917
Committee of Professional Counselors Fund	992,245	803,934	805,425	416,898	564,397
Commodity Council Merchandising Fund	48,208	41,751	8,591	24,488	21,641
Community Service Commission Fund	27,657	7,108	165	14,367	4,605
Compulsive Gamblers Fund	515,250	352,265	176,940	10,124	111,115
Concentrated Animal Feeding Operation Indemnity Fund	279,969	216,740	189,030	154,534	118,759
Confederate Memorial Park Fund	141,266	138,904	135,595	130,751	123,329
Conservation Commission Fund	29,535,857	27,218,529	24,343,917	17,034,452	27,911,407
Correctional Substance Abuse Earnings Fund	457,559	366,640	265,324	174,670	86,723
County Aid Road Trust Fund	116	116	116	116	116
Crime Victims' Compensation Fund	7,763,696	7,813,312	7,663,263	7,750,711	8,463,246
Criminal Justice Network and Technology Revolving Fund	484,729	620,322	701,518	550,912	163,278
Criminal Record System Fund	6,148,943	6,664,778	6,973,044	6,085,569	4,856,861
Crippled Children's Service Fund	130,737	205,812	269,420	439,710	376,064
Deaf Relay Service Fund	3,300,513	4,327,037	6,485,237	7,357,731	7,379,884
Debt Offset Escrow Fund	7,903,524	8,929,246	20,364,842	17,509,906	10,076,605
Dental Board Fund	610,887	1,130,372	433,982	408,942	406,924
Department of Agriculture - Federal Fund	482,230	699,123	784,195	17,179	22,321
Department of Corrections - Federal Fund	688,738	614,585	111,482	2,464,906	2,587,151
Department of Economic Development - Community Development Block Grant Administration Fund	67,459	20,038	3,983	46,476	35,093
Department of Economic Development - Community Development Block Grant Pass-through Fund	63,662	53,263	1,845,536	35,736	5,722
Department of Economic Development - Federal and Other Fund	30,476	30,609	99,533	29,062	70,916
Department of Economic Development - Management Information Systems - Federal and Other Fund	129	129	129	129	129
Department of Economic Development - Missouri Council on the Arts - Federal and Other Fund	12,082	14,615	13,835	12,242	33,347
Department of Economic Development - Women's Council - Federal Fund	5,433	5,433	5,433	5,433	5,433
Department of Economic Development Administrative Fund	411,013	572,139	207,785	221,601	290,726
Department of Health - Donated Fund	209,211	359,452	774,473	747,772	801,302
Department of Health - Federal Fund	6,003,963	3,143,988	2,691,986	1,151,130	5,202,042
Department of Health Document Services Fund	278,796	20,239	23,585	49,852	108,408
Department of Health Interagency Payments Fund	2	56,672	245,758	223,159	242,963
Department of Higher Education - Federal Fund	19,234	47,877	28,328	26,187	31,712
Department of Insurance Dedicated Fund	6,206,867	12,147,179	10,076,526	9,190,004	8,621,390
Department of Labor and Industrial Relations - Administrative Fund	213,448	1,012,498	3,849,088	383,796	0
Department of Labor and Industrial Relations - Commission on Human Rights - Federal Fund	700,515	790,723	674,639	1,392,396	1,168,794
Department of Labor and Industrial Relations - Crime Victims -Federal Fund	0	0	72	96,269	95,199
Department of Mental Health - Federal Fund	23,479,160	29,239,753	30,668,576	55,593,079	61,697,526
Department of Natural Resources - Federal and Other Fund	1,962,694	3,427,103	4,678,658	6,522,883	2,981,637
Department of Natural Resources Cost Allocation Fund	1,431,088	1,127,444	872,858	858,747	1,743,982
Department of Natural Resources Revolving Services Fund	420,859	377,967	571,454	209,629	348,300
Department of Public Safety - Federal Fund	801,449	96,775	119,958	338,119	1,858,163
Department of Public Safety - Highway Safety Fund	550,989	101,637	127,327	128,543	213,398
Department of Public Safety - JAIBG Fund	2,650,334	7,434,315	8,521,054	5,195,957	7,626,596
Department of Revenue - Federal Fund	207,210	154,105	207,790	212,081	214,946

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
Department of Revenue Information Fund	194,100	607,879	565,113	512,115	664,532
Department of Social Services - Federal and Other Fund	501	0	0	1,127,274	14,600,515
Department of Social Services Administrative Trust Fund	349,682	704,197	169,949	736,244	241,972
Department of Social Services Educational Improvement Fund	3,060,304	3,379,189	3,602,098	2,855,751	3,850,534
Design and Construction Donated Fund	9	9	9	9	9
Dietitian Fund	358,617	249,600	326,345	93,820	0
Division of Aging - Federal and Other Fund	449	425	94	1,891,908	2,342,779
Division of Aging Donations Fund	1,599	1,599	1,599	1,599	1,599
Division of Aging Elderly Home Delivered Meals Trust Fund	111,855	142,575	94,066	101,748	88,453
Division of Credit Unions Fund	122,938	169,200	280,934	359,639	334,940
Division of Family Services - Administrative Fund	26,280,945	34,026,564	15,700,137	14,567,652	12,916,096
Division of Family Services Donations Fund	135,185	192,322	180,335	272,833	261,633
Division of Finance Fund	730,208	305,021	295,004	673,349	1,260,473
Division of Labor Standards - Federal Fund	0	6,945	13,849	13,616	28,424
Division of Savings and Loan Supervision Fund	25,921	28,971	29,010	40,692	28,569
Division of Tourism Supplemental Revenue Fund	2,544,679	2,544,150	4,114,661	4,184,763	3,524,625
Division of Youth Services - Federal and Other Fund	13	8	10	648,999	2,406,578
Doctor Edmund A. Babler Memorial - State Park Fund	737,715	752,269	791,079	836,892	939,903
Domestic Relations Resolution Fund	343,455	611,081	641,396	569,705	367,203
Drug Court Resources Fund	762,917	191,936	N/A	N/A	N/A
Dry-Cleaning Environmental Response Trust Fund	2,091,208	1,489,376	825,019	208,690	N/A
Early Childhood Development, Education and Care Fund	5,661,080	10,202,919	32,676,659	43,821,123	45,465,648
Economy Rate Telephone Service Fund	0	0	0	50	N/A
Election Administration Improvement Fund	62,373,206	17,357,004	N/A	N/A	N/A
Elementary and Secondary Education - Federal and Other Fund	3,793,758	3,574,431	1,601,085	1,229,874	2,606,482
Elevator Safety Fund	47,122	216,197	145,066	85,906	N/A
Endowed Care Cemetery Audit Fund	315,418	264,063	255,647	218,963	241,779
Energy Set-Aside Program Fund	16,560,253	21,642,086	21,567,293	22,336,181	14,135,697
Escheats Fund	793	0	6,854,394	6,872,791	6,287,398
Excellence in Education Fund	1,598,967	1,629,046	1,426,892	1,099,804	1,004,463
Facilities Maintenance Reserve Fund	42,261,310	1,126,709	10,204,928	30,966,318	22,768,361
Fair Share Fund	1,898,589	2,017,456	1,987,035	2,105,985	2,332,105
Family Support Loan Fund	21,187	19,608	116,614	114,995	97,058
Federal - Missouri Department of Insurance Fund	0	0	0	0	0
Federal and Other Fund	91,102	164,219	14,704	2,850	11,263
Federal Drug Seizure Fund	1,393,213	757,337	1,295,193	2,237,474	3,809,785
Federal Reimbursement Allowance Fund	5,640,973	33,195,414	13,978,859	23,147,141	27,780,449
Federal Student Loan Reserve Fund	15,504,380	22,234,075	20,486,626	26,959,150	34,595,580
Federal Surplus Property Fund	2,128,981	1,995,073	1,649,261	1,690,580	1,508,761
Fine Collections Center Interest Revolving Fund	0	1	850	10,129	0
Firing Range Fee Fund	1,434	1,434	1,434	1,434	1,434
Food Stamp EBT Settlement Fund	0	0	0	0	0
Fourth State Building - Series A 1998	8,564,555	10,117,941	11,656,995	15,350,156	19,036,607
Fourth State Building Bond and Interest Series A 1995	2,590,869	3,369,624	5,938,049	6,112,982	6,008,573
Fourth State Building Bond and Interest Series A 1996	5,140,410	9,262,607	9,837,013	10,142,670	10,049,005
Fourth State Building Bond and Interest Series A 1998	3,530,700	3,578,120	3,674,666	3,804,229	3,777,876
Fourth State Building Bond and Interest Series A 2002	7,394,105	7,542,860	N/A	N/A	N/A
Gaming Commission Bingo Fund	0	0	0	2,537	17,394
Gaming Commission Fund	10,837,736	4,001,746	4,210,689	4,690,850	6,835,388
Gaming Proceeds for Education Fund	9,958,905	7,715,821	16,838,239	13,416,742	13,749,083
GEAR-UP Scholarship Fund	2,945,008	1,325,932	1,302,681	N/A	N/A
General Revenue Reimbursements Fund	1,829,840	722,693	11,913,176	6,500,746	10,797,459
Governor's Committee on Employment of the Handicapped - Federal Fund	233,220	159,262	199,584	704,496	166,405

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
Governor's Council on Physical Fitness Institution					
Gift Trust Fund	35,205	3,113	N/A	N/A	N/A
Grade Crossing Safety Account Fund	4,856,618	4,827,077	4,654,379	4,872,583	4,414,151
Grain Inspection Fees Fund	530,403	544,691	451,865	340,234	442,300
Groundwater Protection Fund	174,818	110,973	116,628	207,197	225,685
Guaranty Agency Operating Fund	15,672,059	10,279,228	7,527,667	6,970,923	8,612,013
Handicapped Children's Trust Fund	23	23	23	23	846
Hazardous Waste Fund	707,816	888,282	1,076,035	962,798	596,416
Hazardous Waste Remedial Fund	3,194,368	3,366,617	2,582,929	2,829,818	3,573,649
Head Injury Fund	728,437	457,855	N/A	N/A	N/A
Health Access Incentive Fund	990,833	1,015,562	753,390	582,825	1,979,962
Health Initiatives Fund	3,516,694	3,436,477	5,847,311	8,298,720	9,320,373
Health Spa Regulatory Fund	102,950	98,050	87,620	76,161	69,515
Healthy Families Trust Fund	1,782,323	4,027,543	0	211,330,653	N/A
Healthy Families Trust Fund - Early Childhood					
Care and Education Account	0	266,913	788,659	0	N/A
Healthy Families Trust Fund - Health Care					
Treatment and Access Account	2,450,828	3,579,837	6,845,344	0	N/A
Healthy Families Trust Fund -					
Life Sciences Research Account	0	0	11,730	0	N/A
Healthy Families Trust Fund - Seniors					
Catastrophic Prescription Drug Account	1,945	16,295	60,847,227	0	N/A
Healthy Families Trust Fund - Tobacco Prevention,					
Education and Cessation Account	77,048	62,244	47,129	0	N/A
Hearing Instrument Specialist Fund	118,395	106,458	100,021	91,419	84,605
Highway Patrol Academy Fund	624,129	496,506	486,645	464,005	483,302
Highway Patrol Inspection Fund	1,508,279	2,888,801	3,874,665	2,519,683	3,305,943
Highway Patrol's Motor Vehicle and					
Aircraft Revolving Fund	7,565,814	5,425,200	3,865,254	4,517,360	4,185,382
Highway Patrol Traffic Records Fund	301,342	N/A	N/A	N/A	N/A
Historic Preservation Revolving Fund	876,012	853,885	1,390,762	1,471,854	760,279
Homeland Security Fund	1	80,202	N/A	N/A	N/A
House of Representatives Revolving Fund	39,190	36,077	13,221	81	4,664
Independent Living Center Fund	478,636	689,688	529,844	404,258	403,768
Industrial Development and Reserve Fund	0	0	0	0	0
Infrastructure Development Fund	0	0	0	0	N/A
Inmate Incarceration Reimbursement Act Revolving Fund	388,077	264,748	212,093	184,618	147,400
Inmate Revolving Fund	1,026,148	895,119	1,460,329	2,556,898	2,009,020
Insurance Examiners Fund	1,013,506	879,199	649,861	523,237	506,241
Intergovernmental Transfer Fund	1,197,614	992,173	26,477,310	2,000,000	N/A
Interior Design Council Fund	49,755	49,357	28,456	19,975	0
International Trade Show Revolving Fund	85,913	74,551	75,510	67,835	22,026
Investors Restitution Fund	6,620,895	1,000	N/A	N/A	N/A
Job Development and Training Fund	1,582,431	401,199	671,693	2,619,964	3,336,531
Judiciary Education and Training Fund	573,328	521,287	591,887	194,489	203,298
Kid's Chance Scholarship Fund	268,736	214,653	160,420	105,710	51,193
Landscape Architectural Council Fund	0	0	37,434	15,663	24,059
Legal Defense and Defender Fund	412,516	134,253	206,881	163,647	472,424
Legal Services For Low-Income People Fund	1,629	46,728	1,013,280	N/A	N/A
Library Networking Fund	118,757	206,179	74,550	15,104	44,362
Licensed Perfusionists Fund	0	0	0	0	7,980
Light Rail Safety Fund	0	0	0	30	1,694
Livestock Brands Fund	621	24,425	0	9,104	415
Livestock Dealer Law Enforcement and Administration Fund	230	238	351	45	5,184
Livestock Sales and Markets Fees Fund	0	0	37	75	11,265
Local Records Preservation Fund	1,614,128	1,278,405	976,075	1,141,354	1,552,964

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
Lottery Proceeds Fund	31,198,540	14,727,175	15,558,203	30,556,966	65,839,958
Mammography Fund	442,334	394,348	336,334	274,339	232,751
Manufactured Housing Fund	409,100	127,791	132,165	263,293	493,135
Marguerite Ross Barnett Scholarship Fund	5,930	83,855	121,866	65,027	13,038
Marital and Family Therapists Fund	68,489	51,158	50,969	56,437	42,238
Marketing Development Fund	1,320,362	976,427	482,875	348,237	337,917
Massage Therapy Fund	421,116	454,723	281,497	300,677	0
MCSAP/Division of Transportation - Federal Fund	214,037	156,769	15,277	877	196,640
Medicaid Fraud Reimbursement Fund	5,000	5,000	5,000	5,000	5,000
Medical School Loan and Loan Repayment Program Fund	24,527	66,930	107,406	153,820	168,391
Mental Health Central Supply Fund	0	0	0	0	0
Mental Health Earnings Fund	315,647	338,079	516,977	552,617	500,396
Mental Health Housing Trust Fund	4,779	4,994	4,876	4,702	4,435
Mental Health Interagency Payments Fund	829,898	564,969	235,028	776,271	487,924
Mental Health Intergovernmental Transfers Fund	0	0	N/A	N/A	N/A
Mental Health Trust Fund	4,525,994	5,435,457	4,228,512	3,955,680	6,438,120
Meramec-Onondaga State Parks Fund	1,059,184	1,059,803	1,053,908	1,034,424	994,567
Merchandising Practices Revolving Fund	2,640,623	3,065,658	3,317,361	3,277,363	2,950,469
Metallic Minerals Waste Management Fund	117,068	145,960	175,343	216,708	215,477
Microfilming Service Revolving Trust Fund	0	0	0	35,768	35,768
Mined Land Reclamation Fund	3,004,429	3,634,743	3,744,535	3,839,689	3,995,941
Missouri Air Emission Reduction Fund	3,203,528	2,866,868	2,282,557	1,748,643	375,581
Missouri Air Pollution Control Fund	92,840	102,122	77,436	65,107	853,041
Missouri Alternative Fuel Vehicle Loan Fund	2,887	306,268	300,031	0	0
Missouri Arts Council Trust Fund	6,644,135	9,676,993	10,233,207	8,928,801	9,061,274
Missouri Board Of Occupational Therapy Fund	431,955	496,972	417,032	444,509	221,288
Missouri Breeders Fund	84,621	83,206	81,235	78,342	76,814
Missouri Capital Access Program Fund	0	0	0	0	242,500
Missouri CASA Fund	74,471	94,610	57,320	N/A	N/A
Missouri Children's Service Commission Fund	1,956	16,698	16,846	16,632	16,763
Missouri College Guarantee Fund	565,318	346,098	1,279,252	4,802,651	6,546,112
Missouri Commission for the Deaf Board of Certification of Interpreters Fund	10,288	11,772	14,793	21,516	3,320
Missouri Commission for the Deaf and Hard of Hearing Fund	3,131	N/A	N/A	N/A	N/A
Missouri Community College Job Training Program Fund	10,187	548,779	7,428	7,428	0
Missouri Consolidated Health Care Plan Benefit Fund	11,242	11,242	11,498	6,381,838	0
Missouri Crime Prevention Information and Programming Fund	10,032	11,004	12,539	6,458	0
Missouri Disaster Fund	7,021	7,171	1,674	59,556	231,525
Missouri Horse Racing Fund	0	0	0	69	9
Missouri Housing Trust Fund	6,000,234	5,987,387	5,259,163	3,972,815	4,255,307
Missouri Humanities Council Trust Fund	1,894,415	1,862,715	1,818,205	1,469,871	533,134
Missouri Job Development Fund	2,899,054	1,547,817	146,545	1,459,977	2,516,319
Missouri Lead Abatement Loan Fund	279,565	274,848	N/A	N/A	N/A
Missouri Main Street Program Fund	3,450	4,177	4,177	4,177	141,582
Missouri National Guard Training Site Fund	273,402	207,349	107,663	99,878	55,443
Missouri National Guard Trust Fund	2,790,984	2,838,401	3,360,144	3,583,921	3,589,693
Missouri Office of Prosecution Services Fund	418,245	303,091	164,422	64,200	69,460
Missouri Office of Prosecution Services Revolving Fund	22,639	35,891	40,009	23,100	5,680
Missouri Prospective Teachers Loan Fund	22,522	22,158	20,109	16,259	16,260
Missouri Public Health Services Fund	1,200,389	588,382	107,118	306,295	363,887
Missouri Public Television Broadcasting Corporation Special Fund	0	0	0	216,419	0
Missouri Qualified Fuel Ethanol Producer Incentive Fund	0	0	0	0	65,741
Missouri Real Estate Commission Fund	4,571,025	4,290,189	3,450,336	3,244,715	2,982,063

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
Missouri Senior Rx Fund	3,590,428	1,873,708	2,198,984	N/A	N/A
Missouri State Employees' Deferred Compensation					
Incentive Plan Administration Fund	940	940	962	(636)	0
Missouri Student Grant Program Gift Fund	0	0	0	0	38,894
Missouri Supplemental Tax Increment Financing Fund	0	46,284	0	0	0
Missouri Technology Investment Fund	93,629	4,767	5,778	22,765	1,279,939
Missouri Veterans Commission - Federal Fund	572,273	894,320	757,111	249,269	614,857
Missouri Veterans Homes Fund	1,593,988	472,920	27,816	941,428	1,276,601
Missouri Water Development Fund	0	0	0	0	0
Missouri Wine Marketing and Research Development Fund	0	96	0	32	0
Motor Fuel Tax Fund	2,256,189	1,529,794	674,534	2,104,108	7,497,927
Motor Vehicle Commission Fund	2,025,639	2,075,294	1,918,611	1,788,174	1,657,328
Motorcycle Safety Trust Fund	166,302	183,105	2,537	284	4,132
Multimodal Operations Federal Fund	649,430	430,004	789,464	587,638	397,921
National Endowment for the Humanities -					
Save America's Treasures Fund	0	0	0	N/A	N/A
Natural Resources Protection Fund	1,540,814	592,715	595,253	581,448	559,943
Natural Resources Protection Fund - Air Pollution					
Asbestos Fee Subaccount Fund	579,097	764,459	870,076	1,005,211	942,537
Natural Resources Protection Fund - Air Pollution					
Permit Fee Subaccount Fund	9,551,141	9,984,206	10,375,446	12,180,479	14,196,181
Natural Resources Protection Fund - Water Pollution					
Permit Fee Subaccount Fund	11,411,156	10,860,096	12,225,233	11,741,569	9,985,295
Nursing Facility Federal Reimbursement Allowance Fund	9,941,843	7,062,371	6,478,933	5,216,824	2,521,129
Nursing Facility Quality of Care Fund	1,446,719	1,962,036	1,920,164	1,793,330	2,404,634
Office of Administration - Federal and Other Fund	260,478	224,568	236,802	325,238	395,984
Office of the State Public Defender - Federal and Other Fund	19,906	19,906	19,909	19,909	19,909
Oil and Gas Remedial Fund	35,058	14,488	14,488	14,488	14,488
Optometry Fund	264,812	349,392	217,297	202,748	164,913
Organ Donor Program Fund	720,613	866,581	922,520	894,291	861,766
Organic Production and Certification Fee Fund	7,233	N/A	N/A	N/A	N/A
Outstanding Schools Trust Fund	262,365	252,532	68,882,571	155,180,181	242,235,465
Pansey Johnson-Travis Memorial State Gardens Trust Fund	21,036	19,384	17,625	15,707	12,821
Pansey Johnson-Travis Stocks and Securities Trust Fund	N/A-1	N/A-1	N/A-1	N/A-1	N/A-1
Peace Officers Standards and Training Commission Fund	1,362,409	1,310,393	1,281,707	1,196,827	1,292,253
Petition Audit Revolving Trust Fund	336,321	234,426	427,704	608,879	567,682
Petroleum Inspection Fund	2,564,898	2,499,993	2,457,796	2,066,376	1,450,724
Petroleum Storage Tank Insurance Fund	49,590,136	42,382,355	37,243,220	38,890,913	46,090,200
Petroleum Violation Escrow Fund	8,015	422,332	1,535,494	6,434,343	20,190,215
Petroleum Violation Escrow Interest Subaccount Fund	4	171,367	441,882	2,730	N/A
Pharmacy Rebate Fund	493,140	539,804	12,667,665	1,481,918	233,421
Pharmacy Reimbursement Allowance Fund	556,840	963,342	N/A	N/A	N/A
Post-Closure Fund	400,881	143,253	144,622	142,473	189,657
Premium Fund	592,819	321,072	28,033	23,170	22,438
Professional and Practical Nursing Student Loan					
and Nurse Loan Repayment Fund	552,293	927,965	680,741	987,824	676,511
Professional Registration Fees Fund	273,048	368,765	194,048	485,976	60,842
Property Reuse Fund	1,005,770	1,548,722	3,243,787	4,102,947	3,802,801
Proprietary School Bond Fund	0	0	0	0	0
Public Service Commission Fund	2,665,109	1,593,722	176,944	465,196	2,555,798
Railroad Expense Fund	97,779	184,897	296,609	31,305	79,856
Real Estate Appraisers Fund	1,047,124	522,942	672,291	371,779	612,138
Residential Mortgage Licensing Fund	735,023	706,443	644,271	674,432	577,131
Respiratory Care Practitioners Fund	373,080	309,633	247,552	213,343	149,560
Rural Water and Sewer Loan Revolving Fund	178,058	34,558	N/A	N/A	N/A
Safe Drinking Water Fund	3,040,372	3,110,311	3,447,869	3,829,548	3,798,228

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
School Building Revolving Fund	1,597	7,196,768	5,054,893	3,461,475	1,113,426
School District Bond Fund	96,074	96,074	1,728,542	8,728,542	7,132,397
School District Trust Fund	55,579,367	55,803,019	50,429,925	48,897,468	56,348,298
School for Blind Trust Fund	121,860	178,735	55,564	29,455	41,233
School for Deaf Trust Fund	73,549	73,549	72,452	34,694	5,854
Schools of the Future Fund	0	3,411,329	N/A	N/A	N/A
Second Injury Fund	19,431,797	4,854,698	15,020,514	21,760,262	17,010,892
Secretary of State's Investor Education Fund	338,359	407,547	387,191	232,932	200,986
Secretary of State - Federal Fund	110,184	84,781	30,665	85,389	58,789
Secretary of State - Technology Trust Fund Account Fund	2,868,683	3,004,959	3,343,136	3,294,151	3,149,925
Secretary of State Institutional Gift Trust Fund	0	0	330	261,357	492,064
Secretary of State Records - Federal Fund	209	69	0	0	N/A
Senate Revolving Fund	247	51,141	29,877	56,494	18,194
Services to Victims Fund	4,454,606	3,617,498	3,711,936	3,321,516	3,703,285
Single-Purpose Animal Facilities Loan Program Fund	436,765	504,169	466,473	459,341	395,186
Social Security Contributions Fund	109,504	109,504	110,786	61,784	9,882,847
Soil and Water Sales Tax Fund	20,774,934	18,826,170	20,262,812	20,321,197	14,605,379
Solid Waste Management Fund	12,741,918	13,992,904	12,976,306	13,117,318	11,994,692
Solid Waste Management Fund - Scrap Tire Subaccount Fund	2,471,531	2,690,743	3,819,380	4,149,263	4,718,823
Special Employment Security Fund	3,473,204	3,930,035	4,289,066	6,229,442	5,575,415
Spinal Cord Injury Fund	1,268,187	706,153	144,838	N/A	N/A
State Agency for Surplus Property Fund	244,998	131,476	32,600	504,659	308,197
State Auditor - Federal Fund	567,049	515,639	620,828	593,843	900,132
State Board of Accountancy Fund	1,514,382	1,428,605	1,146,997	1,134,471	1,161,717
State Board of Architects, Engineers and Land Surveyors Fund	1,868,772	1,210,253	442,209	469,844	200,153
State Board of Chiropractic Examiners' Fund	594,805	719,455	312,037	478,744	165,890
State Board of Cosmetology Fund	3,297,264	965,700	2,142,595	1,024,405	1,679,622
State Board of Nursing Fund	6,635,267	6,796,872	3,755,380	3,983,338	340,151
State Board of Podiatry Fund	152,820	88,220	115,001	75,459	114,478
State Committee of Interpreters Fund	67,270	72,257	63,868	39,883	28,340
State Committee of Psychologists Fund	943,174	613,081	824,367	406,025	771,725
State Court Administration Revolving Fund	15,477	3,997	18,695	15,388	9,285
State Document Preservation Fund	1,650	49,680	33,768	50,684	43,010
State Elections Subsidy Fund	198,718	41,304	45,949	7,102	183,767
State Emergency Management - Federal and Other Fund	2,561,128	1,727,796	2,373,633	2,456,800	2,789,695
State Employee Voluntary Life Insurance Fund	0	0	0	0	76,033
State Environmental Improvement and Energy Resources Authority Fund	0	0	0	0	0
State Facility Maintenance and Operation Fund	859,900	949,584	503,999	1,291,599	2,480,354
State Fair Fees Fund	389,710	264,102	163,380	100,658	315,685
State Fair Trust Fund	4,391	4,658	3,408	1,463	1,631
State Forensic Laboratory Fund	40,815	0	54,905	31,821	110,024
State Guaranty Student Loan Fund	0	95	0	0	0
State Highways and Transportation Department Fund	29,750,791	31,087,996	41,661,503	31,064,724	2,516,468
State Institutions Gift Trust Fund	54,513	54,584	55,033	55,472	192,904
State Land Survey Program Fund	1,985,941	1,654,043	1,227,743	1,107,543	1,404,437
State Legal Expense Fund	144	0	2,691	1,794	21,862
State Lottery Fund	208,989	8,972,633	14,879,585	12,690,947	22,969,836
State Milk Inspection Fee Fund	435,063	266,619	203,081	203,055	337,632
State Park Sales Tax Fund	7,427,205	9,024,355	10,622,811	12,663,374	15,559,687
State Parks Earnings Fund	4,136,569	5,368,682	3,665,341	3,617,061	4,589,645
State Parks Revolving Fund	0	0	0	0	523
State Public School Fund	32,430	3,975	13,223	64,859	95,056
State Retirement Contributions Fund	15,537	1,722	95,469	8,124,473	0

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
State Road Fund	389,875,472	362,591,514	329,316,181	253,468,077	127,156,055
State Road Fund - Series A 2000	0	0	0	1,529,058	N/A
State Road Fund - Series A 2001	0	0	0	0	N/A
State Road Fund - Series A 2002	0	0	206,532,181	N/A	N/A
State Road Fund - Series A 2003	0	N/A	N/A	N/A	N/A
State School Money Fund	27,587,763	4,562,586	23,895,756	934,812	53,823,656
State Seminary Fund	175,938	938	0	1,651	1,102
State Seminary Money Fund	9	8	8	8	25,747
State Transportation Assistance Revolving Fund	514,243	521,226	259,160	102,818	505,129
State Transportation Fund	273,495	370,234	310,480	145,061	2,020,018
Statewide Court Automation Fund	65,546	417,174	1,016,171	1,814,858	1,193,445
Statutory County Recorder's Fund	0	0	3,093,001	0	N/A
Statutory Revision Fund	311,847	467,146	403,270	386,966	86,807
Stormwater Control - Series A 1999 - 37H	0	4,104,538	9,092,933	19,399,961	20,530,037
Stormwater Control - Series A 2001 - 37H	10,166,989	10,495,471	10,287,178	10,009,130	0
Stormwater Control - Series A 2002 - 37H	12,690,682	15,208,725	N/A	N/A	N/A
Stormwater Control Bond and Interest Series A 1999	1,497,202	1,519,401	1,560,343	1,604,148	1,557,350
Stormwater Control Bond and Interest Series A 2001	731,619	734,575	745,080	741,514	0
Stormwater Control Bond and Interest Series A 2002	1,006,621	992,295	N/A	N/A	N/A
Stormwater Loan Revolving Fund	1,123,783	636,205	N/A	N/A	N/A
Student Grant Fund	12,068	112,260	53,313	414,586	341,708
Supreme Court - Federal and Other Fund	5,759,932	5,566,367	3,550,254	5,505,976	757,108
Supreme Court Publications Revolving Fund	58,308	252,541	129,938	59,569	78,856
Tattoo Fund	156,302	115,456	N/A	N/A	N/A
Temporary Assistance for Needy Families - Federal Fund	10,737,909	11,490,931	2,529,395	774,573	2,302,232
Third Party Liability Collections Fund	3,597,216	1,946,713	5,289,390	504,633	175,871
Third State Building Bond Interest and Sinking - Series A 1992	0	0	28,668,075	29,291,962	28,641,096
Third State Building Bond Interest and Sinking - Series A 1993	0	16,667,835	16,925,234	15,413,967	16,913,942
Third State Building Bond Interest and Sinking Fund - Series A 2002	35,064,110	31,067,300	N/A	N/A	N/A
Third State Building Bond Interest and Sinking Fund - Series A 2003	12,222,612	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A&B 1991	0	0	7,135,351	9,200,427	9,090,914
Third State Building Fund - Pre Tax Act 1986	0	0	0	0	534,694
Third State Building Trust Fund - Pre Tax Act 1986	135	132	131	113	33,940
Title XIX - Federal Fund	5,661,165	38,237,143	42,623,689	17,400,409	5,685,064
Title XIX - Patient Placement Fund	0	0	0	0	0
Tort Victims Compensation Fund	971,092	4,915,174	4,960,576	7,463,188	7,351,434
Tourism Marketing Fund	8,984	2,273	355	0	1,013
Treasurer's Information Fund	7,119	8,380	9,775	8,857	5,846
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	1,120,659	1,824,375	2,307,530	2,052,239	1,511,025
U.S. Department of Higher Education / Coordinating Board for Higher Education Recall Account Fund	1	1	32,421,670	25,937,336	19,453,002
Uncompensated Care Fund	5,369,908	82,485,906	960,928	1,565,140	8,918,332

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2004	2003	2002	2001	2000
Underground Storage Tank Regulation Program Fund	298,084	266,381	419,669	621,766	594,576
Unemployment Compensation Administration Fund	179,811	168,744	200,747	897,666	814,832
Utilecare Stabilization Fund	21	20	1,180	22,478	20,920
Veterans' Homes Capital Improvement Trust Fund	19,756,755	37,719,826	52,100,054	77,618,885	81,568,365
Veterans Trust Fund	406,707	408,905	489,567	465,478	439,447
Veterinary Medical Board Fund	764,143	627,825	643,691	583,998	730,634
Video Instructional Development and Education Opportunity Fund	167	167	37,667	528,876	98,546
Vocational Rehabilitation - Federal Fund	9,425,231	5,538,569	6,704,120	3,504,723	1,668,080
Water and Waste Water Loan Fund	1,155,195	1,133,796	660,289	1,927,022	418,801
Water and Waste Water Loan Revolving Fund	274,857,960	270,607,303	230,747,665	148,387,528	124,730,837
Water Pollution Control - Series A 1996 - 37C	0	0	0	17,141	297,840
Water Pollution Control - Series A 1996 - 37E	0	0	0	0	10,596
Water Pollution Control - Series A 1998 - 37C	154,945	2,762,634	5,076,361	6,487,796	8,192,710
Water Pollution Control - Series A 1998 - 37E	0	0	1,043,168	12,566,183	22,796,830
Water Pollution Control - Series A 1999 - 37E	0	1,573,903	11,312,471	10,899,785	10,250,685
Water Pollution Control - Series A 1999 - 37G	0	0	5,459,630	10,385,103	10,279,352
Water Pollution Control - Series A 2001 - 37E	7,864,642	10,247,762	10,279,861	9,994,568	0
Water Pollution Control - Series A 2001 - 37G	417,231	8,286,505	10,294,478	10,023,676	0
Water Pollution Control - Series A 2002 - 37E	4,075,487	13,471,473	N/A	N/A	N/A
Water Pollution Control - Series A 2002 - 37G	15,474,409	15,224,444	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 1989	0	0	0	0	0
Water Pollution Control Bond and Interest - Series A 1991	0	0	0	1,121,495	1,176,469
Water Pollution Control Bond and Interest - Series A 1992	0	0	2,701,642	2,769,267	2,722,698
Water Pollution Control Bond and Interest - Series A 1993	0	2,142,911	2,178,662	2,228,643	2,191,673
Water Pollution Control Bond and Interest - Series A 1995	1,038,520	1,347,843	2,377,283	2,442,358	2,407,652
Water Pollution Control Bond and Interest - Series A 1996	1,439,639	2,591,893	2,754,573	2,840,519	2,810,748
Water Pollution Control Bond and Interest - Series A 1998	2,469,904	2,501,516	2,572,579	2,663,337	2,644,958
Water Pollution Control Bond and Interest - Series A 2000	1,497,202	1,519,401	1,560,343	1,604,148	1,557,350
Water Pollution Control Bond and Interest - Series A 2001	1,463,555	1,469,399	1,485,492	1,483,154	0
Water Pollution Control Bond and Interest - Series A 2002	2,008,025	1,989,488	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2003	6,070,154	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	0	0	5,095,923	5,118,806	5,136,928
Water Pollution Control Bond and Interest - Series B 1993	0	11,239,131	11,386,806	9,584,721	9,940,292
Water Pollution Control Bond and Interest - Series B 2002	12,728,131	8,015,104	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B&C 1991	0	0	3,330,783	4,378,930	4,332,303
Wolfner Library Trust Fund	184,245	218,365	211,520	204,201	568,199
Workers' Compensation Fund	39,635,984	9,585,811	5,946,117	20,643,132	33,004,325
Workers Memorial Fund	269	264	258	250	N/A
Working Capital Revolving Fund	9,891,965	10,126,901	9,299,081	7,826,273	5,553,282
World War II Memorial Trust Fund	51,182	36,442	22,745	10,649	N/A
Youth Services and Conservation Corps Fund	0	0	0	0	0
Total All Funds (Schedule 3)	\$ 2,882,494,982	2,771,340,651	2,905,024,889	2,936,493,487	3,089,659,693

N/A These funds were closed or had not been created for the years indicated.

N/A-1 The assets of the Pansey Johnson-Travis Stocks and Securities Trust Fund were reclassified from cash to investments as a result of a change in the state's accounting system. This fund is no longer maintained by the State Treasurer on the cash activity reports.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF TRUST ACCOUNTS

	June 30,									
	2004		2003		2002		2001		2000	
	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested
220 South Jefferson	\$									
Construction Fund	0	0	0	0	101,366	101,253	17,786	17,785	N/A	N/A
Board of Public Buildings 2001A										
Cost of Issuance Fund	0	0	0	0	25,200	25,172	24,555	24,554	N/A	N/A
Principal and Interest Fund	0	0	0	0	4,662	4,657	1,014,494	1,014,479	N/A	N/A
Capitol East Parking Facility										
Operating Reserve Fund	N/A	N/A	N/A	N/A	N/A	N/A	0	0	7,154	7,154
Corrections and Mental Health										
Construction Fund	0	0	0	0	148,935	148,769	145,139	145,137	137,086	137,082
Department of Natural Resources Building										
Construction Fund	6,648,730	6,645,771	17,776,780	17,769,801	18,454,428	18,433,828	17,994,647	17,994,386	N/A	N/A
Jefferson City Correctional Center										
Construction Fund	15,451,872	15,444,995	59,530,681	59,507,313	121,629,975	121,494,208	127,257,402	127,255,554	N/A	N/A
Kirkpatrick State Information Center										
Construction Fund	0	0	0	0	49,647	49,591	48,381	48,381	45,697	45,695
Old Age, Survivors, Disability, and										
Health Insurance Trust Fund	12,315,726	0	3,741	0	4,068	0	16,757	0	4,161	0
Special Obligation Refunding Bond -										
Principal and Interest Fund	N/A	N/A	N/A	N/A	0	0	408,707	408,701	350,352	350,341
Depreciation and Replacement Fund	1,012,197	1,011,747	1,019,704	1,019,303	1,058,884	1,057,702	7,412,060	7,411,952	7,293,286	7,293,055
Bond Reserve Fund	N/A	N/A	N/A	N/A	0	0	105,889	105,888	105,794	105,790
State Building Special Obligation Bond 1988										
Arbitrage Rebate Escrow Fund	0	0	0	0	138,122	137,968	134,602	134,600	127,133	127,129
Arbitrage Owed to IRS Escrow	0	0	0	0	8,750	8,740	8,527	8,527	8,054	8,054
Western Missouri Mental Health Center										
Construction Fund	332,085	331,937	5,634,743	5,632,531	20,316,913	20,294,234	21,350,433	21,350,123	N/A	N/A
Total Trust Accounts (Schedule 3) \$	<u>35,760,610</u>	<u>23,434,450</u>	<u>83,965,649</u>	<u>83,928,948</u>	<u>161,940,950</u>	<u>161,756,122</u>	<u>175,939,379</u>	<u>175,920,067</u>	<u>8,078,717</u>	<u>8,074,300</u>

N/A These accounts were closed for the indicated fiscal years.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2004	2003	2002	2001	2000
INTEREST RECEIPTS					
General and special funds	\$ 47,232,272	63,246,903	101,099,069	160,519,961	167,054,476
Debt retirement funds	1,684,923	2,320,783	4,176,019	6,938,831	5,518,366
Total Appropriated Funds	48,917,195	65,567,686	105,275,088	167,458,792	172,572,842
Trust funds	754,646	2,290,124	4,444,474	1,657,889	774,564
Total Interest Receipts	\$ 49,671,841	67,857,810	109,719,562	169,116,681	173,347,406
INTEREST DISTRIBUTION					
General and special funds:					
Budget Reserve Fund	\$ 6,556,307	8,410,650	13,533,611	8,498,480	N/A
General Revenue Fund	15,913,251	20,944,567	37,890,915	56,485,522	68,698,776
Budget Stabilization Fund	N/A	N/A	N/A	7,185,122	7,648,358
Cash Operating Reserve - General Revenue Fund	N/A	N/A	N/A	3,671,128	15,732,796
Abandoned Mine Reclamation Fund	17,078	23,622	34,037	43,212	37,033
Advantage Missouri Trust Fund	N/A	N/A	N/A	N/A	4
Agriculture Development Fund	874	1,396	1,639	2,481	1,950
Agricultural Product Utilization and Business Development Loan Guarantee Fund	4	N/A	N/A	N/A	N/A
Agricultural Product Utilization Business Development Loan Guarantee Fund	0	0	1	42	512
Agricultural Product Utilization Grant Fund	3	538	2,814	13,983	24,189
Alternative Care Trust Fund	54,936	74,005	85,106	120,348	98,451
Animal Health Laboratory Fee Fund	2,709	5,115	9,997	15,295	12,410
Antiterrorism Fund	3	N/A	N/A	N/A	N/A
Arrow Rock State Historic Site Endowment Fund	382	312	N/A	N/A	N/A
Assistive Technology Loan Revolving Fund	25,420	24,843	29,296	4,704	N/A
Aviation Trust Fund	43,570	125,754	307,954	413,236	193,313
Basic Civil Legal Services Fund	1,901	N/A	N/A	N/A	NA
Bingo Proceeds for Education Fund	86,838	143,210	227,365	398,335	455,212
Biodiesel Fuel Revolving Fund	830	39	N/A	N/A	N/A
BPB-Series A 2003 Bond Proceeds-Project Fund	2,721,905	226,041	N/A	N/A	N/A
BPB-Series A 2003 Bond Proceeds-Notes Fund	15,961	24,360	N/A	N/A	N/A
Champ W. Smith & Mary C. Smith Memorial Endowment Trust Fund	6,588	10,120	15,588	24,679	21,750
Chemical Emergency Preparedness Fund	7,800	9,358	18,532	33,753	34,255
Children's Trust Fund	57,444	89,140	160,076	269,732	226,783
Coal Mine Land Reclamation Fund	13,474	20,091	32,861	52,498	46,677
Concentrated Animal Feeding Operation Indemnity Fund	3,914	4,766	5,909	7,719	4,007
Confederate Memorial Park Fund	2,390	3,361	4,891	7,508	6,609
Conservation Commission Fund	587,937	740,556	899,665	1,835,420	1,863,046
Correctional Substance Abuse Earnings Fund	6,634	7,227	7,192	6,499	1,774
Crime Victims' Compensation Fund	132,074	180,673	297,949	504,776	457,167
Deaf Relay Service Fund	74,072	149,181	278,673	445,269	383,614
Debt Offset Escrow Fund	140,865	449,181	648,907	694,473	347,290
Department of Insurance Dedicated Fund	148,073	282,629	379,687	573,653	505,799
Department of Labor and Industrial Relations - Administrative Fund	21,811	51,084	92,489	81,798	N/A
Department of Public Safety - JAIBG Fund	95,996	163,821	217,438	410,141	268,805
Division of Credit Unions Fund	6,397	11,108	20,917	32,580	27,169
Division of Finance Fund	27,945	36,178	68,747	149,242	174,099
Division of Savings and Loan Supervision Fund	2,299	2,377	2,103	2,736	2,959
Doctor Edmund A. Babler Memorial - State Park Fund	13,112	19,206	31,889	55,850	53,063
Dry-Cleaning Environmental Response Trust Fund	27,883	24,160	11,485	1,190	N/A
Early Childhood Development, Education and Care Fund	169,001	713,560	1,668,336	2,544,431	1,393,287
Election Administration Improvement Fund	260,504	8,993	N/A	N/A	N/A
Endowed Care Cemetery Audit Fund	4,919	6,956	8,383	13,403	13,168

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Energy Set-Aside Program Fund	349,967	551,680	748,130	793,938	918,409
Escheats Fund	793	95,208	242,347	370,242	328,536
Excellence in Education Fund	27,075	33,818	42,283	66,740	68,469
Facilities Maintenance Reserve Fund	30,610	157,866	1,013,785	2,082,512	819,689
Federal Drug Seizure Fund	18,348	36,678	103,164	234,053	210,737
Federal Reimbursement Allowance Fund	480,446	471,687	934,398	1,971,467	2,546,242
Federal Student Loan Reserve Fund	366,267	559,749	1,016,326	2,026,473	1,256,553
Federal Surplus Property Fund	34,608	43,946	62,970	102,018	101,589
Fourth State Building - Series A 1998	155,788	231,247	556,053	1,215,143	1,090,474
Gaming Commission Bingo Fund	N/A	N/A	N/A	1,221	7,366
Gaming Commission Fund	89,704	138,005	208,264	454,173	893,425
Gaming Proceeds for Education Fund	186,245	268,065	376,332	516,975	449,122
GEAR-UP Scholarship Fund	38,780	31,221	6,930	N/A	N/A
Grain Inspection Fees Fund	9,188	12,387	15,424	26,362	29,528
Guaranty Agency Operating Fund	217,403	208,123	281,392	496,423	410,701
Hazardous Waste Fund	15,180	25,510	37,830	53,787	35,812
Hazardous Waste Remedial Fund	54,879	73,214	103,944	191,943	230,387
Historic Preservation Revolving Fund	14,805	26,117	46,654	36,726	31,123
Kid's Chance Scholarship Fund	4,110	4,260	4,737	4,517	1,193
Legal Defense and Defender Fund	6,540	7,593	10,121	23,044	24,304
Legal Services for Low Income People Fund	2,681	15,551	2,450	N/A	N/A
Library Networking Fund	3,265	3,645	7,660	38,340	26,789
Livestock Dealer Law Enforcement and Administration Fund	4	9	37	287	294
Mental Health Earnings Fund	5,332	13,698	27,570	45,890	46,258
Mental Health Housing Trust Fund	83	121	176	270	237
Mental Health Trust Fund	111,855	147,160	181,740	302,079	272,979
Meramec-Onondaga State Parks Fund	18,156	25,970	38,567	60,295	53,940
Metallic Minerals Waste Management Fund	2,179	3,877	7,553	12,329	11,845
Mined Land Reclamation Fund	56,274	90,151	141,946	233,742	215,966
Missouri Air Emission Reduction Fund	51,047	61,492	69,458	47,568	408
Missouri Air Pollution Control Fund	1,817	2,158	4,156	40,029	70,065
Missouri Alternative Fuel Vehicle Loan Fund	1,619	6,237	26	N/A	N/A
Missouri Arts Council Trust Fund	160,226	253,853	382,844	721,500	680,943
Missouri Breeders Fund	1,431	2,013	2,932	4,583	4,175
Missouri CASA Fund	815	1,556	336	N/A	N/A
Missouri Children's Service Commission Fund	233	414	627	1,016	899
Missouri College Guarantee Fund	31,267	40,739	139,190	521,411	272,549
Missouri Horse Racing Fund	N/A	N/A	N/A	0	9
Missouri Housing Trust Fund	61,156	72,666	104,443	144,045	160,474
Missouri Humanities Council Trust Fund	32,046	44,963	59,225	71,314	48,541
Missouri Lead Abatement Loan Fund	4,718	3,965	N/A	N/A	N/A
Missouri National Guard Trust Fund	55,684	95,484	155,327	256,369	148,916
Missouri Office of Prosecution Services Fund	5,579	4,454	2,568	3,935	2,511
Missouri Prospective Teachers Loan Fund	385	2,049	3,851	N/A	N/A
Missouri Veterans Homes Fund	42,249	41,051	53,537	78,750	98,118
Motor Fuel Tax Fund	354,234	422,880	947,280	1,446,659	1,713,277
Natural Resources Protection Fund	21,772	14,819	21,787	34,067	28,387
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	11,449	20,506	34,412	66,463	68,139
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	136,485	217,541	402,454	723,396	811,157
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	203,528	299,203	449,147	603,981	534,938
Nursing Facility Federal Reimbursement Allowance Fund	154,866	187,063	244,640	425,618	399,036

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Nursing Facility Quality of Care Fund	36,461	52,026	86,632	138,287	112,611
Outstanding Schools Trust Fund	68,202	690,245	4,236,051	11,922,416	15,741,639
Pansey Johnson-Travis Memorial State Gardens Trust Fund	1,652	1,759	606	1,574	30,576
Peace Officers Standards and Training Commission Fund	17,865	23,746	27,559	51,502	55,144
Petroleum Inspection Fund	46,573	64,033	88,789	138,571	77,526
Petroleum Storage Tank Insurance Fund	783,608	977,800	1,459,919	2,654,173	2,993,555
Petroleum Violation Escrow Fund	4,432	26,423	265,764	1,153,353	1,154,344
Petroleum Violation Escrow Interest Subaccount Fund	2,422	8,912	14,785	N/A	N/A
Pharmacy Rebate Fund	73,463	297,956	2,492	N/A	0
Pharmacy Reimbursement Allowance Fund	133,687	88,723	N/A	N/A	N/A
Post-Closure Fund	4,847	3,544	5,344	9,895	13,428
Property Reuse Fund	23,805	46,101	142,276	231,002	184,427
Residential Mortgage Licensing Fund	12,544	17,423	26,463	37,204	29,486
Rural Water and Sewer Loan Revolving Fund	1,429	6	N/A	N/A	N/A
Safe Drinking Water Fund	57,187	91,586	148,727	245,459	219,729
School Building Revolving Fund	48,504	149,274	139,197	96,233	32,909
School District Trust Fund	901,178	1,247,330	1,872,649	2,969,719	2,679,222
Schools of the Future Fund	25,747	497,302	N/A	N/A	N/A
Second Injury Fund	204,847	290,316	781,918	1,120,103	700,762
Secretary of State Institutional Gift Trust Fund	0	157	7,680	25,035	37,454
Secretary of State - Technology Trust Fund Account Fund	50,961	77,177	124,363	202,991	145,813
Single-Purpose Animal Facilities Loan Program Fund	8,243	12,008	17,297	24,508	21,292
Soil and Water Sales Tax Fund	381,281	543,982	839,925	1,108,203	840,181
State Document Preservation Fund	649	768	1,356	2,618	2,209
State Fair Fees Fund	5,055	4,625	7,083	10,546	N/A
State Guaranty Student Loan Fund	N/A	N/A	N/A	N/A	865,524
State Highways and Transportation Department Fund	895,518	1,339,765	1,829,289	2,134,368	1,457,149
State Lottery Fund	224,722	345,258	677,913	1,315,167	1,344,455
State Park Sales Tax Fund	164,954	273,934	483,530	938,113	971,069
State Public School Fund	7	428,988	N/A	N/A	N/A
State Road Fund	4,619,791	8,499,258	7,146,017	5,406,237	5,213,566
State Road Fund - Series A 2000	0	0	2,758	5,559,632	N/A
State Road Fund - Series A 2001	0	0	662,661	N/A	N/A
State Road Fund - Series A 2002	0	421,966	60,332	N/A	N/A
State Road Fund - Series A 2003	876,167	N/A	N/A	N/A	N/A
State School Money Fund	221,094	475,671	N/A	N/A	N/A
State Seminary Money Fund	190,380	209,267	N/A	N/A	N/A
State Transportation Assistance Revolving Fund	9,846	8,692	8,930	32,603	64,185
Stormwater Control - Series A 1999 - 37H	38,447	169,851	664,794	1,263,401	549,027
Stormwater Control - Series A 2001 - 37H	176,518	208,293	278,048	264	N/A
Stormwater Control - Series A 2002 - 37H	244,442	174,417	N/A	N/A	N/A
Stormwater Loan Revolving Fund	11,730	116	N/A	N/A	N/A
Third State Building Fund - Pre Tax Act 1986	N/A	N/A	N/A	18,160	50,402
Third State Building Trust Fund - Pre Tax Act 1986	3	0	N/A	N/A	N/A
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	29,675	329,395	1,097,593	1,315,570	856,960
Utilecare Stabilization Fund	2	539	6,089	14,681	15,189
Veterans' Homes Capital Improvement Trust Fund	571,883	1,214,113	2,776,797	4,929,627	4,395,379
Veterans Trust Fund	6,711	11,075	17,036	25,965	22,401
Water and Waste Water Loan Fund	29,782	30,826	64,253	100,155	95,765
Water and Waste Water Loan Revolving Fund	4,253,465	4,577,087	6,175,490	9,285,088	8,264,904

Schedule 6

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Water Pollution Control - Series A 1996 - 37C	N/A	N/A	N/A	17,337	123,837
Water Pollution Control - Series A 1996 - 37E	N/A	N/A	N/A	692	27,055
Water Pollution Control - Series A 1998 - 37C	31,641	94,155	235,795	503,606	394,257
Water Pollution Control - Series A 1998 - 37E	0	18,185	376,239	1,330,702	1,327,699
Water Pollution Control - Series A 1999 - 37E	9,041	197,575	412,686	647,581	274,217
Water Pollution Control - Series A 1999 - 37G	0	74,166	351,272	646,705	274,810
Water Pollution Control - Series A 2001 - 37E	148,437	207,561	285,293	475	N/A
Water Pollution Control - Series A 2001 - 37G	98,061	209,998	270,802	53	N/A
Water Pollution Control - Series A 2002 - 37E	190,329	172,601	N/A	N/A	N/A
Water Pollution Control - Series A 2002 - 37G	249,965	174,588	N/A	N/A	N/A
Wolfner Library Trust Fund	3,727	5,257	7,850	15,742	30,941
Workers' Compensation Fund	154,312	100,581	618,767	1,723,560	1,504,544
Workers Memorial Fund	4	7	8	0	N/A
World War II Memorial Trust Fund	701	656	477	154	N/A
Total General and Special Funds	<u>47,232,272</u>	<u>63,246,903</u>	<u>101,099,069</u>	<u>160,519,961</u>	<u>167,054,476</u>
Debt retirement funds:					
Fourth State Building Bond and Interest - Series A 1995	54,969	114,298	225,429	381,556	297,005
Fourth State Building Bond and Interest - Series A 1996	104,328	195,237	373,351	637,840	497,128
Fourth State Building Bond and Interest - Series A 1998	58,287	73,897	141,941	242,752	188,227
Fourth State Building Bond and Interest - Series A 2002	124,673	89,835	N/A	N/A	N/A
Stormwater Control Bond and Interest- Series A 1999	24,901	31,450	59,602	97,635	42,222
Stormwater Control Bond and Interest- Series A 2001	11,999	14,955	20,660	42	N/A
Stormwater Control Bond and Interest - Series A 2002	16,408	11,432	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A 1992	0	241,569	1,087,655	1,839,931	1,424,450
Third State Building Bond Interest and Sinking - Series A 1993	63,753	340,258	614,104	1,007,339	840,599
Third State Building Bond Interest and Sinking - Series A 2002	554,360	418,881	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A 2003	167,936	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A&B 1991	0	56,735	315,069	547,936	503,752
Water Pollution Control Bond and Interest - Series A 1991	0	0	7,717	72,971	79,122
Water Pollution Control Bond and Interest - Series A 1992	0	22,871	102,279	173,496	134,233
Water Pollution Control Bond and Interest - Series A 1993	3,579	43,745	82,412	139,759	108,219
Water Pollution Control Bond and Interest - Series A 1995	22,020	45,717	90,100	152,831	118,834
Water Pollution Control Bond and Interest - Series A 1996	29,208	54,691	104,513	178,303	139,016
Water Pollution Control Bond and Interest - Series A 1998	40,760	51,792	99,373	169,973	131,843
Water Pollution Control Bond and Interest - Series A 2000	24,901	31,450	59,602	97,635	42,222

Schedule 6

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Water Pollution Control Bond and Interest - Series A 2001	23,992	29,837	41,530	84	N/A
Water Pollution Control Bond and Interest - Series A 2002	32,731	22,894	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2003	94,641	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	0	43,336	200,753	324,285	255,383
Water Pollution Control Bond and Interest - Series B 1993	42,943	229,098	400,429	611,952	475,490
Water Pollution Control Bond and Interest - Series B 2002	188,534	130,292	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B&C 1991	0	26,513	149,500	262,511	240,621
Total Debt Retirement Funds	<u>1,684,923</u>	<u>2,320,783</u>	<u>4,176,019</u>	<u>6,938,831</u>	<u>5,518,366</u>
Total Appropriated Funds	<u>48,917,195</u>	<u>65,567,686</u>	<u>105,275,088</u>	<u>167,458,792</u>	<u>172,572,842</u>
Trust funds:					
220 South Jefferson Construction Fund	0	1,222	1,447	17,786	N/A
Board of Public Buildings 2001A Cost of Issuance Fund	0	304	645	479	N/A
Principal and Interest Fund	0	69	14,297	7,931	N/A
Capitol East Parking Facility Depreciation and Capitol East Parking Facility Operating Reserve Fund	N/A	N/A	N/A	145	392
Corrections and Mental Health Construction Fund	0	1,797	3,796	8,099	7,507
Department of Natural Resources Building Construction Fund	180,158	316,633	470,497	84,648	N/A
Jefferson City Correctional Center Construction Fund	512,425	1,677,453	3,287,211	597,402	N/A
Kirkpatrick State Information Center Construction Fund	0	599	1,265	2,700	2,502
Special Obligation Refunding Bond - Bond Reserve Fund	0	0	720	5,923	5,794
Special Obligation Refunding Bond - Depreciation and Replacement Fund	12,197	19,704	111,842	414,396	400,615
Special Obligation Refunding Bond - Principal and Interest Fund	0	0	1,369	409,960	350,352
State Building Special Obligation Bond 1988 Arbitrage Rebate Escrow Fund	0	1,667	3,520	7,511	6,961
Arbitrage Owed to IRS Escrow	0	106	223	476	441
Western Missouri Mental Health Center Construction Fund	49,866	270,570	547,642	100,433	N/A
Total Trust Funds	<u>754,646</u>	<u>2,290,124</u>	<u>4,444,474</u>	<u>1,657,889</u>	<u>774,564</u>
Total Distribution	<u>\$ 49,671,841</u>	<u>67,857,810</u>	<u>109,719,562</u>	<u>169,116,681</u>	<u>173,347,406</u>

N/A These funds did not receive interest for the years indicated due to the fund not being established at the time, or due to the lack of legislation that would require the interest to remain in the fund.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 7

OFFICE OF STATE TREASURER
ANALYSIS OF INVESTMENTS
APPROPRIATED FUNDS

	Year Ended June 30,									
	2004		2003		2002		2001		2000	
	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings
INVESTMENTS										
Pooled Investments:										
Time deposits	\$ 350,436,069	4,068,260	341,494,579	7,801,288	408,273,116	21,895,420	502,012,599	26,056,824	436,504,326	17,530,732
U.S. government securities, commercial paper, and repurchase agreements	2,617,267,155	44,436,494	2,383,178,899	56,651,358	2,522,221,206	83,379,668	2,318,385,855	141,401,968	2,793,120,677	155,042,110
Total Pooled Investments	<u>2,967,703,224</u>	<u>48,504,754</u>	<u>2,724,673,478</u>	<u>64,452,646</u>	<u>2,930,494,322</u>	<u>105,275,088</u>	<u>2,820,398,454</u>	<u>167,458,792</u>	<u>3,229,625,003</u>	<u>172,572,842</u>
Special Fund Direct Investments:										
U.S. government securities	19,628,170	221,094	17,376,642	475,671	17,376,642	837,121	16,500,809	826,368	15,682,796	956,269
Donated corporate stock	5,130	624	5,130	624	5,130	624	5,130	624	5,130	581
Total Special Fund Direct Investments	<u>19,633,300</u>	<u>221,718</u>	<u>17,381,772</u>	<u>476,295</u>	<u>17,381,772</u>	<u>837,745</u>	<u>16,505,939</u>	<u>826,992</u>	<u>15,687,926</u>	<u>956,850</u>
Total Invested Balance	<u>\$ 2,987,336,524</u>	<u>48,726,472</u>	<u>2,742,055,250</u>	<u>64,928,941</u>	<u>2,947,876,094</u>	<u>106,112,833</u>	<u>2,836,904,393</u>	<u>168,285,784</u>	<u>3,245,312,929</u>	<u>173,529,692</u>
Total fund balance excluding collection, concentration, and restricted balance accounts	\$ 2,883,043,397		2,635,564,471		2,854,064,765		2,680,383,903		3,113,762,871	
Collection and concentration accounts	3,522,411		3,446,569		3,468,538		558,047		1,614,720	
Restricted balance accounts	<u>96,087,123</u>		<u>72,299,548</u>		<u>33,314,055</u>		<u>19,112,493</u>		<u>15,080,383</u>	
Total Fund Balance Including Collection, Concentration, and Restricted Balance Accounts	<u>\$ 2,982,652,931</u>		<u>2,711,310,588</u>		<u>2,890,847,358</u>		<u>2,700,054,443</u>		<u>3,130,457,974</u>	
PERCENTAGE OF FUND BALANCE IN INVESTMENTS										
Excluding collection, concentration, and restricted balance accounts	103.62%		104.04%		103.29%		105.84%		104.22%	
Including collection, concentration, and restricted balance accounts	100.16%		101.13%		101.97%		105.07%		103.67%	
INVESTMENT YIELD										
Time deposits		1.16%		2.28%		5.36%		5.19%		4.02%
U.S. government securities, commercial paper, and repurchase agreements		1.69%		2.38%		3.32%		6.09%		5.55%
Donated corporate stock investments		12.16%		12.16%		12.16%		12.16%		11.33%
Average investment yield		1.63%		2.37%		3.60%		5.93%		5.35%

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF STATE TREASURER
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of State Treasurer.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's Information Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are re-appropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Abandoned Fund Account Fund: This fund receives monies from banking or financial institutions, business associations, insurance corporations, utilities, courts and other governmental entities, and proceeds from the sale of abandoned property representing abandoned or unclaimed funds.

This fund is established and governed under Section 447.543.2, RSMo 2000. Under Sections 447.500 through 447.595, RSMo 2000 and Cumulative Supp. 2004, various financial, business, and governmental entities, unless otherwise exempted, are to remit to the State Treasurer all funds which have been presumed abandoned or unclaimed for the required dormancy period, less any reasonable costs of complying with the law incurred during the required notification or reporting process. The State Treasurer is to deposit these funds in the Abandoned Fund Account Fund. Claims may be filed at any time and are paid upon proof of an approved claim. At any time when the balance of the fund exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer may, and at least once every fiscal year shall, transfer to the state's General Revenue Fund the balance of the Abandoned Fund Account Fund which exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. If any claim or refund reduces the balance of the fund to less than one-twenty-fourth of the previous year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer shall transfer from the state's General Revenue Fund an amount which is sufficient to restore the balance to one-twelfth of the previous fiscal year's total disbursements. Appropriations from this fund authorize disbursements for the payment of claims of abandoned funds.

Central Check Mailing Service Revolving Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. The State Treasurer is administrator and custodian of the fund and receives funds paid or transferred to the office by state agencies for centralized check mailing services. Appropriations from the fund are used for check mailing service expenses.

Treasurer's Information Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. This fund, established by Section 30.610, RSMo 2000, may receive monies from governmental entities or the general public for the preparation, reproduction, or dissemination of information or publications of the State Treasurer. In addition, beginning in Fiscal Year 2005 this fund also receives fees billed to the Missouri Department of Transportation for activities related to investing and managing the funds of the agency. Appropriations from this fund shall be used to pay for personal service, equipment and other expenses of the office necessary for the preparation, reproduction, or dissemination of information or publications of the State Treasurer. Beginning in Fiscal Year 2005, appropriations from this fund shall also be used for activities related to investing and managing the funds of the Missouri Department of Transportation.

General Revenue Fund-State: The Office of State Treasurer receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

State Highways and Transportation Department Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are to be used for that portion of the basic operation of the office which relates to the administration of highway department funds. Beginning in Fiscal Year 2005, the office no longer receives appropriations from this fund. Instead, activities previously paid for from this fund will be paid from the Treasurer's Information Fund, as noted above.

Second Injury Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are to be used for that portion of basic operations which relate to the administration of Second Injury Fund claims.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash and Investments

The balances of the Central Check Mailing Service Revolving Fund, Abandoned Fund Account Fund, and Treasurer's Information Fund are pooled with other state funds and invested by the state treasurer.

Notes to the Supplementary Data:

3. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2004, was \$678,000.

4. Basis of Presentation

The amounts presented in Schedules 3 through 7 represent all funds in the state treasury and all trust funds in the custody of the State Treasurer.

State treasury funds are subjected to appropriation; trust funds are not. The schedules do not include any funds or investments that are not in the custody of the State Treasurer.

5. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U.S. government. This section further authorizes the State Treasurer to place all such monies on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U.S. government or any agency or instrumentality thereof maturing or becoming payable not more than five years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency and in commercial paper, issued by domestic corporations, which has received

the highest rating issued by a nationally recognized rating agency. Investments in banker's acceptances and commercial paper shall mature and become payable not more than ninety days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy which shall include an asset allocation plan limiting the total amount of state money which may be invested in each investment category authorized by law.

Deposits

The State Treasurer maintains approximately 780 bank accounts throughout the state. These accounts include time deposits, collection accounts which are demand deposit accounts for various state agencies, and the state's primary operating accounts which are also demand deposit accounts. Cash balances in the state's operating accounts which are not needed for immediate use are invested.

The State Treasurer's deposits at June 30, 2004, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo 2000 and Cumulative Supp. 2004, require depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The State Treasurer's investments at June 30, 2004, are listed by type below to give an indication of the level of risk assumed by the state at year-end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.

		Reported Amount	Fair Value
Repurchase agreements	\$	364,627,000	364,627,000
U.S. government securities		1,716,305,691	1,705,090,327
Commercial paper		516,179,983	516,213,965
Other investments		5,130	40,704
Total Investments	\$	<u>2,597,117,804</u>	<u>2,585,971,996</u>

Investments are recorded at acquisition cost except "other" investments which are recorded at par. Investments in repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

6. Demand Deposit and Collection Accounts

The demand deposits with US Bank on Schedule 3 consist of twenty-three central demand accounts at June 30, 2004, twenty-two at June 30, 2003 and 2002, twenty-three at June 30, 2001, and one at June 20, 2000. The demand deposits with Central Bank consist of fourteen central demand accounts at June 30, 2004, thirteen at June 30, 2003, fourteen at June 30, 2002, twelve at June 30, 2001, and ten at June 30, 2000. The demand deposits with Premier Bank consist of two central demand accounts at June 30, 2004, 2003, 2002, and 2001. Demand deposit bank balances were \$20,388,987, \$11,072,902, \$15,131,904, \$31,142,804, and \$19,908,388 at June 30, 2004, 2003, 2002, 2001, and 2000 for US Bank and \$77,114,881, \$85,274,839, \$73,227,111, \$19,826,746, and \$33,776,593 at June 30, 2004, 2003, 2002, 2001, and 2000 for Central Bank, and \$58,800, \$17,018, \$43,463 and \$23,729 at June 30, 2004, 2003, 2002, and 2001 for Premier Bank.

The collection bank accounts on Schedule 3 consist of three master concentration accounts and their related collection accounts at various banks throughout the state. The General Concentration and Conservation Concentration Accounts were at Central Bank at June 30, 2004, 2003, 2002, 2001, and 2000. The Lottery Concentration Account was at US Bank at June 30, 2004, 2003, and 2002, and 2001 and at Central Bank at June 30, 2000. Collection account bank balances were approximately \$4,889,141, \$4,420,803, \$4,818,162, \$985,789, and \$873,732 at June 30, 2004, 2003, 2002, 2001, and 2000.

Banking service agreements on the central demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in excess of book balances. The negative balances at June 30 (Schedule 3) for the appropriated funds demand deposits represent the book balance net of amounts invested.

7. Special Fund Dedicated Investments

Due to a change in the state's accounting system, as of July 1, 1999, the State Treasurer was assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Schedule 3 represent specific investments made or held by the State Treasurer on behalf of the Pansey Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection and distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansey Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments which were transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

Prior to July 1, 1999, the investments of the Pansey Johnson-Travis Memorial State Gardens were recorded as a cash asset in the state's accounting system. Prior to July 1, 1999, the investments of the Public School Fund were not recorded in the state's accounting system.

8. Investments of Other Agencies

Schedules 6 and 7 do not include those funds which are invested directly by other agencies; e.g., the Agricultural Development Fund, the Department of Revenue non-state (local) funds, and the State Seminary Fund. The State Treasurer does not have investment authority for these funds and is not responsible for the efficiency of the investment of these funds or for the collection and distribution of the interest income.

9. Amount and Yield on Investment Earnings

The amount and yield on investment earnings on Schedule 7 are presented on a cash basis. However, approximate accrued amounts were \$8,893,101, \$11,739,870, \$14,738,819, \$29,198,570, and \$38,271,000 at June 30, 2004, 2003, 2002, 2001, and 2000 respectively, giving approximate yield rates of 1.61 percent, 2.18 percent, 3.11 percent, 5.61 percent, and 5.41 percent for the same corresponding periods on an accrual basis.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OFFICE OF STATE TREASURER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Office of State Treasurer as of and for the year ended June 30, 2004, and have issued our report thereon dated January 28, 2005.

During our audit, we identified a certain management practice which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the finding presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

Collateral Securities

Internal audits of the collateral securities system by the State Treasurer's Office (STO) do not ensure the custodial banks properly release the collateral securities in accordance with the custodial contract. In addition, the results of the internal audits are not reported to or reviewed by upper management.

- A. The STO's internal audits of the collateral securities system do not ensure custodial banks properly release collateral securities in accordance with the custodial contract. The custodial contract requires custodial banks to provide safekeeping of securities pledged by independent banks acting as depositories for the STO. The contract also stipulates securities held for the benefit of the STO not be released, transferred, liquidated, or disposed without the written authorization of the State Treasurer. Replacement of securities requires the STO's prior verbal consent.

The STO's Internal Audit Section is responsible for performing audits of the collateral security system to ensure the collateral securities held by the custodial banks agree to the STO's records of pledged collateral security. One half of the custodial banks are audited each quarter by comparing collateral confirmations received from the custodial banks with STO records.

We reviewed the audits of three custodial banks for the quarter ended March 31, 2004. These three custodial banks held 278 securities for 46 depository (pledging) banks. The Internal Audit staff noted pledged securities that were included in the STO's collateral security records but not on the bank confirmations (17 instances) and vice versa (3 instances). In six of the instances, the Internal Audit staff sent letters in May 2004 requesting additional information to resolve the issues, but as of October 12, 2004, the STO had not received a response nor followed up further on the request. On the other 14 instances, the Internal Audit staff was able to trace the release to a subsequent authorization letter from the STO's investment staff. However, the Internal Audit staff did not contact the banks to determine the actual date of release or notify the banks of the apparent discrepancies and potential contract

violation. Internal Audit staff indicated that such discrepancies are usually related to securities released between the last day of the quarter (the effective date of the confirmation from the bank) and the date that the confirmation is generated. In many cases, securities released between those two dates will have been removed from the bank's system and will not be reflected on the confirmation. Without verifying the actual date of release with the banks, it is possible some of these securities were released or replaced by the custodial bank without proper prior approval from the STO.

While the custodial contracts stipulate that the collateral is not officially released until authorization is granted by the STO, the failure to officially notify the custodial banks when potential violations are noted may possibly be viewed as waiving the contractual requirement and may weaken the STO's ability to enforce the contract requirements in the event of a bank default.

The STO should ensure the custodial banks comply with contractual requirements by addressing any potential contract violation with the custodial bank. Also, all requests to the banks for additional information should be followed up to ensure they are resolved in a timely manner.

- B. The STO Internal Audit staff does not summarize or report the audit results of the collateral securities to upper management. While the audit files contain notations of discrepancies found and follow-up actions taken, including copies of correspondence with the custodial banks, this information is not summarized and shared with upper management. As a result, the STO's management staff is not made aware of recurring problems that might warrant further action with the bank, such as discontinuing the business relationship. Summarizing and reporting the results of collateral security audits to management staff would enhance their ability to monitor the program and deal with nonconforming banks.

WE RECOMMEND the STO:

- A. Ensure custodial banks are notified of potential noncompliance with contract requirements and follow up on requests for additional information in a timely manner.
- B. Require the results of the collateral security system audits be summarized and provided to management staff for their review.

AUDITEE'S RESPONSE

The Internal Audit Section of the State Treasurer's Office conducts regular audits of custodial banks' collateral. Unfortunately, we have found during the course of our audits that several of these custodial banks cannot reproduce accurate collateral inventory reports unless the report is generated on the particular day in question. Thus, for reports produced after the end of a quarter,

these banks' quarter-end reports will fail to list collateral securities that have since been called, matured or replaced since the end of the quarter in question, even if the securities were in fact held as collateral at quarter-end. In other words, once a security has been redeemed or deleted as collateral, the banks' systems appear to delete these from their system entirely.

Internal Audit staff have confirmed that all of the collateral securities cited by the State Auditor's Office fall within this category. After requesting transaction reports from these banks, we confirmed that in the largest potential case of exposure to the state the collateral that was missing from a quarter-end collateral inventory report was in fact pledged to the State of Missouri in accordance with state law and the custodial contract's requirements.

To prevent this data collection problem in the future, Internal Audit staff plan to make arrangements with these custodial banks to generate and submit quarter-end collateral reports in a timely manner, rather than have STO staff request monthly or quarter-end reports after the fact. We are also requesting this information to be submitted electronically to expedite our audits. We believe this will resolve the data collection problems cited by the State Auditor's report.

We concur with the findings and recommendations of the State Auditor's report that communication with non-compliant custodial banks and STO upper management regarding instances of nonconformance should be strengthened. The Internal Audit Section will maintain a log of violations or discrepancies by custodial banks and will also report such instances to upper management. If a custodial bank continues to fail to abide by requirements of their custodial contract with the state, upper management will discuss the issue with the bank's management. After making these efforts, if there is no improvement by the bank, the STO reserves the right to terminate the custodial contract.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

OFFICE OF STATE TREASURER
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of State Treasurer on the finding in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 2003.

Questionable Expenditure

The STO co-sponsored a conference for women in business with a not-for-profit corporation without first obtaining a formal written agreement. Because of a misunderstanding and a lack of a formal written agreement between the sponsors, the STO paid approximately \$6,000 of the \$6,600 cost for the conference. In addition, it was unclear how the STO benefited from the joint venture or how costs of this project related to the STO's mission to ensure state funds are properly managed and invested.

Recommendation:

The STO obtain written agreements specifying terms of payment and responsibilities of both parties for all services provided. In addition, the STO should ensure state funds are used in accordance with the STO's mission.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The accounting and banking services area: 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds; 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances; 3) controls receipt of state monies collected by fee agents and state agencies and deposited in local banks throughout the state; 4) reconciles bank activity to receipt and disbursement activity reflected on the state books; 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks; and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

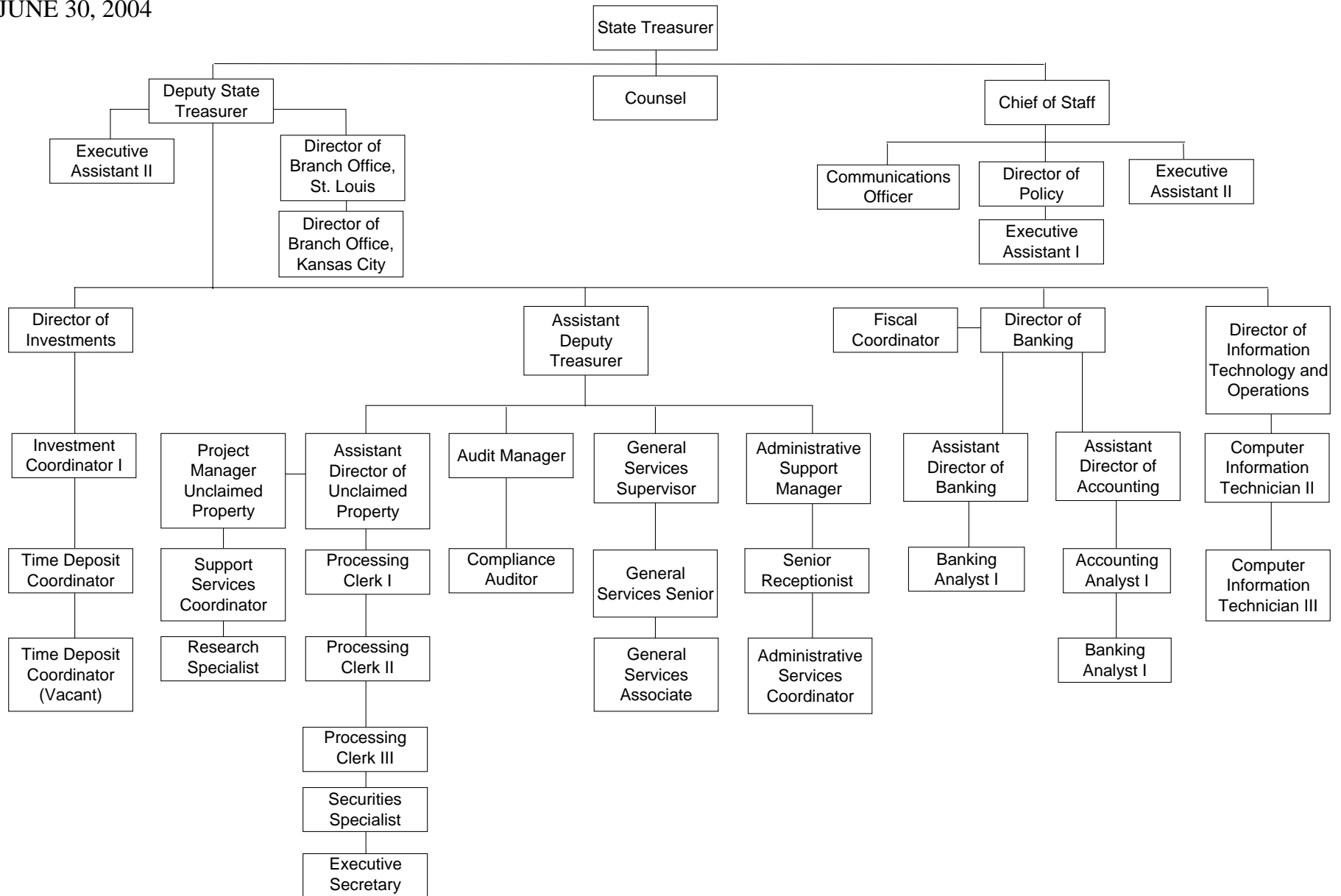
The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for: 1) ensuring unclaimed property is reported; 2) receiving and recording reports of unclaimed property; 3) depositing unclaimed funds to the Abandoned Fund Account Fund; 4) maintaining custody and safekeeping of abandoned or unclaimed physical property; and 5) processing owner claims for abandoned funds or physical property.

Nancy Farmer became Missouri's forty-third State Treasurer when she took the oath of office January 8, 2001. She was the first woman to serve as State Treasurer in the state's 180-year history. Her term expired in January 2005. On January 10, 2005, Sarah Steelman was inaugurated as the forty-fourth Treasurer of the state of Missouri.

As of June 30, 2004, the office had forty-seven full-time positions to assist in the accomplishment of its mission. An organization chart follows.

OFFICE OF STATE TREASURER
ORGANIZATION CHART
JUNE 30, 2004





Claire McCaskill

Missouri State Auditor

March 2005

Forty-Fifth Judicial Circuit

City of Troy, Missouri Municipal Division



Office Of
Missouri State Auditor
Claire McCaskill

March 2005

During our audit of the Forty-fifth Judicial Circuit, City of Troy, Missouri, Municipal Division, we identified the following problems.

Receipts of cash totaling at least \$50,950 were collected by the city of Troy Municipal Division from June 2002 to September 2004, but were not deposited in the municipal division bank account. The majority of the undeposited monies appeared to relate to bond payments.

On August 29, 2004, the day before our audit of the municipal division was scheduled to begin, a fire occurred in the basement of city hall. It has been determined that the fire, which destroyed some municipal division financial records, was deliberately set. Many municipal division records were severely damaged by the fire for the entire audit period. In addition, division personnel were unable to locate bond form records which provide information including bond form numbers, the date and amount of bonds received, and bond dispositions. Given the condition and unavailability of the various records, it is possible more monies may have been misappropriated than have been identified.

Significant internal control weaknesses and a lack of proper oversight or independent reviews over the municipal division functions have allowed the misappropriations to occur and go undetected. During the audit period, accounting duties were not adequately segregated and there was little independent review of the municipal division's records. Numerous instances were noted where receipt slips were not issued for some monies received and monies were not always deposited timely. While monthly bank reconciliations and listings of open items (liabilities) were prepared, reconciling items were not properly documented and the open items listings appeared incomplete. At September 30, 2004, liabilities exceeded the court bank account balance by nearly \$35,000.

Problems with the division's disbursement procedures resulted in amounts due to the city, state, and various vendors. Some restitution monies collected for non-sufficient fund check cases have not been disbursed and approximately \$3,324 is due to various vendors. The division owes the state approximately \$6,839 for various court fees that were not disbursed to the state for several months. Fines and costs were not disbursed to the city timely or at all for several months and approximately \$31,239 is due to the city.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

FORTY-FIFTH JUDICIAL CIRCUIT
CITY OF TROY, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Dan Dildine, Presiding Judge
Forty-Fifth Judicial Circuit
and
Malaine Hagemeier, Municipal Judge
Troy, Missouri

We have audited certain operations of the city of Troy Municipal Division of the Forty-Fifth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended June 30, 2004. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.
4. Investigate irregularities noted regarding cash receipts and deposits.
5. Determine to what extent funds may have been misappropriated.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Troy Municipal Division of the Forty-Fifth Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 21, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery
Audit Staff:	Kelly Davis, CPA

EXECUTIVE SUMMARY

FORTY-FIFTH JUDICIAL CIRCUIT
CITY OF TROY, MISSOURI
MUNICIPAL DIVISION
EXECUTIVE SUMMARY

Our audit identified receipts of cash totaling at least \$50,950 were collected by the city of Troy Municipal Division from June 2002 to September 2004, but were not deposited in a municipal division bank account. The majority of the undeposited monies appeared to relate to bond payments.

The city of Troy Municipal Division is responsible for assessing, collecting, and distributing monies in connection with municipal traffic and ordinance violation cases, and non-sufficient fund (NSF) check cases. The division maintains one bank account for the deposit of bond monies and fines, costs, and restitution collected for NSF checks. Fines and costs collected for traffic and ordinance violation cases are transmitted to the city for deposit into a city bank account. During the two fiscal years ended June 30, 2004, receipts related to traffic and ordinance violation cases totaled approximately \$324,000 and receipts related to NSF check cases totaled approximately \$238,000.

On August 29, 2004, the day before our audit of the municipal division was scheduled to begin, a fire occurred in the basement of the city hall. Personnel with the Office of the State Fire Marshal and the U.S. Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives have determined the fire, which destroyed some municipal division financial records, was intentionally set.

Many municipal division records were severely damaged by the fire for the entire audit period (bank statements, bank reconciliations, open items listings, deposit slips, and check registers) and for the period January 2004 through June 2004 (court dockets, bond forms, and bond one-write ledgers). In addition, division personnel were unable to locate bond form records which provide information including bond form numbers assigned to police officers, the date and amount of bonds received, and the bond disposition. Given the condition and unavailability of the various records, it is possible more monies may have been misappropriated than have been identified.

Lack of internal control and little or no independent review allowed these misappropriations to occur and not be detected. These misappropriations may have been detected if adequate oversight and reviews had been performed, and if internal controls as noted in the accompanying Management Advisory Report had been established. Information regarding the missing monies has been provided to the appropriate law enforcement authorities.

Carol Gibson was appointed as Court Clerk in November 1997 and was terminated on September 20, 2004. She was responsible for receipting, recording, depositing/transmitting, disbursing court monies, and performing month-end reconciliations. Amy Kinker served as Municipal Judge during the audit period and was replaced by Malaine Haggemeier on July 1, 2004.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

FORTY-FIFTH JUDICIAL CIRCUIT
CITY OF TROY, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Misappropriated Funds
-----------	------------------------------

Cash receipts totaling at least \$50,950 were collected by the city of Troy Municipal Division from June 2002 thru September 2004, but were not deposited.

The problem appears to relate primarily to bond monies, although there were also some discrepancies noted with non-sufficient fund (NSF) check cases. The shortage includes both recorded and unrecorded receipts. Numerous cash monies recorded in the division's receipt records could not be traced to a subsequent bank deposit, and it appears these monies, totaling approximately \$16,231, were misappropriated. A review of bond forms, bond and NSF check receipt records, case information (manual files and computerized records), and bank records for the June 2002 through December 2003 and July 2004 through September 2004 time periods revealed an additional \$12,563 in cash receipts that were apparently neither receipted nor deposited. Although many of the records, particularly bond records, sustained severe fire damage for the January through June 2004 time period, we performed similar work and were able to determine approximately \$22,156 in cash receipts that appear to have been misappropriated. Due to the condition and disorganization of the various division records, it is possible additional monies may have been misappropriated.

A lack of internal control and no independent review or oversight, as discussed in the remainder of the Management Advisory Report (MAR), allowed these misappropriations to occur and not be detected.

WE RECOMMEND the city of Troy Municipal Division take the necessary action to recover the missing funds, and continue to work with law enforcement officials regarding any criminal prosecution.

AUDITEE'S RESPONSE

The Municipal Judge provided the following response:

The city of Troy is cooperating with law enforcement regarding criminal prosecution for the misappropriated funds. Recovery of missing funds will be pursued through criminal prosecution in the form of restitution to the city of Troy.

Significant internal control weaknesses and a lack of proper oversight or independent reviews over the municipal division functions have allowed the misappropriations noted in MAR finding number 1 above to go undetected.

- A. During the audit period, accounting duties were not adequately segregated and there was little independent review of the municipal division's records. All accounting duties, including receiving, recording, depositing/transmitting, disbursing court monies, and performing month-end reconciliations were performed by the former Court Clerk. While the City Treasurer did review some municipal division records related to traffic and ordinance violation monies transmitted to the city, there was no review or oversight related to bond and NSF check monies collected and deposited directly into the municipal division's bank account.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated.

- B. Numerous instances were noted where the former Court Clerk did not issue receipt slips for some monies received. In addition, monies were not always deposited timely. Although deposits were generally made a few times each week, we noted several instances where a week or more separated deposits. During the time period we reviewed, deposits averaged from approximately \$1,500 to \$2,200, and typically included approximately 45 to 50 percent cash monies. It was also noted that checks and money orders are not restrictively endorsed until deposits are prepared.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a prenumbered receipt slip should be issued for all monies received and the composition of monies received should be reconciled to the composition of monies deposited. Furthermore, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be endorsed immediately upon receipt.

- C. Monthly bank reconciliations and listings of open items were prepared. However, due to fire damage to these records it was not possible to complete a thorough review of the reconciling items (ie; outstanding checks and deposits in transit

amounts) and determine whether liabilities were agreed to the reconciled bank balance. Using records and information available, we performed a comparison of the September 30, 2004 bank balance to liabilities and determined that identified liabilities exceeded the cash balance by nearly \$35,000.

In addition, from our review of case information (manual and computerized) for some cases from which monies appear to have been misappropriated, it appears the former Court Clerk receipted the payments, showed the payments in the applicable case records, and then made the corresponding disbursements (ie; applied the bonds, refunded bond monies, paid restitution to vendors) even though the monies received had not been deposited. This handling contributed to the bank account shortage.

We did note some additional concerns with these procedures and records.

1. Detailed outstanding check information is not retained with the bank reconciliation, checks were not always distributed promptly, and follow up on outstanding checks is not timely.

A total outstanding check amount was included on the bank reconciliation, but details regarding this amount (check numbers, dates, and amounts) were not included and division personnel could not locate any current outstanding check listings. We did locate a listing of several old outstanding checks, totaling approximately \$1,164, with dates ranging from 1995 to 1999. We also found some old checks in a desk drawer, which totaled approximately \$2,108, and had dates ranging from March 1998 to November 2002. It appears some of these checks may have been returned in the mail or issued to vendors that were no longer in business. There were also numerous checks located in a drawer which were written from late July through early September 2004, totaling approximately \$4,775, which appeared to have never been distributed.

Detailed information is necessary to monitor and review the propriety of the outstanding check amounts. Procedures should be adopted to routinely follow up on old outstanding checks. If, after sufficient efforts have been made to locate payees, some old checks remain outstanding, various statutory provisions provide for the disposition of unclaimed monies. Checks should be distributed promptly after preparation to ensure proper handling.

2. The former Court Clerk provided us with a June 2004 open items listing. However, a comparison of this listing to the listing we found attached to the June 2004 bank reconciliation showed that three entries had apparently been removed from the listing she provided. It is unclear whether these changes were intentional or in error. A review of the three cases indicated these amounts should have been on the June 2004 listing. We also noted

two instances in our testing where case balances were not properly included on the open items listing. The accuracy and completeness of either of the June 2004 open items totals is questionable given the unexplained differences.

Reconciliations of open items to the cash balance provide assurance that the records are in balance, that receipts and disbursements have been accurately handled and recorded, and are necessary to ensure accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities.

- D. Procedures to account for bond forms were not adequate. It was the former Court Clerk's responsibility to assign bond forms and account for the numerical sequence of those forms. This was documented on reports which provided information including bond form numbers assigned and to whom, the date and amount of bonds received, and the bond disposition. These reports, as well as the bond one-write receipt ledgers, were both prepared by the former Court Clerk and there was no independent review by police department or other city personnel to account for the bond number sequences or ensure all monies had been properly recorded in the municipal division receipt records. Division personnel were unable to locate the bond form assignment reports for the audit period. Without independent comparisons there is less assurance that all bond forms and any related monies have been accounted for properly.
- E. Significant problems were noted with the division's periodic and month-end disbursement procedures, and amounts are due to the city, state, and various vendors.
 - 1. The former Court Clerk did not properly disburse some restitution monies to vendors on NSF check cases. It appears there have been underpayments to various vendors totaling approximately \$3,324. A comparison of municipal division restitution disbursement reports to reports received by the vendors and/or checks written by the division for the time period May 2002 through August 2004 revealed numerous instances where vendors were underpaid by \$4,987. Of that amount, \$1,663 appeared to relate to a computer system problem in which closed cases were improperly included in the amount to be paid out to the vendor. The remaining \$3,324 had no explanation and it appears the restitution remains due to the vendors.
 - 2. The Police Officer Standards and Training (POST), Crime Victim's Compensation (CVC), and Computer Automation Fund (CAF) fees were not disbursed to the state for several months. A problem was noted for December 2002 and none of these fees were disbursed for June, July, August, or September 2004. As a result, approximately \$6,839 is due to the state for these various fees.

3. Disbursements to the city for NSF case fines and costs were frequently untimely and not always for the proper amount. Time lags between the month the fines or costs were received and the date they were distributed frequently exceeded one month, and on a few occasions disbursements related to several months' activity were distributed to the city on the same date. For example, the former Court Clerk disbursed January through June 2004 monies to the city in August 2004. We noted 11 months where fines or costs amounts were underpaid and 7 months (including July, August, and September 2004) for which the court has yet to disburse monies to the city. As a result, approximately \$30,804 is due to the city. There were also some errors in payments from the city to the municipal division for traffic case fees, resulting in approximately \$435 due to the city. As of September 2004, the municipal division owes the city a total of \$31,239. A copy of the municipal division ledger was provided to the city with each disbursement of fines and costs. Had a more thorough and careful review or comparison of this ledger to the actual check been performed, many of these errors and delays could have been detected.

Timely disbursements of monies collected on behalf of vendors, the state, or the city, and effective review and oversight procedures are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.

WE RECOMMEND the city of Troy Municipal Division:

- A. Adequately segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amount deposited and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated promptly.
- B. Issue prenumbered receipt slips for all monies received and reconcile the composition of monies received to the composition of deposits. In addition, we recommend the municipal division ensure receipts are deposited daily or when accumulated receipts exceed \$100, and restrictively endorse all checks and money orders immediately upon receipt.
- C. Review the old identified outstanding checks and liabilities and determine their proper disposition. In addition, we recommend the municipal division:
 1. Ensure that detailed listings of reconciling items, such as outstanding checks and deposits in transit, are retained with the bank reconciliations. The division should reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, procedures to

routinely follow up and reissue any old outstanding checks should be adopted. In addition, checks should be distributed promptly after preparation.

2. Prepare monthly listings of open items and reconcile liabilities to the cash balances. Any difference should be promptly investigated.
- D. Establish procedures to ensure that bond forms and the related monies are accounted for properly.
- E. Disburse amounts due to the state, city, and vendors as appropriate, and develop procedures to ensure future disbursements of monies collected on behalf of the city, state, and/or vendors are timely and accurate.

AUDITEE'S RESPONSE

The Municipal Judge provided the following responses:

- A. *The municipal division has one full-time employee who is designated as a Court Clerk. The police department has one full-time employee and one half-time employee who are each designated as Police Clerks. The Court Clerk and Police Clerks have responsibility for receiving money from defendants during regular business hours, and the Police Clerks receive payments from defendants during court while the Court Clerk is assisting the Municipal Judge. The Court Clerk will continue to have responsibility for recording, depositing, and disbursing monies received from defendants. However, the full-time Police Clerk will conduct a monthly comparison of receipts slips with amounts deposited and will review bank statements and month-end reconciliations and investigate any unusual items or discrepancies. This plan has been adopted and will be fully implemented by April 1, 2005. It should be noted that the discharge of the previous Court Clerk and the state of the records when she was discharged has resulted in a backlog of paperwork which has prevented the complete implementation of this recommendation at the present time.*
- B. *Pre-numbered receipt slips are currently being issued for all monies received and the composition of monies received is currently being reconciled with the composition of monies deposited. Receipts are being deposited daily. All checks and money orders are currently being endorsed immediately upon receipt. By April 1, 2005, the full-time Police Clerk will reconcile deposit slips with daily income reports generated by the Court Clerk. This reconciliation will take place on or before the 15th of each month to ensure that all money received for a prior month has been deposited.*
- C.1. *Each bank reconciliation will be retained, accompanied by the check numbers, dates, and amounts of any outstanding checks. All checks will be distributed promptly. Outstanding checks will be followed up on promptly with the assistance of the police department in attempting to locate payees on old outstanding checks. Any amounts for whom payees*

cannot be located by July 1, 2005, will be forwarded to the State of Missouri as unclaimed property.

2. *As part of reconciling the bank statements each month, open items will be reconciled to the cash balance.*
- D. *The Court Clerk now personally issues all bond forms in sequential, numerical order. Bond reports and ledgers will be reviewed by the full-time Police Clerk on a monthly basis to account for the sequence of all bond numbers and ensure all monies have been properly recorded and deposited. Because some bonds in the past were issued out of sequence, it is anticipated that the reports may not be fully sequential in nature until July 1, 2005. However, independent reviews by the full-time Police Clerk will be implemented by April 1, 2005.*
- E. *All money collected on behalf of vendors, the State of Missouri, or the city of Troy will be disbursed within 45 days of receipt. The full-time Police Clerk will review disbursements by the Court Clerk on or by the 15th of each month for the preceding month to ensure that such disbursements are timely and accurate.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

FORTY-FIFTH JUDICIAL CIRCUIT
CITY OF TROY, MISSOURI
MUNICIPAL DIVISION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the city of Troy Municipal Division on the applicable finding in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended 1997 or 1998 on the municipal divisions of the Forty-Fifth Judicial Circuit.

1. City of Troy Municipal Division

- A. The municipal division improperly assessed court costs of \$10 per case, rather than the amount of court costs provided by law. In addition, Crime Victims Compensation (CVC) and Law Enforcement Training (LET) fees were not assessed on some applicable cases.
- B. Neither the police department nor the municipal division maintained complete records to account for traffic tickets assigned and issued and their ultimate disposition.

Recommendation:

The city of Troy Municipal Division:

- A. Assess court costs and fees in accordance with state law.
- B. Work with the police department to ensure ticket issuance logs provide necessary details.

Status:

A&B. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FORTY-FIFTH JUDICIAL CIRCUIT
CITY OF TROY, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The city of Troy Municipal Division is one of eight municipal divisions within the Forty-Fifth Judicial Circuit, which consists of Lincoln and Pike Counties. The Honorable Dan Dildine serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo 2000 and RSMo Supp. 2003, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and court costs related to traffic and ordinance violations are transmitted to the City Clerk for deposit in the city treasury. The police department receives bond monies when the Court Clerk is not present. The municipal division maintains a bank account for bonds and non-sufficient fund check collections. Court is held twice each month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge *	Amy Kinker
Court Clerk**	Carol Gibson

* Malaine Hagemeier, replaced Amy Kinker as Municipal Judge in July 2004.

** Carol Gibson was terminated in September 2004. Kristen Cottle was hired as Court Clerk in November 2004.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts:		
Traffic/Municipal Ordinance	\$153,767	170,574
Insufficient Fund Checks	\$118,182	119,651
Number of cases filed:		
Traffic/Municipal Ordinance	2,118	2,085
Insufficient Fund Checks	588	834



Claire McCaskill

Missouri State Auditor

March 2005

PUBLIC SAFETY

Oversight of Amusement Ride Safety



State's Under Funded Amusement Ride Safety Program Leaves Some Rides Operating Without Permits, Others Only Inspected Annually

This audit report addresses how well the state ensures the safety of amusement rides operating statewide in theme parks, traveling carnivals and other events. Missouri's Division of Fire Safety is charged with enforcing state amusement ride safety laws, which include investigating amusement ride accidents with injuries and ensuring annual safety inspections of rides. Auditors analyzed how well the division found rides operating without permits and conducted spot ride inspections. In addition, auditors compared Missouri's ride safety laws to other states. Highlights of the findings follow:

Amusement rides operating without permits

Auditors found 15 amusement ride companies operating rides (including go-carts, bumper boats, and a ferris wheel) without permits. Company representatives told auditors they did not know about the state permit law or failed to renew ride permits. Division staff said they have not received adequate funding to more fully monitor for rides operating without a permit. (See page 6)

Other states have stricter ride inspections

Auditors found 13 of 28 states reviewed require traveling rides to be inspected each time they are set up, while Missouri law only requires rides to be inspected once a year. About 830 portable rides, which traveled from carnival to carnival, operated in Missouri during fiscal year 2004. (See page 10)

Other states require more ride accidents reported

Several states (17 of 32) require accidents to be reported if medical attention beyond first aid is required, and some states require all accidents to be reported. Missouri law only requires accidents to be reported and documented if death or hospitalization occurs. (See page 11)

Inspectors not required to be independent of rides

State regulations do not require the inspectors hired by ride owners to be independent of the owner. Division staff said one amusement ride company owner inspects his own rides. (See page 11)

Spot inspections not focused on operational safety concerns

The division's inspection check list does not include evaluating ride operator and passenger requirements, such as the location of an operator when a ride is in use, or enforcement of passenger weight and height requirements. Division staff said they had not considered including ride operation issues in their inspection until fall 2004. At the October 2004 board meeting, a board member reported operation violations at the 2004 State Fair. (See page 6)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Mark James, Director
Department of Public Safety
Jefferson City, MO 65102

Thousands of Missouri citizens are entertained on amusement rides annually. The Department of Public Safety's Division of Fire Safety (DFS) has responsibility for enforcing state amusement ride safety laws established to help protect citizens from unsafe rides. Review objectives included evaluating whether (1) improvements are needed in the management and oversight of DFS's amusement ride safety program and (2) DFS's program is as strict and inclusive as other state or other entity programs.

Improvements are needed in DFS's oversight of the program. DFS has not established adequate procedures to identify amusement rides operating without a state permit, performed adequate spot inspection procedures, or handled complaints and periodically informed local law enforcement and fire service agencies about reporting requirements. In addition, other states have enacted amusement ride safety laws more stringent than Missouri. We have included recommendations to improve the management and oversight of the amusement ride safety program.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer, Director. Key contributors to this report were Pamela Tillery, Sharon Eagleburger, and Lori Melton.

Claire McCaskill
State Auditor

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Abbreviations

CPSC	Consumer Product Safety Commission
CSR	Code of State Regulations
DFS	Division of Fire Safety
NR	No Response
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office

Amusement Ride Safety Program Deficiencies Need To Be Addressed

Improvements are needed in the management and oversight of DFS's amusement ride safety program. This situation has occurred because DFS has not (1) adequately searched for amusement rides operating without a state permit, (2) established adequate spot inspection procedures, (3) developed adequate procedures for handling complaints and periodically informing local law enforcement and fire service agencies about reporting requirements, and (4) determined administrative and personnel costs and the adequacy of permit fees and staffing. In addition, Missouri's amusement ride safety laws are not as comprehensive as other states, which require portable rides to be inspected at each set up and require stricter reporting requirements for accidents and mechanical failures. As a result, the public's safety has not been adequately safeguarded.

Background

The Amusement Ride Safety Act was enacted in 1997 and required DFS to investigate any amusement ride accident resulting in a serious physical injury or death. The legislature amended the act in 2000 to require amusement ride¹ owners to obtain an annual safety inspection for each ride from a certified owner-hired inspector,² who is registered and approved by the division, and file a current certificate of insurance with a \$1 million minimum liability provision, prior to receiving a ride permit from DFS to operate in the state. An amusement ride safety inspection is to be conducted based on nationally recognized inspection standards, and manufacturer's recommendations and guidelines. Permits are issued by DFS after inspection and insurance requirements are met and the permit fee is paid.

In January 2005, new legislation³ will require DFS to regulate dry slides over twenty feet in height, bungee cord attractions, and climbing walls over ten feet in height, in addition to the amusement rides defined in the current law. DFS will also be authorized to conduct spot inspections of any amusement ride without notice and require the owner or operator of a

¹ Section 316.203, Missouri Revised Statutes (RSMo 2000), defines an amusement ride as any mechanical device that carries or conveys passengers along, around or over a fixed or restricted route or course or within a defined area for the purpose of giving its passengers amusement, pleasure or excitement. In addition, the current Code of State Regulations (CSRs) exempt unpowered, non-mechanical playground equipment which does not normally require the supervision or services of an operator.

² Amusement ride inspectors are required to be certified by the National Association of Amusement Ride Safety Officials or the American Industry Manufacturing and Suppliers, or possess a basic knowledge of the American Society for Testing and Materials requirements.

³ House Bill 1403 expanded the Amusement Ride Safety Act in 2004.

portable amusement ride⁴ to file an itinerary with DFS no later than 15 days before the public operation of the ride.

As of June 30, 2004, DFS has approved 34 independent inspectors nationwide (five reside in Missouri) for ride owners to hire for annual inspections (i.e., owner-hired inspectors). DFS staff has not been assigned to regulate amusement ride safety on a full-time basis. Currently, an office clerk performs all clerical functions regarding operating permits and owner-hired inspector approvals, and two DFS inspectors perform spot inspections of amusement rides, under the supervision of the Assistant State Fire Marshal. DFS issued permits for 1,048 and 955 rides during fiscal years 2004 and 2003, respectively (see Appendix I).

The legislature established the Amusement Ride Safety Board⁵ in 2000 to consult with amusement ride engineering authorities and organizations, to adopt a code of rules and regulations governing amusement rides, and to make recommendations to the State Fire Marshal concerning the board's findings on safety issues related to amusement rides.

Scope and Methodology

To evaluate the effectiveness of DFS's overall management of the amusement ride safety program, we interviewed the Assistant State Fire Marshal, other DFS staff, and officials from the National Association of Amusement Ride Safety Officials and the American Society for Testing and Materials.

We reviewed the Consumer Product Safety Commission's (CPSC) directory of state amusement ride safety officials report. This report documents the states that regulate amusement rides (see Appendix II), summarizes each state's laws and regulations including permit fees, required inspections, insurance requirements, and documents official contacts. We also reviewed the Saferparks ride incident database, which summarizes for each state the types of rides regulated, inspection requirements, and reporting requirements for accidents. Using these reports, we performed a comparison of Missouri's laws, regulations, and reporting requirements to other states.

⁴ Portable amusement rides are defined as those rides that are transported from location to location (traveling carnivals).

⁵ Section 316.204, RSMo 2000, requires the Amusement Ride Safety Board to be comprised of nine members, one of whom shall be the State Fire Marshal or the marshal's designee, and the remaining eight members shall be appointed by the Governor. The appointed members consist of the following: three members shall represent the interests of small amusement ride businesses, three members shall represent the interests of fixed amusement ride parks, one member shall be a resident of the state, and the last member shall be a mechanical engineer knowledgeable of amusement rides.

To obtain information on other states' amusement ride programs, we contacted nine states—Arkansas, Illinois, Iowa, Kansas, Kentucky, Nebraska, North Carolina, Oklahoma, and Tennessee—to discuss regulations, procedures and staffing, and to validate information obtained from the CPSC report and Saferparks database. We also contacted St. Louis County to identify and discuss local laws and procedures for amusement rides.

We reviewed DFS's amusement company files to ensure operating permit applications, owner hired inspections, and certificates of insurance had been documented for each amusement company. We also reviewed DFS inspector files to ensure all inspectors had been certified or possessed a basic knowledge of the American Society for Testing and Materials requirements. In addition, we performed a site visit to the State Fair with DFS inspectors to review spot inspection procedures. We performed additional site visits at fairs and carnivals to ensure portable amusement ride companies had rides licensed with DFS and to review each company's compliance with state laws and regulations.

To identify amusement ride companies operating rides without a permit, we compared the DFS records of permitted companies from 2003 to 2004, reviewed various phone books throughout the state, reviewed local sales tax records, and contacted each county to request a listing of amusement ride companies used at county fairs. To further identify rides not permitted, we obtained a listing of amusement companies from the Amusement Business periodical to ensure companies located in Missouri had obtained permits. We also contacted an insurance company specializing in amusement rides and obtained a listing of insured companies that had been located or operated portable rides in Missouri. From this listing, we verified licensure with the state and contacted any companies operating rides that had not been licensed.

To evaluate the staffing needs and permit and inspection fees of the amusement ride safety program, we reviewed the House Bill 1403 fiscal note and DFS's fiscal year 2006 budget request.

We requested comments on a draft of our report from the Director of Public Safety, and those comments and our evaluation are reprinted in Appendix III. We incorporated their comments as appropriate. We conducted our work between August and November 2004.

Weaknesses in Amusement Ride Oversight

Improvements are needed because DFS has not (1) adequately searched for amusement rides operating without a state permit, (2) established adequate spot inspection procedures, (3) developed adequate procedures for handling complaints and periodically informing local law enforcement and fire service agencies about reporting requirements, and (4) determined administrative and personnel costs and the adequacy of permit fees and staffing.

DFS not identifying amusement rides operating without permits

DFS has not established procedures to search for amusement rides operating without a state permit and to report these companies violating state law to the applicable county prosecuting attorney for enforcement of the penalty provision.⁶ A division official stated some attempts have been made to identify rides operating in the state without a permit; however, structured procedures have not been implemented due to the lack of personnel and funding designated to the program.

We identified 15 amusement ride companies⁷ operating rides without a permit. Company representatives contacted by DFS or SAO staff, responded they had been unaware of the state permit law or had failed to renew ride permits. In addition to the 15 companies, we identified 5 more companies that may be operating several rides without a state permit. DFS and SAO staff, made numerous attempts to contact the companies, but the companies did not return these calls.

Adequate spot inspection procedures not implemented

DFS's spot inspections of portable and fixed rides have focused on mechanical aspects of the rides. However, DFS has not considered operational safety concerns related to the rides. For example, DFS's inspection checklist has not included steps to evaluate ride operations, including compliance as required by state regulations⁸ regarding ride operator and passenger requirements, and required passenger rule postings. State regulations restrict the location of ride operators when a ride is in use and requires operators to enforce guardian, height and weight requirements established by the manufacturer. Regulations also state a ride should not be operated unless safety rules and responsibility of riders have been prominently posted. We also found St. Louis County performs unannounced

⁶ Section 316.218, RSMo 2000, indicates operating an amusement ride in violation of Sections 316.203 to 316.233, RSMo 2000, is a Class A misdemeanor.

⁷ We contacted 8 of the 15 companies and they operated 12 rides which included 115 go-carts, 23 bumper boats, a ferris wheel, and a gyroscope. Five of the 15 companies had licensed 9 rides with the division in 2003; however, they failed to renew the permits in 2004. The remaining two companies could not be contacted to obtain the number of rides that they operated.

⁸ 11CSR 40-6-080 and 11CSR 40-6-085.

operational inspections of rides which includes ensuring operators pay attention to rides and follow ordinances established by the county, according to a St. Louis County inspector. In responding to a draft of this report, the State Fire Marshal and other officials indicated the division has had to balance the management of safety issues with budget constraints and restrictions of current state law.

An Amusement Ride Safety Board member, who represents a permanent amusement company, addressed concerns that DFS had not been observing ride operations in its spot inspections at an October 2004 board meeting. He reported instances at the 2004 State Fair where rider and operator safety had been at risk, including instances in which (1) the operator had not been attending the control booth (where the power switch is located), (2) the operator's view of the ride had been impaired, and (3) height requirements of riders had been disregarded by the operator. In addition, auditors attending a local carnival observed passenger ride rules had not been posted for the four rides in operation. A DFS official told us the division had not considered including ride operation issues in the spot inspection process until the October 2004 board meeting.

DFS has not retained documentation of spot inspections performed. According to division officials, the number of spot inspections performed is reported on the DFS inspector's daily worksheet; however, the amusement company and rides inspected or any deficiencies found were not included on the worksheet. The revised state law allows DFS to conduct spot inspections, and division officials said they plan to perform more spot inspections in 2005. However, a division official stated funding and personnel restricts the division's ability to conduct spot inspections of all rides.

When we inquired whether local law enforcement and fire service agencies could assist the division in detecting operational problems, identifying unsafe rides, and non-compliance with state amusement ride laws and regulations, the Assistant State Fire Marshall stated utilizing these agencies had not been considered, but those organizations could be trained and used to assist DFS. He also stated DFS and other divisions of public safety provide training periodically to fire service and local law enforcement agencies. However, amusement ride safety training has not been provided to local law enforcement or fire service agencies since 2000, according to DFS.

DFS lacks adequate procedures for handling complaints or periodically informing local agencies of reporting requirements

DFS has not established adequate procedures to receive, follow-up, or document complaints from the public. However, we found other states have established procedures for reviewing, tracking, and following up on complaints received. For example, North Carolina offers a toll-free number to the public to report complaints, and maintains a log of complaints received, which also documents follow-up action taken by this program on each complaint. DFS currently has a general purpose toll-free number, but has not promoted it for the purpose of obtaining public complaints. DFS also has a website and pamphlet addressing its responsibilities to regulate amusement rides; however, an email address had not been established to receive public complaints or questions. Moreover, neither the website nor pamphlet provide concerned citizens any instructions on how to contact DFS.

A DFS official told us less than five complaints had been received each fiscal year from the public and each complaint had been accident related. The official also stated a complaint process for the public has not been promoted because the division did not have the authority to follow-up on complaints unless they met Missouri's requirements for reporting accidents.⁹ In responding to a draft of this report, the Assistant State Fire Marshall stated DFS attempts to minimize the number of complaints received because the division does not have the resources needed to receive and track complaints. We explained a procedure to obtain and document all citizen and local professional complaints or concerns is necessary to fully assess potential unsafe rides or amusement ride companies, and to comprehensively prioritize future spot inspections.

DFS also has not developed or established a method to periodically inform local law enforcement and fire service agencies regarding the requirements of reporting ride accidents or injuries to DFS.¹⁰ A division official told us these agencies had been notified of reporting requirements in 2000 with the establishment of the program. However, no attempts have been made by the division to periodically contact the local law enforcement and fire service agencies regarding their reporting requirements because of the lack of funding and personnel. The division plans to re-notify the agencies of the 2005 changes in state law.

⁹ CSR 11 40-6.020 and CSR 11 40-6.045 only require accidents to be reported to DFS if there is a death or an injury requiring admission to the hospital, or if there are three or more persons injured and transported to the hospital for treatment.

¹⁰ CSR 11 40-6.045 requires local law enforcement or fire service agencies to contact DFS when any serious physical injury, serious incident or any death occurs as a result of an amusement ride.

Administrative and personnel costs, adequacy of permit fees, and staffing needs unknown

DFS has not adequately tracked administrative and personnel costs associated with the amusement ride program or performed an analysis of the adequacy of the permit fee. State law¹¹ allows the board to establish the permit fee based on actual administrative and personnel costs of the program and the board established the \$15 fee in 2001. The \$15 permit fee continues to be charged for each amusement ride.

DFS could not provide documentation of the total costs incurred during fiscal year 2004 to administer the amusement ride safety program. DFS provided us a listing of fiscal year 2004 program expenses. However, the listing did not include salaries and other personnel costs and some travel expenses. At our request, the division estimated the percentage of time each employee spent on the program, and our audit staff calculated the personnel costs associated with administering the program. Audit staff also identified additional travel expenses associated with the program during the course of our audit and included those costs in our calculation of program costs.

The program's administrative and personnel costs were determined to be about \$35,000 during fiscal year 2004. Officials estimated 1,000 amusement rides had been permitted during the fiscal year 2004. Based upon this information, we estimated a permit fee of \$35 would be needed to cover current administrative and personnel costs. After reviewing these calculations and discussing them with DFS officials, the board increased the fee to \$30 at the October 2004 board meeting. The \$30 fee will become effective in the spring of 2005. A DFS official stated the adequacy of permit fees had not been evaluated and costs of the program had not been tracked because funds had not been specifically designated to the program. Program costs will increase because the revised state law increases the division's duties.

According to the fiscal note prepared by division staff, two additional inspectors were requested for the fiscal year 2006; however, a division official said DFS does not plan to dedicate these inspectors full-time to the amusement ride safety program because of the seasonal nature of the amusement ride industry. DFS has not prepared a formal analysis of staffing needs to implement the increase in duties required by the revised law. Division officials acknowledged the two additional inspectors were not adequate to meet the increase of duties required by the new state law, and also stated an analysis of future staffing needs has not been performed because the effect of the revised law is not known. In response to a draft of this report, the State Fire Marshall and other officials told us budgetary

¹¹ Section 316.210, RSMo 2000.

constraints and political considerations impair the division's ability to obtain adequate funding for the program.

Missouri's Amusement Ride Safety Laws Are Lacking

Other states have stricter requirements for inspecting portable rides at each set up and reporting accidents and mechanical failures. In addition, current state law does not require owner-hired inspectors to be independent, and Missouri's amusement ride safety requirements are not all inclusive.

Portable rides not required to be inspected when set up

Missouri law does not require portable rides to be inspected at each set up to ensure the ride is operating safely and correctly. Missouri law only requires inspections to be performed annually on amusement rides operating within the state. According to DFS personnel, approximately 90 amusement companies, or 76 percent of licensed companies, operated 830 portable rides in the state during fiscal year 2004. These amusement companies traveled to various carnivals or fairs throughout the state and set up portable rides multiple times. We determined 13 of 28 states require an inspection of portable rides at each set up.¹² Most of these states employ state inspectors to conduct all inspections, while Missouri law provides for owner-hired inspections. St. Louis County also inspects portable rides at each set up, and a St. Louis County inspector expressed concern that rider safety has been at risk because DFS has not required inspections of portable rides at each set up. DFS officials told us portable rides have not been inspected at each set up because of a lack of funding and personnel.

Missouri's amusement ride safety requirements are not all inclusive

Our review of Missouri's, St Louis County's, and other states' amusement ride programs, identified other amusement ride safety requirements not addressed in Missouri's laws and regulations. For example:

- Regulating mechanical bull rides, inflatable equipment, or water slides. Four of nine states contacted regulate mechanical bull rides. See Appendix II for a listing of states that regulate inflatable equipment and water slides.
- Requiring owner-hired inspectors to provide proof of liability insurance to DFS. Current regulations only require proof of liability insurance to be filed with DFS for inspectors approved by DFS to inspect accidents or incidents.

¹² Information was obtained from the CPSC report or through contacting the nine states identified in the audit methodology. The total number of states reporting varies from 28 to 32 due to some states not reporting all criteria to the CPSC.

-
- Expanding regulations to require fire extinguishers near the proximity of a combustible area and fuel to be stored in containers designed and marketed for flammable liquids. Two of nine states contacted have similar regulations regarding fire extinguishers. In addition, Oklahoma and St. Louis County require fuel to be stored in containers designed for flammable liquids.

St. Louis County also requires:

- Areas where the public may be endangered to be fenced or barricaded, the interior and exterior parts of passenger-carrying rides to be free from sharp or rough edges, and any mountings that would entangle long hair to be guarded.
- Amusement rides not to exceed load and speed requirements recommended by the manufacturer.

Other states have stricter requirements for reporting accidents and mechanical failures

Our review of the CPSC report disclosed 17 of 32 states require accidents to be reported if medical attention beyond first aid is required. We also found other states, such as Maine and Michigan, have reporting requirements which provide for all ride accidents to be reported. However, Missouri regulations¹³ only require accidents to be reported to DFS if there is a death or an injury requiring admission to the hospital, or if there are three or more persons injured and transported to the hospital for treatment. Missouri laws and regulations also do not require mechanical failures to be reported to DFS. Some states reviewed require mechanical failures on amusement rides to be reported to the regulating state agency.

State regulations have not required owner-hired inspectors to be independent

Current state regulations do not require owner-hired inspectors (other than those hired by DFS to inspect accidents or incidents) to be independent from the ride that is being inspected. A division official told us at least one owner-hired inspector, who also owns an amusement company, is inspecting his own rides. He also told us the division has not addressed independency requirements with the owner-hired inspectors because it is not required by state law.

Conclusions

DFS uses a permit process to ensure amusement rides meet nationally recognized safety standards. In reviewing DFS's permit and program oversight, we found weaknesses that undermine its ability to effectively minimize the risk of unsafe amusement rides. We believe DFS should establish procedures to identify unlicensed operators and report them to

¹³ CSR 11 40-6.020 and CSR 11 40-6.045.

applicable county prosecuting attorneys. DFS also has not considered operational aspects during its spot inspections of portable and fixed rides and has not documented spot inspections. Operational requirements impact ride safety and therefore, are an important part of the state's amusement ride safety program. We believe operational requirements, as defined in state law, should be addressed and documented by DFS. Local law enforcement and fire service agencies could also be trained and enlisted to help identify operational and other safety concerns.

DFS also has not established adequate procedures to receive, follow-up, or document complaints from the public. We believe it is important for the public to be able to contact DFS with concerns regarding ride safety issues, which would also improve DFS's ability to monitor and assess the safety risk of amusement rides and to develop a comprehensive prioritization procedure for future spot inspections. DFS should enhance its efforts to publicize its toll-free number and website to provide greater access to DFS. DFS should also develop procedures to ensure local law enforcement and fire service agencies are informed of reporting requirements on a periodic basis.

DFS also has not adequately tracked administrative and personnel costs of the program. We estimated current administrative and personnel costs of about \$35,000 a year. Based on that information, the Amusement Ride Safety Board increased fees to be paid by amusement ride operators from \$15 to \$30 per ride beginning sometime in 2005. However, this increase likely will not be sufficient to cover all administrative and personnel costs since we estimated a fee of \$35 would be needed to cover current administrative and personnel costs. Our estimate also did not consider additional duties DFS will undertake for 2005, or any recommended actions included in this report. We believe DFS should establish a fee structure ensuring all administrative and personnel costs of the program are covered. Due to the revisions in the law, staffing resources should also be analyzed to determine the number of inspectors required to adequately conduct spot inspections and other personnel needs.

Missouri's law is not as strict and not as inclusive as other states' and St. Louis County's laws for amusement ride safety. Other states have stricter requirements for inspecting portable rides at each set up and reporting accidents and mechanical failures. State regulations have not required owner-hired inspectors to be independent. Therefore, an amusement ride owner could also be an inspector which presents a possible conflict of interest. We believe DFS should conduct a comprehensive review of inspection requirements and recommend enhancements to the General Assembly that balance costs with rider safety to strengthen the amusement ride safety program.

Recommendations

We recommend the Director of the Department of Public Safety:

1. Establish procedures to identify amusement rides operating without a state permit, and report violators to applicable county prosecuting attorneys.
2. Improve the ride safety program by:
 - Establishing spot inspection procedures that address operational requirements for rides and maintain documentation of the results of spot inspections.
 - Analyzing the cost-benefit of training and using local law enforcement and fire service agencies to assist in identifying and referring operational ride safety problems to DFS.
 - Establishing procedures that ensure all complaints are received, followed up, and documented. This includes enhancing efforts to increase the public's awareness of DFS's amusement ride safety program through its toll-free number and website.
 - Establishing a method to periodically inform local law enforcement and fire service agencies of their requirements to report ride accidents or injuries to DFS.
3. Track all program administrative and personnel costs and ensure ride permit fees cover all of these costs.
4. Conduct a comprehensive review of inspection requirements and recommend program enhancements to the General Assembly. This review should include addressing areas such as inspections of portable rides at each set up, strengthening requirements on the reporting of accidents and mechanical failures, and requiring owner hired inspectors to be independent. Other states' ride safety programs should be considered in this review.

Agency Comments

DFS's comments and our evaluation are included in Appendix III.

Permitted Rides

This appendix shows the total number of amusement companies that operated permitted rides in the 2003 and 2004 fiscal years. In addition, the table identifies the total number of rides owned by the companies each year that were portable and fixed.

Table I.1: Ride Companies and Permitted Rides For Fiscal Years 2003 and 2004

Fiscal year	Number of amusement companies	Total rides permitted	Portable rides	Fixed rides
2003	105	955	748	207
2004	119	1,048	830	218

Source: DFS.

Rides Regulated by State

This appendix shows the types of amusement rides regulated in each state.

Table II.1: Types of Rides Regulated by State¹

State	Carnival rides	Park rides	Inflatables (parks/carnivals)	Inflatables (rentals)	Go-karts	Bungee jumps	Water slides
Alabama	No	No	No	No	No	No	No
Alaska	Yes	Yes	Yes	No	Yes	Yes	Yes
Arizona	No	No	No	No	No	No	No
Arkansas	Yes	Yes	Yes	Yes	Yes	Yes	Yes
California	Yes	Yes	No	No	No	Yes	Yes
Colorado	Yes	Yes	NR ²	NR	NR	NR	NR
Connecticut	Yes	Yes	No	No	No	No	Yes
Delaware	Yes	Yes	NR	NR	NR	Yes	NR
Florida	Yes	Yes	No	No	Yes	Yes	Yes
Georgia	Yes	Yes	No	No	Yes	Yes	Yes
Hawaii	Yes	No	Yes	No	No	No	No
Idaho	Yes	Yes	No	No	No	No	No
Illinois	Yes	Yes	Yes	No	Yes	Yes	Yes
Indiana	Yes	Yes	No	No	No	No	No
Iowa	Yes	Yes	Yes	Yes	Yes	Yes	No
Kansas	No	No	No	No	No	No	No
Kentucky	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Louisiana	Yes	Yes	Yes	No	Yes	No	Yes
Maine	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Maryland	Yes	Yes	Yes	No	Yes	No	Yes
Massachusetts	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Michigan	Yes	Yes	No	No	Yes	No	Yes
Minnesota	Yes	No	No	No	Yes	No	No
Mississippi	No	No	No	No	No	No	No
Missouri	Yes	Yes	No	No	Yes	Yes	No
Montana	No	No	No	No	No	No	No
Nebraska	Yes	Yes	No	No	No	Yes	No
Nevada	No	No	No	No	No	No	No
New Hampshire	Yes	Yes	Yes	No	Yes	Yes	Yes
New Jersey	Yes	Yes	Yes	Yes	Yes	Yes	Yes
New Mexico	Yes	Yes	No	No	Yes	Yes	Yes
New York	Yes	Yes	NR	NR	Yes	NR	Yes
North Carolina	Yes	Yes	Yes	Yes	Yes	Yes	Yes
North Dakota	No	No	No	No	No	No	No
Ohio	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Oklahoma	Yes	Yes	Yes	Yes	Yes	Yes	No
Oregon	Yes	Yes	No	No	No	Yes	No

Appendix II
Rides Regulated by State

State	Carnival rides	Park rides	Inflatables (parks/carnivals)	Inflatables (rentals)	Go-karts	Bungee jumps	Water slides
Pennsylvania	Yes	Yes	Yes	Yes	Yes	Yes	NR
Rhode Island	Yes	Yes	No	No	Yes	No	No
South Carolina	Yes	Yes	No	No	Yes	Yes	No
South Dakota	No	No	No	No	No	No	No
Tennessee	No	No	No	No	No	No	No
Texas	Yes	Yes	Yes	No	Yes	Yes	Yes
Utah	No	No	No	No	No	No	No
Vermont	Yes	Yes	NR	NR	NR	Yes	NR
Virginia	Yes	Yes	No	No	Yes	Yes	Yes
Washington	Yes	Yes	Yes	Yes	No	Yes	No
West Virginia	NR	NR	NR	NR	NR	NR	NR
Wisconsin	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wyoming	No	No	No	No	No	No	No

¹The CPSC report did not include regulation of bull rides.

²No response (NR) from the state.

Source: CPSC Report.

Agency Comments and Our Evaluation

MATT BLUNT
Governor

CHARLES R. JACKSON
Interim Public Safety
Director

WILLIAM FARR
State Fire Marshal



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DEPARTMENT OF PUBLIC SAFETY
DIVISION OF FIRE SAFETY

January 27, 2005

Kirk R. Boyer
Director of Performance Audits
Room 880 Truman Bldg.
Jefferson City, MO 65101

Dear Mr. Boyer:

The Division of Fire Safety Administration and Amusement Ride Safety/Elevator Safety staffs have reviewed the Draft Report of State Auditor's Officer Performance Audit of the Amusement Ride Safety Program. On Friday, January 21st, the Division respectfully submitted a response to the draft. Now, as requested, we are formally submitting this signed and dated letter to accompany our response.

If you have any questions, or need anything further, please do not hesitate to contact me at 751-2930.

Sincerely,

A handwritten signature in cursive script, appearing to read "William Farr".

William Farr
State Fire Marshal

Fire Investigations • Boiler & Pressure Vessel Inspections • Elevator Safety • Fire Fighter Training • Fire Safety Inspections
Public Education • Fire Incident Reporting • Fireworks Licensing • Amusement Ride Safety • Private Fire Investigator Licensing

Appendix III

Agency Comments and Our Evaluation

***Division of Fire Safety
Response to Recommendations Sited
January 2005
State Auditor's Draft Report
Oversight of the Amusement Ride Safety Program***

The Division of Fire Safety Administration and Amusement Ride Safety/Elevator Safety staff have reviewed the State Auditor's draft report of the Amusement Ride Safety Program and respectfully submit the following response.

It should be noted that upon notification this audit was being scheduled, Division staff advised the Auditor's staff that since the audit conducted in November of 2002, nothing within RSMo Chapter 316 had changed. In 2002, the Division provided input to the sponsor of HB1434 that required annual inspections and issuance of state operating permits in addition to the creation of the Amusement Ride Safety Board. Then, in 2004, HB1403 made additional changes to Chapter 316 with the Division providing input to the bill's sponsor by establishing a "spot" inspection procedure by the Division. The audit staff was informed that program changes would be made after the effective date of HB1403 in January of 2005.

The majority of the "weaknesses" cited in the current audit are outside the scope of Chapter 316 during the time period covered by the audit.

1. *Regarding DFS not actively searching for amusement rides operating without permits.*

As told to the audit staff and documented in the 2002 Division audit response, the Division of Fire Safety staff has indeed made attempts to search for rides operating without permits. Because the Division has not been allocated any full time positions with this program, our procedure is to utilize current field staff to assist with locating rides not permitted. Fourteen Fire Safety Inspectors and nineteen Fire Investigators are strategically located throughout the State. In the performance of their normal work duties, these employees remain alert for fairs or carnivals playing in their assigned areas, particularly during the spring and summer months. When they locate rides operating, they then verify they have the state operating permit.

Additionally, the Division has notified local law enforcement and the fire service of the Amusement Ride Safety Act and the Division's oversight role. In addition to two informational/training sessions held in 2000, the Division has posted information regarding the Division's responsibilities and the Act on our website, as well as in various brochures distributed at major fire service and public safety events. Due to the distributed information, local officials have periodically contacted our office to verify fairs and carnivals playing within their jurisdictions have the necessary state issued permits. In fact,

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because of these efforts, coupled with those of our field staff, a number of rides operating without permits have been discovered and not allowed to operate until a permit was obtained.

It is imperative to note the Division of Fire Safety was not appropriated any FTEs or funding to administer the Amusement Ride Safety program. Since the creation of this law in 1997, the Division has requested clerical support to manage the documentation associated with the program and has been denied. Due to the passage of House Bill 1403 of the 2004 legislative session, the Division is requesting field support in the FY06 budget. At this time, considering the lack of funding, we feel our efforts in searching for rides without permits have been more than adequate.

2. Regarding spot safety inspection procedures, documentation and assistance:

The audit report claims the Division of Fire Safety has neglected to conduct spot mechanical inspections of amusement rides. What the report fails to note, however, is that the Division did not have clear statutory authority to conduct these inspections during the period covered in this audit. As told to the audit staff, the spot safety inspection authority was not granted until the passage of House Bill 1403 in the 2004 legislative session which did not become effective until **January 1, 2005**. The Division is currently in the process of developing the procedures and requirements for comprehensive spot safety inspections. When implemented, detailed checklists and documentation will be maintained. However, the ability to perform comprehensive spot inspections will be limited until adequate funding and personnel are approved through the budget process.

In response to the 2002 audit recommendation the Division of Fire Safety established procedures to review the quality of inspections performed by state approved amusement ride inspectors. Without funding, designated personnel, or a statutory obligation, in 2003 and 2004 the Division conducted periodic "quality review" inspections of rides in an attempt to ensure state approved inspectors were conducting thorough and adequate safety inspections. These reviews were conducted by inspectors assigned to the Elevator Safety Unit who also possessed the necessary qualifications needed to inspect amusement rides. Audit staff were provided with specific instances where Division staff witnessed rider safety and mechanical violations which they insisted be corrected. In fact, several rides at the 2003 and 2004 State Fairs were not permitted until they met the requirements imposed by our staff. Due to corrective action required onsite prior to the ride being allowed to operate, no documentation was needed.

The audit report also states the Division of Fire Safety has not considered operational safety concerns. In fact, Chapter 316 does not authorize the

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Division itself to conduct operational inspections. Operational safety is to be addressed within the inspection process by the third party inspectors and is not statutorily mandated to the Division. The Division has, however, considered operational guidelines, and in 2000 promulgated an administrative rule to provide standards for ride operators, owners, and third party inspectors (see 11 CSR 40-6.080). Safety inspections conducted by third party inspectors are to be conducted to nationally recognized standards and manufacturer's guidelines. As of January 2005, the Division has authority to conduct spot mechanical inspections which will include issues associated with operational safety. It should be noted, however, that unless the Division's FY06 budget request for two FTE is approved, the Division's ability to conduct inspections will be limited.

Next, the audit report appears to suggest that the Division should be enlisting local law enforcement and fire service agencies to assist in detecting amusement ride operational problems, unsafe rides, and non-compliance with state amusement ride laws and regulations. This comment reflects a lack of understanding of the technical and practical issues associated with amusement ride safety enforcement. Due to the technical and mechanical knowledge necessary to detect problems on rides, one cannot assume that local law enforcement and fire officials are qualified to inspect rides, and in fact, those serving without a local ordinance would have no authority to do so. As for practical issues, local law enforcement and fire service agencies are already obligated to their own locally-mandated duties. In addition, in many jurisdictions the fire service agency is staffed by volunteers who are only deployed in emergency situations. Further, these local agencies have no obligation to assist the Division in enforcing the Amusement Ride Safety Act. As an example, St. Louis County officials have specifically advised that they have no authority to require a state operating permit be obtained before allowing a particular amusement ride to operate in their jurisdiction, nor do they provide information to the Division when rides are found in their area operating without a state permit.

Finally, the Division of Fire Safety has provided programs to local fire service agencies who have requested training in identifying potential amusement ride safety issues. The Division also works with local authorities to ensure that amusement rides have the proper state permits.

3. Regarding adequate procedures for handling complaints or informing local agencies of reporting requirements.

Although Chapter 316 does not specifically provide requirements concerning safety complaints of amusement rides, the Division of Fire Safety does receive and respond to complaints. The Division of Fire Safety has had a toll free number since the early 80's, a website since the mid 90's and has published hundreds of pamphlets over our 30 year history. Additionally, the

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staff attend schools, conferences, trade shows, and events where our contact information is distributed freely. We participate in a list-serve that includes all the fire department instructors in the state, and another that includes all the fire service organizations in Missouri. In every efficient way feasible, the Division has made attempts to make the general public, the amusement ride industry and the local officials aware of the law and the Division's oversight of the law. Direct links to the law and applications are provided on our website, as is a direct email link for questions.

Again, to ensure a degree of public safety when information is received by the Division in relation to safety concerns, the Division assigns staff to determine the validity of the information and direct corrective action be taken if warranted. Information has been documented and follow up interviews have been conducted concerning accidents on an amusement ride even when the accident does not fall within the scope of Chapter 316 in relation to the degree of the injury. Again, this action has been taken by the Division to ensure public safety is being maintained.

Without adequate staffing to address complaints from the public the Division has not outwardly promoted any specific avenue for encouraging public complaints. However, any safety concern reported to the Division has been investigated to determine validity and if necessary require corrective action be taken before the ride continues to operate in Missouri.

As mentioned above, local officials were notified of the Amusement Ride Safety Act and the Division's oversight of the program. The Division has conducted informational and training sessions for interested individuals at the local level. Because the law only recently changed, further notification/training has not been conducted. With the new requirements becoming effective in January 2005, the Division will be informing local officials of the law changes and the Division's additional responsibilities. The website has also been updated reflecting the changes.

4. Regarding administrative cost, adequacy of permit fees and staffing needs unknown.

The draft is incorrect. The Division has tracked the expenses of this program for each year since implementation including all expense and equipment purchases and Board expenses. This information was provided to the audit staff. Due to the fact no spending authority or FTE were granted with the program, these expenses have been very limited to say the least. All costs associated with operating this program have been absorbed within the Division's core budget. At the time the Board established the \$15 permit fee in 2001, the Division was using existing staff and incurred \$1138 in expenses. The Division would not have been able to justify higher fees in the initial phases of this program when costs were minimal and no FTE's were

Appendix III

Agency Comments and Our Evaluation

appropriated. Of course, with the law changes, the cost of the program will eventually rise, thereby dictating a fee increase to support growing costs and new FTE. In fact, as a result of the analysis conducted during the audit, the Board recently approved a permit fee of \$30 pending adoption of revised promulgated rules.

To say a formal analysis of staffing needs in response to the revised law has not been done is also incorrect. The Division prepared as many as six fiscal notes during the 2004 legislative session and worked closely with the bill sponsors to ensure the program needs were met while covering costs. As mentioned to the audit staff, funding for the program is shifting to the Elevator Safety Fund (0257) due to the passage of HB1403.

The Division also submitted a very detailed "formal" budget request for FY06 relating to this program which was also provided to the audit staff. It is true the individuals requested would not be solely dedicated to the Amusement Ride Safety program. Because it is a seasonal program, these individuals would be utilized in the Elevator Safety program during the winter months. The Division, the legislature, and budget and planning officials saw this as being efficient and responsible.

5. In regards to Missouri's Amusement Ride Safety laws:

To say Missouri's laws are lacking is matter of opinion of the audit staff. While it is true that some other states have stricter laws on various types of rides, overall Missouri's revised law is far more stringent than others. Division staff has researched countless other states' laws and procedures when working on House Bill 1403 and injected wording and procedures into the draft of the proposed bill. As is listed in the audit report, twenty states do not yet regulate bungee jumps, thirteen do not regulate park rides, and eleven other states have **no program at all**. In the 2004 legislative session, the Division made great strides in ensuring public safety with the adoption of House Bill 1403, broadening the definition of rides, allowing for spot safety inspections and toughening requirements of owners.

The Division is currently looking at implementing a rule that will require the ride inspectors to be independent of the ride owners. Therefore, an inspector who owns rides will be required to hire a third party inspector.

In summary, the audit report ignores the initiatives taken by the Division of Fire Safety to oversee a program with absolutely no appropriated resources. Upon passage of the 1997 statute, the Division took a proactive approach to administering this law. To become more familiar with amusement ride inspections, the Division obtained training from a nationally recognized amusement ride inspection program for two Division personnel. Additionally, division staff have attended various meetings and conferences of the Amusement Ride Industry. Current Administrative Support Assistant has

Appendix III

Agency Comments and Our Evaluation

assumed the accounting and issuance of the program along with her other job duties. Up to and including present day, monies to support the Amusement Ride Safety Act have been from the Division's core budget, despite core cuts and withholdings.

Although no funding or FTE's were provided with this legislation, the Division of Fire Safety has carried out every requirement of the statute in enforcing this program and in many instances went above and beyond in the interest of public safety. The Division has actively investigated reports of rides operating in Missouri that have not complied with annual inspection requirements to obtain state permits. We have handled every complaint or concern seriously and aggressively.

Lastly, the Division's oversight of this program will be greatly improved after the new law becomes effective and the FY06 budget request is approved; both of which will assist the Division in administering the Amusement Ride Safety Program with the authority and resources needed.

Appendix III

Agency Comments and Our Evaluation

Our Evaluation

DFS stated it has taken a proactive approach to administering the law within its funding constraints, the division went above and beyond that required of it, handled every complaint or concern received, and its oversight of this program will be greatly improved after the new law becomes effective and the fiscal year 2006 budget request is approved. We acknowledge in the report that DFS has provided some oversight to this program. We also believe it is a positive step to engage fire safety inspectors and investigators in the oversight of this program, but as we also point out, the day-to-day demands placed on the division make it difficult for it to maintain the oversight, focus, and momentum needed to effectively minimize the risk of unsafe amusement rides. In addition, our recommendations are designed to help strengthen the division's oversight by providing clearly defined procedures expected by division staff and processes to engage local officials and citizens in this endeavor. In part, weaknesses in the division's oversight stem from the number of companies operating rides without permits in Missouri that we identified with minimal effort.

DFS acknowledged, to a large extent, its efforts, including spot inspections, have been limited due to staffing and funding constraints. During our discussion with the Assistant Fire Marshal, he told us it would not be fiscally responsible to assign full-time inspectors to this program given its seasonal nature, and the division had not determined how many inspectors may be needed until the full ramifications of the revised law were known. We concurred with this approach, but continue to believe an overall staffing and resource analysis will be needed to recommend cost-effective program enhancements to the General Assembly to strengthen the amusement ride safety program.

Regarding spot inspections, DFS states the report fails to note the division did not have clear statutory authority to conduct these inspections. We believe this is a fundamental and vital element of the division's oversight responsibility to ensure it detects and appropriately resolves all potential risks resulting from unsafe amusement rides. We are encouraged the division is implementing our recommendation to establish procedures for conducting and documenting spot inspections. However, in developing these procedures, we believe it is imperative to also establish mechanisms to ensure all citizen and local professional concerns or complaints are received, documented, and used to assess potential risks, and to prioritize spot inspections. A comprehensive prioritization procedure for future spot inspections is particularly important given the limited division resources.

DFS also stated enlisting local law enforcement and fire service agencies to assist in detecting amusement ride operational problems, unsafe rides, and non-compliance with state amusement ride laws and regulations reflects a

Appendix III

Agency Comments and Our Evaluation

lack of understanding of the technical and practical issues associated with this program. On the other hand, DFS provided a contradictory position when responding to our first recommendation. DFS acknowledged that local law enforcement and fire service agencies have assisted it in its oversight, and helped discover a number of rides operating without a permit and not allowed to continue operating. This is the type of local and state cooperation we envision occurring on a greater scale with improved procedures.

DFS stated our draft is incorrect regarding its tracking of administrative and personnel costs. We disagree with DFS's comments on this point, because, as we discuss in the report, audit staff worked with division staff to develop comprehensive program costs including personnel and training expenses. We agree program costs will likely increase with additional oversight responsibilities promulgated under the revised law. However, the increased permit fee of \$30 is based on fiscal year 2004 costs required to administer the prior law, and we continue to believe our recommendation to track all administrative and personnel costs is pertinent to future revisions in the permit fee under the revised law.



Claire McCaskill

Missouri State Auditor

March 2005

Mississippi County, Missouri

Years Ended

December 31, 2003 and 2002



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Mississippi, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Mississippi County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Inadequate controls and record keeping resulted in a shortage of approximately \$40,925 in the Sheriff's Commissary Account. In addition, it appears monies from commissary and phones sales were not deposited, or the commissary was operating at a significant loss. Additional monies may also be missing, however, amounts were not determined due to inadequate records.
- Phone sales commissions of \$22,857 were due to the county and \$13,335 were due to the phone company at December 31, 2004 from the Sheriff's Commissary account. Prenumbered receipt slips were not issued for the monies received for phone sales, monies were not deposited timely, there was no documentation of the transfer of phone monies between the various jail employees, or of reconciliations to phone sale reports, and commissions were not paid to the county on a timely basis.
- The Detention Center does not have a system for tracking the profit or loss from the sale of commissary items or for recording sales. During the three years ended December 31, 2004, \$67,509 of commissary proceeds was used to replenish the inventory and \$12,696 was used for miscellaneous jail costs (internet services, film, medical supplies, a television, cigarettes, travel expenses, etc.). The Detention Center does not maintain a running inventory (perpetual inventory) of items purchased from vendors, sold to inmates, and inventory balances.

(over)

YELLOW SHEET

- Bond records maintained by the Detention Center were not adequate to allow the disposition of the bond to be readily determined. The bond receipt slips did not clearly indicate the entity for which the bond was collected or the disposition of the bond. Bond forms were not used by the Detention Center for some bonds. There was no oversight or adequate segregation of duties over bonds.
- The Inmate bank account was not reconciled with the individual inmate balances, the transmittal of monies between the mail clerk and the account custodian was not clearly documented, there was no documentation to support three checks payable to the Jail Administrator totaling \$1,347 and the monies were disbursed to inmates in cash rather than by check.
- The Detention Center spent excessive amounts of overtime costs on prisoner transportation services that were not recouped through their contracts for board of prisoners, accurate timesheets were not reported to the county, payroll duties were not adequately segregated, and overtime compensation was not paid according to policy.
- The Circuit Clerk's office cannot properly account for approximately \$1,586 in bonds, duties are not adequately segregated, and the Circuit Clerk does not have adequate procedures to monitor and ensure monies in her bank accounts are sufficiently collateralized.
- Accounting and bookkeeping duties were not adequately segregated, an adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of those bad checks had not been established, bad check complaints and payments were not processed in a timely manner, and receipts were not deposited on a timely basis.
- The Health Center has not established adequate procedures to ensure bank accounts are sufficiently collateralized. In addition, accounting duties are not adequately segregated, deposits are not made timely, and employee leave balances are not adequately monitored.
- The SB40 Board has accumulated a significant cash reserve which is not properly reflected on their annual budget. The SB40 Board does not reflect their certificates of deposit on their budget, which understated their cash balance by \$1,074,989 and \$923,818 for the years ended December 31, 2003 and 2002, respectively. In addition, the budget does not indicate the Board's plans for this balance. The SB40 Board does not maintain minutes of their board meetings, and adequate records were not kept on investments held by the board.

The audit also included recommendations related to sales tax, schedule of federal awards, capital assets, statutory salaries, and ticket accountability. Additional recommendations were made to improve the Detention Center, Recorder of Deeds, and Collector.

All reports are available on our website: www.auditor.mo.gov

MISSISSIPPI COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Mississippi County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Mississippi County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Mississippi County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 8, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Mississippi County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 8, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Tom J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Monique Williams, CPA
Audit Staff:	Kate Petschonek
	Chris Vetter
	Kay Breeze



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Mississippi County, Missouri

We have audited the financial statements of various funds of Mississippi County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Mississippi County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Mississippi County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Mississippi County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 8, 2004(fieldwork completion date)

Financial Statements

Exhibit A-1

MISSISSIPPI COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 689,021	1,646,716	1,657,654	678,083
Special Road and Bridge	142,530	899,890	910,027	132,393
Assessment	21	155,101	154,181	941
Law Enforcement Training	3,648	4,732	5,558	2,822
Prosecuting Attorney Training	932	795	1,622	105
Johnson Grass	10,016	56,013	45,960	20,069
Law Enforcement Sales Tax	28,141	2,251,141	2,271,023	8,259
Law Enforcement Block Grant	1,204	1,693	2,897	0
Capital Improvement Sales Tax	708	857	0	1,565
Recorder's User Fee	7,721	5,582	8,072	5,231
Recorder Technology	4,174	3,630	0	7,804
Victims of Domestic Violence	732	3,402	3,668	466
Emergency 911	108,598	77,904	32,247	154,255
Contingency Fund	50,090	966	0	51,056
Drug Court Grant	59,355	164,727	81,335	142,747
Cultural Productivity Grant	0	55,856	55,856	0
Juvenile Justice Title V Grant	0	129,428	129,428	0
Election Services	4,697	718	1,713	3,702
Senior Citizens Sales Tax	0	195,869	195,869	0
Prosecuting Attorney Bad Checks	1,574	3,058	4,236	396
Special Prosecutor's Grant	26	44,986	46,680	(1,668)
Drainage Districts	114,706	77,393	55,760	136,339
Crime Reduction	2,880	10,149	9,505	3,524
Domestic Violence Grant Fund	0	22,714	24,849	(2,135)
Domestic Relations Grant Fund	0	22,899	22,899	0
Prosecuting Attorney Delinquent Tax	9,036	154	1,169	8,021
Law Library	10,893	8,010	5,125	13,778
Circuit Clerk Interest	478	484	872	90
Juvenile Assessment	6,215	543	290	6,468
Collector's Fund	945	15,566	2,384	14,127
Senate Bill 40 Board	1,061,376	155,639	46,676	1,170,339
Health Center	280,670	800,403	852,995	228,078
Community Development Block Grant Fund	0	255,956	255,956	0
Total	\$ 2,600,387	7,072,974	6,886,506	2,786,855

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MISSISSIPPI COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 562,765	1,807,064	1,680,808	689,021
Special Road and Bridge	158,799	918,469	934,738	142,530
Assessment	7	152,315	152,301	21
Law Enforcement Training	5,456	4,827	6,635	3,648
Prosecuting Attorney Training	1,668	818	1,554	932
Johnson Grass	11,650	35,977	37,611	10,016
Law Enforcement Sales Tax	24,522	2,247,526	2,243,907	28,141
Law Enforcement Block Grant	0	27,118	25,914	1,204
Capital Improvement Sales Tax	0	708	0	708
Recorder's User Fee	8,100	5,133	5,512	7,721
Recorder Technology	1,176	2,998	0	4,174
Victims of Domestic Violence	294	1,568	1,130	732
Emergency 911	122,847	84,587	98,836	108,598
Contingency Fund	0	50,090	0	50,090
Drug Court Grant	9,055	123,213	72,913	59,355
Cultural Productivity Grant	0	127,513	127,513	0
Juvenile Justice Title V Grant	0	114,997	114,997	0
Election Services	1,949	2,748	0	4,697
Senior Citizens Sales Tax	0	201,666	201,666	0
Prosecuting Attorney Bad Checks	2,172	3,233	3,831	1,574
Special Prosecutor's Grant	0	30,027	30,001	26
Drainage Districts	97,913	79,491	62,698	114,706
Crime Reduction	11,865	16,357	25,342	2,880
Prosecuting Attorney Delinquent Tax	0	9,036	0	9,036
Law Library	10,495	6,208	5,810	10,893
Circuit Clerk Interest	681	479	682	478
Juvenile Assessment	5,150	1,065	0	6,215
Collector's Fund	0	945	0	945
Senate Bill 40 Board	980,658	141,371	60,653	1,061,376
Health Center	180,358	980,382	880,070	280,670
Total	\$ 2,197,580	7,177,929	6,775,122	2,600,387

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 8,118,511	7,072,974	(1,045,537)	7,172,227	7,176,984	4,757
DISBURSEMENTS	8,347,513	6,886,506	1,461,007	7,324,637	6,775,122	549,515
RECEIPTS OVER (UNDER) DISBURSEMENTS	(229,002)	186,468	415,470	(152,410)	401,862	554,272
CASH, JANUARY 1	1,563,656	2,600,387	1,036,731	1,266,555	2,197,580	931,025
CASH, DECEMBER 31	1,334,654	2,786,855	1,452,201	1,114,145	2,599,442	1,485,297
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	315,000	314,500	(500)	325,000	310,346	(14,654)
Sales taxes	700,000	783,393	83,393	740,000	815,824	75,824
Intergovernmental	681,743	300,173	(381,570)	494,925	437,510	(57,415)
Charges for service	164,750	185,418	20,668	170,000	173,310	3,310
Interest	10,000	19,143	9,143	15,000	15,186	186
Other	44,845	44,089	(756)	37,845	54,888	17,043
Total Receipts	1,916,338	1,646,716	(269,622)	1,782,770	1,807,064	24,294
DISBURSEMENTS						
County Commissior	91,876	102,908	(11,032)	89,576	98,495	(8,919)
County Clerk	83,317	80,240	3,077	82,754	82,779	(25)
Elections	7,500	3,519	3,981	40,000	34,500	5,500
Buildings and grounds	121,500	116,700	4,800	118,500	107,517	10,983
Employee fringe benefit	120,850	109,522	11,328	99,800	113,079	(13,279)
County Treasurer	29,739	29,393	346	29,739	29,585	154
County Collector	83,133	82,543	590	83,133	82,667	466
Ex Officio Recorder of Deed	0	0	0	22,661	20,718	1,943
Recorder of Deeds	48,350	44,358	3,992	0	0	0
Circuit Clerk	15,350	15,167	183	16,500	12,348	4,152
Associate Circuit Court	34,454	21,443	13,011	18,954	21,818	(2,864)
Associate Circuit (Probate)	1,000	580	420	1,000	668	332
Court administration	21,500	13,211	8,289	30,000	9,821	20,179
Public Administrator	22,000	21,903	97	21,850	22,081	(231)
Prosecuting Attorney	108,085	98,612	9,473	134,098	112,127	21,971
Juvenile Offices	20,000	15,665	4,335	18,000	20,393	(2,393)
County Coroner	19,476	22,950	(3,474)	16,726	20,590	(3,864)
SEMO Drug Task Force	561,739	181,686	380,053	430,000	374,988	55,012
Other	166,750	232,830	(66,080)	149,110	107,440	41,670
Public health and welfare service	26,111	40,052	(13,941)	23,111	27,610	(4,499)
Transfers out	359,000	424,372	(65,372)	397,000	381,584	15,416
Emergency Fund	55,000	0	55,000	55,000	0	55,000
Total Disbursements	1,996,730	1,657,654	339,076	1,877,512	1,680,808	196,704
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,392)	(10,938)	69,454	(94,742)	126,256	220,998
CASH, JANUARY 1	689,021	689,021	0	562,765	562,765	0
CASH, DECEMBER 31	608,629	678,083	69,454	468,023	689,021	220,998

Exhibit B

MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	350,000	356,101	6,101	375,000	349,646	(25,354)
Intergovernmental	653,273	426,274	(226,999)	415,000	464,320	49,320
Charges for service	52,500	94,076	41,576	50,000	87,098	37,098
Interest	3,500	4,015	515	5,000	6,067	1,067
Other	2,150	19,424	17,274	750	11,338	10,588
Total Receipts	1,061,423	899,890	(161,533)	845,750	918,469	72,719
DISBURSEMENTS						
Salaries	365,000	358,857	6,143	365,000	355,186	9,814
Employee fringe benefit	124,500	118,267	6,233	118,500	110,596	7,904
Supplies	84,800	95,530	(10,730)	95,000	85,821	9,179
Insurance	15,000	19,384	(4,384)	18,000	11,555	6,445
Road and bridge materials	124,000	162,670	(38,670)	167,500	162,775	4,725
Equipment repairs	70,000	73,419	(3,419)	71,000	90,588	(19,588)
Equipment purchases	65,000	65,386	(386)	65,000	70,263	(5,263)
Construction, repair, and maintenance	295,000	8,340	286,660	25,000	27,307	(2,307)
Other	29,000	8,174	20,826	12,000	20,647	(8,647)
Total Disbursements	1,172,300	910,027	262,273	937,000	934,738	2,262
RECEIPTS OVER (UNDER) DISBURSEMENTS	(110,877)	(10,137)	100,740	(91,250)	(16,269)	74,981
CASH, JANUARY 1	142,530	142,530	0	158,799	158,799	0
CASH, DECEMBER 31	31,653	132,393	100,740	67,549	142,530	74,981
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	98,400	100,255	1,855	104,650	102,469	(2,181)
Charges for service	0	0	0	100	0	(100)
Interest	200	231	31	200	246	46
Other	0	615	615	0	0	0
Transfers in	59,000	54,000	(5,000)	47,500	49,600	2,100
Total Receipts	157,600	155,101	(2,499)	152,450	152,315	(135)
DISBURSEMENTS						
Assessor	154,615	154,181	434	152,321	152,301	20
Total Disbursements	154,615	154,181	434	152,321	152,301	20
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,985	920	(2,065)	129	14	(115)
CASH, JANUARY 1	21	21	0	7	7	0
CASH, DECEMBER 31	3,006	941	(2,065)	136	21	(115)

Exhibit B

MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	3,300	3,134	(166)	1,750	3,372	1,622
Charges for service	1,500	1,573	73	3,500	1,402	(2,098)
Interest	50	25	(25)	200	53	(147)
Total Receipts	4,850	4,732	(118)	5,450	4,827	(623)
DISBURSEMENTS						
Sheriff	8,000	5,558	2,442	10,000	6,635	3,365
Total Disbursements	8,000	5,558	2,442	10,000	6,635	3,365
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,150)	(826)	2,324	(4,550)	(1,808)	2,742
CASH, JANUARY 1	3,648	3,648	0	5,456	5,456	0
CASH, DECEMBER 31	498	2,822	2,324	906	3,648	2,742
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	500	431	(69)	0	468	468
Charges for service	350	362	12	900	323	(577)
Interest	25	2	(23)	50	27	(23)
Total Receipts	875	795	(80)	950	818	(132)
DISBURSEMENTS						
Prosecuting Attorney	1,800	1,622	178	2,600	1,554	1,046
Total Disbursements	1,800	1,622	178	2,600	1,554	1,046
RECEIPTS OVER (UNDER) DISBURSEMENTS	(925)	(827)	98	(1,650)	(736)	914
CASH, JANUARY 1	932	932	0	1,668	1,668	0
CASH, DECEMBER 31	7	105	98	18	932	914
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	50,000	55,153	5,153	27,000	35,130	8,130
Intergovernmental	350	416	66	0	420	420
Interest	250	444	194	200	427	227
Total Receipts	50,600	56,013	5,413	27,200	35,977	8,777
DISBURSEMENTS						
Salaries	1,250	998	252	1,000	998	2
Employee fringe benefit	125	76	49	100	76	24
Supplies/Chemicals	10,000	5,475	4,525	8,500	1,928	6,572
Contract services	35,000	31,230	3,770	28,000	34,493	(6,493)
Equipment	0	7,999	(7,999)	0	0	0
Parts/Repairs	0	182	(182)	0	116	(116)
Other	500	0	500	500	0	500
Total Disbursements	46,875	45,960	915	38,100	37,611	489
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,725	10,053	6,328	(10,900)	(1,634)	9,266
CASH, JANUARY 1	10,016	10,016	0	11,650	11,650	0
CASH, DECEMBER 31	13,741	20,069	6,328	750	10,016	9,266

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	350,000	391,746	41,746	370,000	403,333	33,333
Intergovernmental	0	0	0	4,693	4,693	0
Charges for service	1,625,280	1,486,032	(139,248)	1,467,799	1,491,283	23,484
Interest	500	0	(500)	250	1,790	1,540
Other	40,820	21,363	(19,457)	114,807	71,427	(43,380)
Transfers in	250,000	352,000	102,000	300,000	275,000	(25,000)
Total Receipts	2,266,600	2,251,141	(15,459)	2,257,549	2,247,526	(10,023)
DISBURSEMENTS						
Sheriff	382,550	417,337	(34,787)	451,803	491,561	(39,758)
Jail	1,437,236	1,433,426	3,810	1,423,109	1,363,094	60,015
Juvenile Detention Center	10,000	5,840	4,160	35,100	35,165	(65)
Detention Center lease	417,900	414,420	3,480	370,000	352,869	17,131
Transfer Out	0	0	0	1,218	1,218	0
Total Disbursements	2,247,686	2,271,023	(23,337)	2,281,230	2,243,907	37,323
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,914	(19,882)	(38,796)	(23,681)	3,619	27,300
CASH, JANUARY 1	28,141	28,141	0	24,522	24,522	0
CASH, DECEMBER 31	47,055	8,259	(38,796)	841	28,141	27,300
<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	10,000	0	(10,000)	45,567	24,958	(20,609)
Transfers in	2,712	1,693	(1,019)	0	2,160	2,160
Total Receipts	12,712	1,693	(11,019)	45,567	27,118	(18,449)
DISBURSEMENTS						
Law enforcement	13,916	2,897	11,019	45,567	25,914	19,653
Total Disbursements	13,916	2,897	11,019	45,567	25,914	19,653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,204)	(1,204)	0	0	1,204	1,204
CASH, JANUARY 1	1,204	1,204	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	1,204	1,204
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	250	843	593	500	703	203
Interest	0	14	14	0	5	5
Total Receipts	250	857	607	500	708	208
DISBURSEMENTS						
Building	950	0	950	500	0	500
Total Disbursements	950	0	950	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	857	1,557	0	708	708
CASH, JANUARY 1	708	708	0	0	0	0
CASH, DECEMBER 31	8	1,565	1,557	0	708	708

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for service	4,500	5,438	938	4,500	4,943	443
Interest	150	144	(6)	100	190	90
Total Receipts	4,650	5,582	932	4,600	5,133	533
DISBURSEMENTS						
Ex-Officio Recorder of Deed	12,000	8,072	3,928	8,000	5,512	2,488
Total Disbursements	12,000	8,072	3,928	8,000	5,512	2,488
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,350)	(2,490)	4,860	(3,400)	(379)	3,021
CASH, JANUARY 1	7,721	7,721	0	8,100	8,100	0
CASH, DECEMBER 31	371	5,231	4,860	4,700	7,721	3,021
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service	2,500	3,522	1,022	1,500	2,936	1,436
Interest	50	108	58	0	62	62
Total Receipts	2,550	3,630	1,080	1,500	2,998	1,498
DISBURSEMENTS						
Ex-Officio Recorder of Deed	6,500	0	6,500	2,500	0	2,500
Total Disbursements	6,500	0	6,500	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,950)	3,630	7,580	(1,000)	2,998	3,998
CASH, JANUARY 1	4,174	4,174	0	1,176	1,176	0
CASH, DECEMBER 31	224	7,804	7,580	176	4,174	3,998
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service	3,500	3,402	(98)	1,750	1,568	(182)
Total Receipts	3,500	3,402	(98)	1,750	1,568	(182)
DISBURSEMENTS						
Contracted services	4,150	3,668	482	2,000	1,130	870
Total Disbursements	4,150	3,668	482	2,000	1,130	870
RECEIPTS OVER (UNDER) DISBURSEMENTS	(650)	(266)	384	(250)	438	688
CASH, JANUARY 1	732	732	0	294	294	0
CASH, DECEMBER 31	82	466	384	44	732	688

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for service	80,000	74,979	(5,021)	80,000	81,531	1,531
Interest	2,500	2,925	425	4,000	3,056	(944)
Total Receipts	82,500	77,904	(4,596)	84,000	84,587	587
DISBURSEMENTS						
Rural addressing	2,500	543	1,957	10,000	3,240	6,760
Employee fringe benefit	250	44	206	0	151	(151)
Southwestern Bell service	35,000	29,937	5,063	35,000	31,606	3,394
Equipment purchases	10,000	319	9,681	40,000	62,349	(22,349)
Equipment repairs	15,000	997	14,003	20,000	1,490	18,510
Software	0	407	(407)	0	0	0
Total Disbursements	62,750	32,247	30,503	105,000	98,836	6,164
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,750	45,657	25,907	(21,000)	(14,249)	6,751
CASH, JANUARY 1	108,598	108,598	0	122,847	122,847	0
CASH, DECEMBER 31	128,348	154,255	25,907	101,847	108,598	6,751
<u>CONTINGENCY FUND</u>						
RECEIPTS						
Transfer in	50,000	0	(50,000)	50,000	50,000	0
Interest	0	966	966	0	90	90
Total Receipts	50,000	966	(49,034)	50,000	50,090	90
DISBURSEMENTS						
Major Repairs	25,000	0	25,000	0	0	0
Equipment	25,000	0	25,000	0	0	0
Total Disbursements	50,000	0	50,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	966	966	50,000	50,090	90
CASH, JANUARY 1	50,090	50,090	0	0	0	0
CASH, DECEMBER 31	50,090	51,056	966	50,000	50,090	90
<u>DRUG COURT GRANT FUND</u>						
RECEIPTS						
Intergovernmental	163,044	163,044	0	115,102	122,283	7,181
Interest	0	1,683	1,683	0	930	930
Total Receipts	163,044	164,727	1,683	115,102	123,213	8,111
DISBURSEMENTS						
Drug court	206,000	81,335	124,665	124,157	72,913	51,244
Total Disbursements	206,000	81,335	124,665	124,157	72,913	51,244
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,956)	83,392	126,348	(9,055)	50,300	59,355
CASH, JANUARY 1	59,355	59,355	0	9,055	9,055	0
CASH, DECEMBER 31	16,399	142,747	126,348	0	59,355	59,355

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CULTURAL PRODUCTIVITY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	130,000	55,856	(74,144)	205,467	127,513	(77,954)
Total Receipts	130,000	55,856	(74,144)	205,467	127,513	(77,954)
DISBURSEMENTS						
Contract services	130,000	55,856	74,144	205,467	127,513	77,954
Total Disbursements	130,000	55,856	74,144	205,467	127,513	77,954
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>JUVENILE JUSTICE TITLE V GRANT FUND</u>						
RECEIPTS						
Intergovernmental	130,000	129,428	(572)	123,743	114,997	(8,746)
Total Receipts	130,000	129,428	(572)	123,743	114,997	(8,746)
DISBURSEMENTS						
Contract services	130,000	129,428	572	123,743	114,997	8,746
Total Disbursements	130,000	129,428	572	123,743	114,997	8,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	600	634	34	2,000	2,675	675
Interest	75	84	9	0	73	73
Total Receipts	675	718	43	2,000	2,748	748
DISBURSEMENTS						
Election services	4,500	1,713	2,787	3,500	0	3,500
Total Disbursements	4,500	1,713	2,787	3,500	0	3,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,825)	(995)	2,830	(1,500)	2,748	4,248
CASH, JANUARY 1	4,697	4,697	0	1,949	1,949	0
CASH, DECEMBER 31	872	3,702	2,830	449	4,697	4,248
<u>SENIOR CITIZENS SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	196,000	195,869	(131)	205,000	201,666	(3,334)
Total Receipts	196,000	195,869	(131)	205,000	201,666	(3,334)
DISBURSEMENTS						
Contract services	196,000	195,869	131	205,000	201,666	3,334
Total Disbursements	196,000	195,869	131	205,000	201,666	3,334
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECKS FUND</u>						
RECEIPTS						
Charges for service	3,500	3,047	(453)	3,600	3,195	(405)
Interest	25	11	(14)	50	38	(12)
Total Receipts	3,525	3,058	(467)	3,650	3,233	(417)
DISBURSEMENTS						
Salaries	3,400	3,279	121	3,514	3,167	347
Employee fringe benefit	300	291	9	300	288	12
Other	1,000	666	334	2,000	376	1,624
Total Disbursements	4,700	4,236	464	5,814	3,831	1,983
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,175)	(1,178)	(3)	(2,164)	(598)	1,566
CASH, JANUARY 1	1,574	1,574	0	2,172	2,172	0
CASH, DECEMBER 31	399	396	(3)	8	1,574	1,566
<u>SPECIAL PROSECUTOR'S GRANT</u>						
RECEIPTS						
Intergovernmental	38,400	34,709	(3,691)	48,000	23,985	(24,015)
Transfers in	9,600	10,277	677	0	6,042	6,042
Total Receipts	48,000	44,986	(3,014)	48,000	30,027	(17,973)
DISBURSEMENTS						
Salaries	40,000	40,003	(3)	40,000	26,154	13,846
Fringe benefits	8,000	6,677	1,323	8,000	3,847	4,153
Total Disbursements	48,000	46,680	1,320	48,000	30,001	17,999
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,694)	(1,694)	0	26	26
CASH, JANUARY 1	26	26	0	0	0	0
CASH, DECEMBER 31	26	(1,668)	(1,694)	0	26	26
<u>DRAINAGE DISTRICTS FUND</u>						
RECEIPTS						
Property taxes	76,600	74,164	(2,436)	78,900	76,957	(1,943)
Interest	0	2,555	2,555	0	2,534	2,534
Other	1,000	674	(326)	2,500	0	(2,500)
Total Receipts	77,600	77,393	(207)	81,400	79,491	(1,909)
DISBURSEMENTS						
Ditch maintenance	154,000	55,760	98,240	146,400	62,698	83,702
Total Disbursements	154,000	55,760	98,240	146,400	62,698	83,702
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,400)	21,633	98,033	(65,000)	16,793	81,793
CASH, JANUARY 1	114,706	114,706	0	97,913	97,913	0
CASH, DECEMBER 31	38,306	136,339	98,033	32,913	114,706	81,793

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRIME REDUCTION FUND</u>						
RECEIPTS						
Interest	50	41	(9)	250	156	(94)
Other	15,000	10,108	(4,892)	20,000	16,201	(3,799)
Total Receipts	15,050	10,149	(4,901)	20,250	16,357	(3,893)
DISBURSEMENTS						
Drug investigations	5,000	4,000	1,000	10,000	4,531	5,469
Other	12,500	5,505	6,995	16,500	20,811	(4,311)
Total Disbursements	17,500	9,505	7,995	26,500	25,342	1,158
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,450)	644	3,094	(6,250)	(8,985)	(2,735)
CASH, JANUARY 1	2,880	2,880	0	11,865	11,865	0
CASH, DECEMBER 31	430	3,524	3,094	5,615	2,880	(2,735)
<u>DOMESTIC VIOLENCE GRANT FUND</u>						
RECEIPTS						
Intergovernmental	26,616	16,312	(10,304)			
Transfers in	8,872	6,402	(2,470)			
Total Receipts	35,488	22,714	(12,774)			
DISBURSEMENTS						
Salaries	32,000	21,168	10,832			
Employee fringe benefit	3,488	3,681	(193)			
Total Disbursements	35,488	24,849	10,639			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(2,135)	(2,135)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	(2,135)	(2,135)			
<u>DOMESTIC RELATIONS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	56,685	22,899	(33,786)			
Total Receipts	56,685	22,899	(33,786)			
DISBURSEMENTS						
Batter Intervention	27,765	11,614	16,151			
Child Access Visitation	28,920	11,285	17,635			
Total Disbursements	56,685	22,899	33,786			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

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MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX</u>						
RECEIPTS						
Charge for service	0	0	0	0	8,998	8,998
Interest	25	154	129	0	38	38
Total Receipts	25	154	129	0	9,036	9,036
DISBURSEMENTS						
Training	4,500	869	3,631	0	0	0
Equipment repair	1,000	225	775	0	0	0
Other	500	75	425	0	0	0
Total Disbursements	6,000	1,169	4,831	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,975)	(1,015)	4,960	0	9,036	9,036
CASH JANUARY 1	9,036	9,036	0		0	0
CASH DECEMBER 31	3,061	8,021	4,960	0	9,036	9,036
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service	6,000	8,010	2,010	5,300	6,208	908
Total Receipts	6,000	8,010	2,010	5,300	6,208	908
DISBURSEMENTS						
Law library	6,000	5,125	875	5,000	5,810	(810)
Total Disbursements	6,000	5,125	875	5,000	5,810	(810)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,885	2,885	300	398	98
CASH, JANUARY 1	10,893	10,893	0	10,495	10,495	0
CASH, DECEMBER 31	10,893	13,778	2,885	10,795	10,893	98
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	475	484	9	850	479	(371)
Total Receipts	475	484	9	850	479	(371)
DISBURSEMENTS						
Office expenditure:	953	872	81	1,531	682	849
Total Disbursements	953	872	81	1,531	682	849
RECEIPTS OVER (UNDER) DISBURSEMENTS	(478)	(388)	90	(681)	(203)	478
CASH, JANUARY 1	478	478	0	681	681	0
CASH, DECEMBER 31	0	90	90	0	478	478

Exhibit B

MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>JUVENILE ASSESSMENT FUND</u>						
RECEIPTS						
Charges for service	1,000	520	(480)	700	1,065	365
Interest	0	23	23	100	0	(100)
Total Receipts	1,000	543	(457)	800	1,065	265
DISBURSEMENTS						
Other	2,000	290	1,710	2,500	0	2,500
Total Disbursements	2,000	290	1,710	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	253	1,253	(1,700)	1,065	2,765
CASH, JANUARY 1	6,215	6,215	0	5,150	5,150	0
CASH, DECEMBER 31	5,215	6,468	1,253	3,450	6,215	2,765
<u>COLLECTOR'S FUND</u>						
RECEIPTS						
Penalties & interest	10,000	15,465	5,465			
Interest	70	101	31			
Total Receipts	10,070	15,566	5,496			
DISBURSEMENTS						
Office expenses	11,015	2,384	8,631			
Total Disbursements	11,015	2,384	8,631			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(945)	13,182	14,127			
CASH, JANUARY 1	945	945	0			
CASH, DECEMBER 31	0	14,127	14,127			
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	120,000	134,586	14,586	117,800	112,116	(5,684)
Interest	40,000	21,053	(18,947)	35,000	29,255	(5,745)
Total Receipts	160,000	155,639	(4,361)	152,800	141,371	(11,429)
DISBURSEMENTS						
Transportation	24,000	18,179	5,821	22,000	20,344	1,656
Bus fund	10,000	10,000	0	10,000	10,000	0
Equipment purchase	10,000	0	10,000	10,000	10,000	0
Treasurer bond	25,000	1,875	23,125	1,875	1,875	0
Food	20,000	16,441	3,559	20,000	18,235	1,765
Other	1,000	181	819	1,000	199	801
Total Disbursements	90,000	46,676	43,324	64,875	60,653	4,222
RECEIPTS OVER (UNDER) DISBURSEMENTS	70,000	108,963	38,963	87,925	80,718	(7,207)
CASH, JANUARY 1	25,350	1,061,376	1,036,026	49,633	980,658	931,025
CASH, DECEMBER 31	95,350	1,170,339	1,074,989	137,558	1,061,376	923,818

Exhibit B

MISSISSIPPI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER</u>						
RECEIPTS						
Property taxes	100,000	112,884	12,884	101,969	109,000	7,031
Intergovernmental	712,076	547,310	(164,766)	676,960	703,746	26,786
Charges for service	148,650	133,269	(15,381)	153,700	158,511	4,811
Interest	5,000	2,713	(2,287)	9,000	5,456	(3,544)
Other	4,700	4,227	(473)	6,200	3,669	(2,531)
Total Receipts	970,426	800,403	(170,023)	947,829	980,382	32,553
DISBURSEMENTS						
Salaries	506,000	491,198	14,802	499,900	467,651	32,249
Office expense	28,000	26,696	1,304	24,770	27,226	(2,456)
Equipment	13,000	10,268	2,732	57,500	63,882	(6,382)
Mileage and training	12,000	10,637	1,363	9,700	11,065	(1,365)
Clinic supplies	56,000	36,202	19,798	55,000	51,960	3,040
East Prairie	31,600	20,956	10,644	20,800	32,253	(11,453)
Caring Communities	290,000	212,315	77,685	127,000	201,017	(74,017)
Other	33,800	44,723	(10,923)	105,150	25,016	80,134
Total Disbursements	970,400	852,995	117,405	899,820	880,070	19,750
RECEIPTS OVER (UNDER) DISBURSEMENTS	26	(52,592)	(52,618)	48,009	100,312	52,303
CASH, JANUARY 1	279,965	280,670	705	180,358	180,358	0
CASH, DECEMBER 31	279,991	228,078	(51,913)	228,367	280,670	52,303
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	500,000	255,956	(244,044)			
Total Receipts	500,000	255,956	(244,044)			
DISBURSEMENTS						
Contract services	500,000	255,956	244,044			
Total Disbursements	500,000	255,956	244,044			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MISSISSIPPI COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Mississippi County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Johnson Grass Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Collector's Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Law Enforcement Sales Tax Fund for the year ended December 31, 2003 and the Law Library Fund for the year ended December 31, 2002.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder Technology Fund	2003
Drug Court Grant Fund	2003
Special Prosecutor's Grant Fund	2003
Senate Bill 40 Board Fund	2002

In addition, for the Senate Bill 40 Board Fund, the county's published financial statements for the years ended December 31, 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Senate Bill 40 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Health Center Board's deposits at December 31, 2003, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name. Of the Health Center Board's deposits at December 31, 2002, \$200,000 was covered by Federal Depository Insurance, and \$448 was uninsured and under collateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Health Center Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Sales Taxes

In April 1996, Mississippi County voters approved a one-fourth of one percent sales tax levy for the purpose of funding senior citizens' services within the county. The county imposed this sales tax under Section 67.547, RSMo 2000; however, the county also has another one-half of one percent sales tax levy for the General Revenue Fund under this law. With this additional senior citizens' sales tax, the county is levying three-fourths of one percent which is apparently above the statutory maximum allowed by Section 67.547. The ultimate outcome of this situation cannot be determined.

4. Prior Period Adjustment

The Health Center's cash balance at January 1, 2002, as previously stated has been increased by \$2,507 to reflect monies held by the Health Center that were not reported previously.

The Senate Bill 40 Board's cash balance at January 1, 2002, as previously stated has been increased by \$55,026 to reflect a certificate of deposit balance not previously reported.

Supplementary Schedule

Schedule

MISSISSIPPI COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY				
Passed through state Department of Public Safety				
07	HIDTA	I2PMWWP609	\$ 0	130,532
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-3167	80,703	0
		ERS045-2167	0	80,512
	Program Total		80,703	80,512
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	2001-PF35	255,956	0
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.609	Community Prosecution and Project Safe Neighborhood	NA	34,709	23,985
Passed through:				
State Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	99JAIBG-INT-16	0	4,693
16.540	Juvenile Justice and Delinquency Prevention - Allocatio to States	APC01380212	0	72,913
16.548	Title V Delinquency Prevention Program	01-JJT5-03	129,428	114,997
16.579	Byrne Formula Grant Program	HCD2-041	96,241	166,102
16.588	Violence Against Women Formula Grant	2002-VAWA0033	16,312	0
16.592	Local Law Enforcement Block Grants Program	2002-2B842073	0	23,445
Missouri Sheriff's Association				
16	Domestic Cannabis Eradication/Suppression Program	NA	868	1,010
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistanc Discretionary Grants Program	2002-CKWK0185	85,445	69,849

Schedule

MISSISSIPPI COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-067(14)	6,672	21,954
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.552	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR2540	3,300	0
83.562	Public Assistance Grants **	FEMA-1412-DRMO	4,242	33,091
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through:				
State Department of Health and Senior Services				
93.043	Special Program for the Aging Title III, Part D - Diseas Prevention and Health Promotion Service	ERS146-2167L	2,289	1,784
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-3167T	5,700	1,500
93.268	Immunization Grants	PGA064-3167A	6,867	6,752
		NA	28,098	43,623
	Program Total		34,965	50,375
93.283	Center for Disease Control and Prevention Investigations and Technic Assistance	DH030510026	6,700	0
State Department of Social Services				
93.556	Promoting Safe and Stable Familie:	PG0069153	0	89,425
		PG0069170	160,811	0
	Program Total		160,811	89,425
93.558	Temporary Assistance for Needy Familie	A077000510	55,856	127,513
93.563	Child Support Enforcemen	NA	43,361	41,904
93.667	Social Services Block Gran	NA	18,150	16,165
State Department of Health and Senior Services				
93.575	Child Care and Development Block Gran	PGA067-3167C	2,000	1,950
		PGA067-3167S	1,905	455
		PG0069153-01	0	63,284
	Program Total		3,905	65,689

Schedule

MISSISSIPPI COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
93.919	Cooperative Agreements For State Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-20037	0	38,969
	Program Total	ERS161-30051	26,794	0
			26,794	38,969
	Sudden Infant Death Syndrome Resource, Inc			
93.926	Healthy Start Initiative	NA	10,000	20,000
	State Department of Health and Senior Services			
93.991	Preventive Health and Health Services Block Grant	DHO30030001	18,161	0
	Program Total	AOC02380066	0	25,919
			18,161	25,919
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3167M	17,933	25,077
		ERS1752043F	5,287	51,360
		NA	293	469
	Program Total	AOC01380-102	24,346	29,230
			47,859	106,136
93.217	Family Planning Title X	NA	22,667	12,000
	Total Expenditures of Federal Award:		\$ 1,171,094	1,340,462

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

* The CFDA number for this program changed to 97.051 in October 2003.

** The CFDA number for this program changed to 97.036 in October 2003.

Notes to the Supplementary Schedule

MISSISSIPPI COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Mississippi County, Missouri, except for the program accounted for in the Mississippi County Port Authority. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years December 31, 2003 and 2002.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state department of Health and Senior Services.

2. Subrecipient

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided Year Ended December 31,</u>	
		<u>2003</u>	<u>2002</u>
07	HIDTA		130,532
14.228	Community Development Block Grants/State's Program	255,956	
16.548	Title V Delinquency Prevention Program	129,428	114,997
16.540	Juvenile Justice and Delinquency Prevention- Allocation to States		72,913
16.579	Byrne Formula Grant Program	96,241	166,102
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	85,445	69,849
93.558	Temporary Assistance for Needy Families	55,856	127,513

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Mississippi County, Missouri

Compliance

We have audited the compliance of Mississippi County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Mississippi County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-2.

Internal Control Over Compliance

The management of Mississippi County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Mississippi County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

July 8, 2004 (fieldwork completion date)

Schedule

MISSISSIPPI COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

 x yes _____ no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be a material weaknesses?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
07	HIDTA
14.228	Community Development Block Grants/State's Program
16.548	Title V Delinquency Prevention Program
16.579	Byrne Formula Grant Program
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
83.562	Public Assistance Grants
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

 x yes no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

03-1.

Sales Tax

In April 1996, Mississippi County voters approved a one-fourth of one percent sales tax levy for the purpose of funding senior citizens' services within the county. The sales tax became effective October 1, 1996.

The county imposed this sales tax under Section 67.547, RSMo 2000; however, the county also has another one-half of one percent sales tax levy for the general fund under this law. With this additional senior citizens' sales tax, the county is levying three-fourths of one percent which is apparently above the statutory maximum allowed by Section 67.547. The county needs to review the various sales taxes being imposed to determine which are valid. The county may need to eliminate one of these sales taxes and reallocate the sales tax monies that are being collected.

This condition was noted in our prior audit report. The County Commission indicated they consulted with legal counsel who had no opinion; however, this was not documented.

WE AGAIN RECOMMEND the County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they feel this is the will of the people; however, they will discuss this with the new Prosecuting Attorney.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-2.

Schedule of Federal Awards

Federal Grantor:	U.S. Office of National Drug Control Policy
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	07
Program Title:	HIDTA
Pass-Through Entity	
Identifying Number:	12PMWW609
Award Years:	2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	ERS045-3167 and ERS045-2167
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.548
Program Title:	Title V Delinquency Prevention Program
Pass-Through Entity	
Identifying Number:	01-JJT5-03
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity Identifying Number:	HCD2-041
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Missouri Sheriff's Meth-Amphetamine Relief Team
Federal CFDA Number:	16.580
Program Title:	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program

Pass-Through Entity Identifying Number:	2002-CKWK0185
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	83.562
Program Title:	Public Assistance Grants
Pass-Through Entity Identifying Number:	FEMA-1412-DRMO
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Social Services
Federal CFDA Number:	93.558
Program Title:	Temporary Assistance for Needy Families
Pass-Through Entity Identifying Number:	A077000510
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county was required to submit the schedule of expenditures of federal awards to the State Auditor's office as part of the annual budget.

The county's and the health center's schedules of federal awards omitted several grants for the years ending December 31, 2003 and 2002. Expenditures relating to the following federal grants were not included on the schedules: Community Prosecution and Project Safe Neighborhoods Program \$58,694, Child Care and Development Block Grant \$63,284, Promoting Safe and Stable Families \$250,236, and Social Services Block Grant \$34,315.

The SEFA should be accurately prepared to ensure all federal awards are properly recorded. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

A similar condition was noted in a prior report.

WE AGAIN RECOMMEND the County Commission and Health Center prepare complete and accurate schedules of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated this recommendation will be implemented.

The Health Center Administrator indicated the monies not shown on their SEFA were pass-through monies. They will make every effort to ensure the schedule is complete in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MISSISSIPPI COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mississippi County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2001.

01-1. Senior Citizen's Sales Tax

The county was levying three-fourths of one percent sales tax which is apparently above the statutory maximum allowed.

Recommendation:

The County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes.

Status:

Not implemented. See finding number 03-1.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MISSISSIPPI COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MISSISSIPPI COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Mississippi County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 8, 2004. We also have audited the compliance of Mississippi County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 8, 2004.

Because the Port Authority Board of Trustees is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information for the years then ended June 30, 2003 and 2002.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Mississippi County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Capital Assets

The county has not established a written policy related to the handling and accounting for capital assets. Per Section 49.091, RSMo 2000, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo 2000, provides that the officer or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a master listing of capital assets. The following concerns were noted regarding the capital asset records:

- The county has not performed a physical inventory of their capital assets since June 2002.
- Capital purchases were not recorded on a timely basis. The County Clerk's office currently places copies of all invoices from capital asset purchases in a file, to be posted to the capital asset records; however, numerous invoices had not been posted. In addition, equipment purchases are not reconciled to capital asset additions on a periodic basis.
- No one ensures capital asset purchases made from special revenue funds controlled by the officeholders', such as a fax machine purchased from the Circuit Clerk Interest Fund and a mailing system purchased from the Collector's Tax Maintenance Fund, are included on the listing.

Adequate capital asset records and procedures are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage of county property. Inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset

disposition, and any other concerns associated with county property. In addition, equipment purchases should be reconciled to capital asset additions on a periodic basis.

AUDITEE'S RESPONSE

The County Commission indicated they will implement this recommendation immediately.

2. Statutory Salaries

The county could not provide statutory authority for the salary payments to the County Clerk above the \$37,917 authorized by the Mississippi County Salary Commission. The County Clerk was paid \$48,106 and \$45,706 during the year ended December 31, 2003 and 2002, respectively. Additional compensation represents \$997 per year for acting as secretary for the Johnson Grass Board and \$3,992 per year for acting as secretary for the Road and Bridge Department. In addition, he was paid \$5,200 and \$2,800 as groundskeeper during the year ended December 31, 2003 and 2002, respectively. The County Commission should review this matter with their legal counsel to ensure compliance with state law.

A similar condition was noted in a prior report.

WE AGAIN RECOMMEND the County Commission review this matter with their legal counsel to determine if paying the County Clerk additional salaries is in compliance with RSMo.

AUDITEE'S RESPONSE

The County Commission indicated they will review this matter with the Prosecuting Attorney immediately.

3. Sheriff's Commissary Account
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Inadequate controls and record keeping resulted in a shortage of approximately \$40,925 in the Commissary Account. In addition, it appears monies from commissary and phones sales were not deposited, or the commissary was operating at a significant loss. The Sheriff's office deposited monies for bonds, commissary sales, prepaid phone cards sales, and other miscellaneous reimbursements to the Commissary Account. For the years ended December 31, 2004, 2003, and 2002, commissary deposits totaled approximately \$74,198, \$88,815 and \$109,535, respectively.

- A. Approximately \$40,925 is missing from the Commissary Account. While it appears additional monies may also be missing, the amount cannot be determined due to inadequate records. The following table shows the shortage at December 31, 2004:

Reconciled bank balance	\$ 399
Due to the phone company (see B.1)	(13,335)
Due to county for prisoner board	(1,560)
Due to county (2001 phone commissions)	(3,572)
Due to county (2002 -2004 phone commissions, see B.1)	<u>(22,857)</u>
Shortage	<u><u>\$(40,925)</u></u>

It appears monies from phone or commissary sales were not deposited during the three years ended December 31, 2004:

Total commissary account deposits	\$271,085
Less bond and miscellaneous deposits	<u>(74,550)</u>
Remaining deposits	\$196,535
Less phones sales (per phone reports)	<u>(148,734)</u>
Unidentified deposits	<u><u>\$ 47,801</u></u>

Receipt records did not clearly document what was being deposited. In addition, commissary sales were not recorded. Assuming phone sales were deposited to the account, the remaining deposits would appear to be commissary sales. Estimating a 30% mark up on commissary items, it appears \$87,762 (purchases of \$67,509 times 1.30) in commissary sales should have been deposited; however, unidentified deposits were only \$47,801. It appears significant monies collected were not deposited to the Commissary Account. As noted in MAR finding number 5, it appears \$17,221 in commissary sales monies were not transferred from the Inmate Bank Account at December 31, 2004.

This unidentified difference went undetected due to inadequate controls and records as noted below. The Sheriff should review this situation and take necessary action to recover any missing monies. To adequately safeguard receipts, all monies received should be immediately recorded in the receipt records and deposited. In addition, receipt records should clearly document what is being deposited and be reconciled to the deposits.

- B. At December 31, 2004, approximately \$22,857 was due to the County Treasury for phone commissions and \$13,335 was due to the phone company for the sale of phone minutes to inmates. The following concerns were noted regarding the handling of phone receipts:

- 1) Approximately \$22,857 was due to the county in phone sales commissions. A 30% commission was earned by the county on inmate phone sales per the contract with the phone company. A comparison of the phone sales to amounts disbursed during the years ended December 31, 2004, 2003 and 2002, identified phone commissions due the County Treasury as shown in the following table:

Year Ended	Phone Sales	Disbursed to Phone company	Disbursed to County	Liability
2002	\$37,324	22,020	\$4,000	\$11,304
2003	33,774	28,447	3,630	1,697
2004	<u>77,636</u>	<u>40,312</u>	<u>14,133</u>	<u>23,191</u>
Total	<u>\$148,734</u>	<u>90,779</u>	<u>21,763</u>	<u>36,192</u>

With total phones sales of \$148,734, \$104,114 (70%) should have been disbursed to the phone company, thus they were underpaid \$13,335. The Detention Center did not make any payments to the phone company in November or December 2004. In addition, \$44,620 (30%) should have been disbursed to the County for phone commissions, thus the County was underpaid \$22,857. Due to the undeposited amounts noted in part A above, there were not enough funds in the account at December 31, 2004, to pay these additional amounts to the phone company and the county. Also, \$3,572 in checks from the phone company were deposited to the Commissary Account in January and February 2002, which represent additional commissions due to the county. In prior years, the entire amount collected for phone sales was paid to the phone company and the phone company then issued a check to the county for the commission.

The Jail Assistant indicated the Jail Administrator periodically informed her of the amount to be disbursed to the county for phone commissions. There was no documentation retained to support the amounts disbursed to the county. The Jail Administrator indicated he would simply look at the balance in the account, estimate how much they would need for commissary purchases, and deduct the amount of bonds on hand to determine the amount to be disbursed to the county. The amounts paid to the county were not reconciled to the phone sales reports. In addition, the commissions were not paid to the county on a monthly basis.

To ensure the proper amounts are remitted to the phone company and the County, phone sales reports should be utilized to calculate these amounts. In addition, phone commissions should be transmitted to the County Treasury at least monthly in accordance with Section 50.360, RSMo 2000.

- 2) Prenumbered receipt slips were not issued for the monies received for phone sales. In addition, there was no documentation of the transfer of phone monies between the various jail employees. A request to purchase phone minutes was initially prepared by the inmates and submitted to a jail employee with payment. The request and payment were forwarded to the Assistant Jail Administrator, who was responsible for reconciling the cash to the minutes purchased and posting the requests to the jail phone system which activates the phone minutes and sends the information to the phone company. The Assistant Jail Administrator printed a daily phone report from this system which was transmitted to the Jail Assistant, along with the payments collected, for deposit into the Sheriff's Commissary Account.

There was no documentation indicating monies transmitted to the Jail Assistant for deposit were reconciled with the accompanying phone sales reports. The Jail Assistant indicated she disposed of her copy of the phone sales reports; however, Sheriff's office personnel were able to regenerate these reports.

To adequately safeguard receipts, the Sheriff should ensure prenumbered receipt slips are issued for all phone sales, a documented reconciliation of monies deposited to the phone reports is performed, and the transfer of monies between the various jail employees is adequately documented.

C. The following concerns were noted regarding the operation of the commissary:

- 1) The Detention Center does not have a system for tracking the profit or loss from the sale of commissary items or for recording sales. Detention Center personnel indicated the commissary items were normally sold for \$1. Proceeds from the commissary were deposited to the Commissary Account; however, these monies were commingled with other receipts and not clearly identified. In addition, there were no records of receipts from commissary sales. During the three years ended December 31, 2004, \$67,509 of commissary proceeds were used to replenish the inventory and \$12,696 were used for miscellaneous jail costs (internet services, film, medical supplies, a television, cigarettes, travel expenses, etc.). Assuming a mark up rate of 30%, sales from the commissary should have been approximately \$87,762 (purchases of \$67,509 times 1.30).

During the two years ended December 31, 2003, inmates were allowed to withdraw cash from their inmate account to be used to purchase items from the commissary, thus most commissary sale receipts would be in cash. During the year ended December 31, 2004, the inmates were no longer allowed to have cash and all commissary purchases were handled through their inmate accounts.

To adequately account for activity of the commissary fund, records should be maintained in a manner to allow for tracking of profit and loss on all sales from the commissary. Commissary proceeds represent accountable fees which should be turned over to the County Treasury. Invoices for the replenishment of the commissary inventory and miscellaneous jail costs should be paid by the county treasury.

- 2) The Detention Center does not maintain a running inventory (perpetual inventory) of items purchased from vendors, sold to inmates, and inventory balances.

To ensure commissary items are properly recorded and handled, purchases and sales should be compared with actual inventory on hand. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records. In addition, a physical inventory count should be made periodically and reconciled to the inventory balances.

- 3) Of the disbursements noted in C.1. above, one check written in February 2004, was made payable to the Jail Administrator for \$500. The Jail Administrator indicated the withdrawal was made to cover travel expenses of other jail employees; however, documentation was not filed to show who received these monies or how they were spent.

The county's personnel policy requires their employees to file an expense report with the county for all travel related reimbursements with appropriate itemized receipts attached. By paying these expenditures from an account outside the county treasury, expenditures are made outside the normal county review process. Adequate documentation should be maintained for all disbursements, and employees should be required to account for their travel expense advances. In addition, travel expenses should be paid through the county treasury in compliance with county policy.

- D. Deposits were not made intact on a timely basis. Deposits were made once per week with the average deposit being approximately \$1,200 with approximately 25% in cash. In addition, monies on hand were not maintained in a secure location until deposited. The Jail Assistant indicated that jail personnel would sometimes place cash receipts in her office when she was not there. These monies would sometimes be left unattended on a chair in an unlocked office while the door was open. Detention Center personnel indicated a petty cash fund was maintained; however, no records were ever produced. In addition, one check written in July 2002 for \$300, was made payable to Mississippi County Detention Center and the ledger indicated it was to "make change".

Due to the significant amount of cash receipts and to adequately account for all receipts and reduce the risk of loss or misuse, receipts should be deposited intact daily or upon accumulation of \$100. If a petty cash fund or change fund is needed, they should be set at a constant amount and the appropriate records maintained. In addition, monies should be promptly recorded in the receipt records and maintained in a secure location prior to deposit.

- E. The dispatchers collect bonds for various entities including the Mississippi County Circuit Court. Prenumbered receipt slips were issued for bond monies received. Bonds collected for other entities were deposited into the Commissary Account and then disbursed by check to the entity. Bonds collected for Mississippi County were transmitted directly to the Circuit Clerk's office by the Jail Assistant, and the Sheriff's receipt slips were signed by the Circuit Clerk's office employees to indicate their receipt of these monies. The following concerns were noted regarding bonds:

- 1) Bond records were not adequate to allow the disposition of the bond to be readily determined. The bond receipt slips did not clearly indicate the entity for which the bond was collected or the disposition of the bond. Mississippi County bonds would be transmitted to the Circuit Clerk for deposit, whereas, bonds for other entities should be deposited into the Commissary Account and then disbursed to the entity by check. Circuit Clerk's office personnel signed the Detention Center's receipt slips to indicate their receipt of the bond; however, some bond receipt slips which were signed by the Circuit Clerk's office personnel could not be traced to the Circuit Clerk's records (see MAR finding number 7), and some which were not signed by the Circuit Clerk's office personnel were receipted in the Circuit Clerk's records. In addition, the bonds to other entities could not be readily traced to a deposit.

To adequately safeguard receipts the Detention Center should clearly document on the receipt slip the entity for which the bond was collected and the disposition of the bonds by noting the check number used to disburse the monies. In addition, bond receipts should be clearly documented on the deposit slips to ensure all bonds collected for other entities were properly deposited. The Detention Center should also ensure receipt slips are signed by the Circuit Clerk's office for all monies transmitted.

- 2) Bond forms were not used by the Detention Center for some bonds. A prenumbered receipt slip was issued; however, pertinent bond information such as an address, telephone number, and the court's name and address was not documented on the receipt slip. For some bonds collected, the bond receipt slip was the only record maintained by the Detention Center, thus making it difficult to determine the disposition of the bond.

To adequately account for the disposition of bonds collected, bond forms should be issued and a copy retained for all bond monies received.

- 3) There was no oversight or adequate segregation of duties over bonds. The Jail Assistant was responsible for recording the bond receipts, preparing the deposit, and disbursing the bonds to the various courts. Bonds were collected by the dispatchers, who issued a prenumbered receipt slip and prepared a bond form. The bond monies and the bond form were placed in an envelope and dropped into a locked box. The Jail Assistant retrieved the envelopes from the locked box, reconciled the bond monies to the bond forms, transmitted the Mississippi County bonds to the Circuit Clerk's office, deposited the bonds for other entities into the Commissary Account and then disbursed these bonds to the appropriate entity. No one performed a supervisory review of her work.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, depositing, recording, and disbursing bond monies. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of the reconciliation between receipt slips issued and amounts transmitted/deposited.

WE RECOMMEND the Sheriff:

- A. Review this situation and take necessary action to recover the missing monies. In addition, all monies received should be immediately recorded in the receipt records and deposited. Also, receipt records should clearly document what is being deposited and be reconciled to the deposits.
- B.1. Ensure phone commissions are paid to the county and agree with the phone sales reports.
2. Ensure prenumbered receipt slips are issued for all monies received, a documented reconciliation of phone sales reports to monies deposited is performed, and the transfer of monies between the various jail employees is adequately documented.
- C.1. Develop records to adequately track profits or losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees. In addition, invoices for the replenishment of the commissary inventory and other miscellaneous purchases should be paid by the county.
2. Ensure perpetual inventory records are maintained and are periodically reconciled to a physical inventory.

3. Disburse all commissary monies to the county, and ensure all jail expenses are paid through normal county procedures. In addition, all travel related expenses should be submitted to the county for payment as required by policy.
- D. Ensure deposits are made daily or when receipts exceed \$100 and monies on hand are maintained in a secure location until deposited.
- E.1. Ensure bond records are adequate to allow the disposition of bonds to be readily determined.
2. Utilize a bond form for all bonds received and ensure sufficient bond information is recorded, such as a bond number, the owner's name, address, telephone number, and court name and address.
3. Segregate the duties of receiving, depositing, recording, and disbursing bond monies.

AUDITEE'S RESPONSE

The new Sheriff and new Jail Administrator indicated:

- A. *They will review this situation and take necessary action, and the remaining recommendations have already been implemented.*

B.1,C.1

C.3,D

- &E.3. These recommendations have already been implemented.*

- B.2. A documented reconciliation of phone sales reports to monies deposited is already being performed, and the remaining recommendations will be implemented immediately.*

- C.2. They have begun maintaining a perpetual inventory, and will begin doing a physical inventory periodically.*

E.1.

- &E.2. These recommendations will be implemented immediately.*

The former Sheriff and former Jail Administrator indicated:

- A. *They contacted the Missouri State Highway Patrol the day after the auditors informed them that some bond monies appeared to be missing (July 22, 2004). They have not contacted them regarding the commissary shortage, but agree an investigation should be performed.*

The former Jail Administrator indicated:

B-E. They implemented some of these recommendations, such as clearly documenting the deposits, when originally discussed with the auditors.

C.3. The jail employees submitted their invoices for this trip and returned the unused monies after this was originally discussed with the auditor.

The County Commission indicated:

They believe the account is short approximately \$25,000. Several changes have been made with the new administration. All commissary purchases are now made through the County Treasurer and the jail has gone to a "cashless" basis (no longer accept cash or make cash disbursements).

4. Detention Center's Accounting Controls and Procedures

Adjustments made to board billings and the reasons for the adjustments were not adequately documented. As a result, the billing amounts were not always properly supported. During the years ended December 31, 2003 and 2002, the county collected approximately \$1,272,570 and \$1,302,990, respectively, in board bills for housing prisoners of other entities.

To ensure efficient use of county resources adjustments to board bills, if necessary should be clearly documented with a valid purpose noted.

WE RECOMMEND the Sheriff ensure reasons for adjustments to board bills are clearly documented.

AUDITEE'S RESPONSE

The new Sheriff and new Jail Administrator indicated this recommendation has already been implemented.

The former Sheriff and former Jail Administrator indicated:

They agree with this recommendation.

5. Sheriff's Inmate Account

The Inmate bank account was not reconciled with the individual inmate balances, the transmittal of monies between the mail clerk and the account custodian was not clearly documented, there was no documentation to support three checks payable to the Jail

Administrator totaling \$1,347 and the Sheriff's office had not established procedures to routinely follow up on outstanding checks.

The Detention Center received personal monies for inmates which were deposited to the Inmate Account and credited to the inmates' accounts or disbursed to the inmates in cash. These monies were used to purchase food and personal items for the prisoners from the commissary and phone minutes. The following concerns were noted regarding the Inmate Account:

- A. The Inmate bank account was not reconciled with the individual inmate account balances. For the years ended December 31, 2004, 2003, and 2002 total deposits were approximately \$134,000, \$66,900, and \$70,400 and the balance in the account at December 31, 2004, was approximately \$20,968. A computer program is used to track the inmates' deposits, purchases, and current balances. This program can also generate a report listing all balances; however, this report was not used during the audit period. At December 31, 2004, open inmate accounts totaled approximately \$3,747 per this report. The Detention Center did not disburse any inmate monies to the Commissary Account in November or December 2004, thus it appears approximately \$17,221 (\$20,968 less \$3,747) is due to the Commissary Account.

To ensure proper accountability over inmate monies, and improve the likelihood of identifying and correcting errors in a timely manner, the individual inmate account balances should be compared to the reconciled bank balance on a monthly basis. Any discrepancies should be followed up on and resolved.

- B. Prenumbered receipt slips were not issued for monies received. In addition, the transfer of monies between the mail clerk and the account custodian was not clearly documented. Cash, checks, and money orders were received on behalf of the inmates. A mail log was prepared by the mail clerk for payments received through the mail and submitted to the account custodian with the monies received. The account custodian did not issue a receipt slip to the mail clerk for monies received or sign the mail log to indicate receipt of these monies.

To ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all monies received. In addition, to adequately safeguard receipts, the Detention Center should implement procedures to document the transmittal of the mail receipts to the account custodian.

- C. There was no documentation to support three checks made payable to the Jail Administrator totaling \$1,347, issued in March and April 2002. The Jail Assistant indicated the withdrawals were made to cover "vending reimbursements", however supporting documentation was not retained to ensure validity and propriety of these expenditures. Additionally, on one of these checks, it appears the check was redeposited to the inmate bank account and cash was withheld.

To ensure validity and propriety of expenditures, adequate supporting documentation, including acknowledgment that specific goods and/or services were in fact received, should be maintained for all disbursements.

- D. Monies were disbursed to inmates in cash during the two years ended December 31, 2003. Entries on the Inmate Bank Report often indicated a receipt and disbursement on the same line and only the net of these traced to a deposit slip. In December 2003, the Inmate Bank Report indicated approximately \$12,550 was received on behalf of inmates and \$11,700 was disbursed to inmates; however, only \$7,500 was handled through the bank account. During 2004, this practice was ceased. To ensure monies are accounted for properly, all monies should be deposited to the Inmate Account and disbursed by check.

WE RECOMMEND the Sheriff:

- A. Ensure the individual prisoner account balances are reconciled to the reconciled bank balances of the Inmate Account on a monthly basis.
- B. Ensure prenumbered receipt slips are issued for all monies received and the transfer of monies between the mail clerk and the account custodian is clearly documented.
- C. Ensure vendor invoices or other supporting documentation is maintained for all disbursements.
- D. Ensure all monies received are deposited to the Inmate Bank Account and disbursed by check.

AUDITEE'S RESPONSE

The new Sheriff and new Jail Administrator indicated these recommendation have already been implemented.

The former Jail Administrator indicated:

- A. *They were not able to generate the open items listing until the fall of 2003.*
- D. *This recommendation was implemented in February 2004.*

6. Detention Center Payroll

The Detention Center spent excessive amounts of overtime costs on prisoner transportation services that were not recouped through their contracts for board of prisoners, accurate timesheets were not reported to the county, payroll duties were not adequately segregated, and overtime compensation was not paid according to policy. Our review of the Detention Center's controls over payroll expenditures revealed the following concerns:

- A. The Detention Center spent excessive amounts on overtime for prisoner transportation services that were not recouped through their contracts for board of prisoners. For the years ended December 31, 2003 and 2002, overtime costs were approximately \$66,900 and \$42,000, respectively. The Jail Administrator indicated the cause for the excess costs was due to an increase in the number of staff needed to transport prisoners housed at their facility under contracts with the INS, cities, and other counties. However, the contracts with these entities specifically indicate the county will not be responsible for transportation costs. While these additional expenses may be necessary, transportation services should be incorporated into the agreements with the entities receiving services.

The Jail Administrator and County Commission should review current contracts and procedures regarding transportation costs to ensure the county is adequately recouping transportation costs incurred under these contracts.

- B. Salary payments did not agree to time records for some employees. The reasons for the adjustments or differences was not documented, as noted below:

- One employee was paid for ten hours more than recorded on his timecard or timesheet.
- Another employee's hours were changed from sick leave to regular time, thus this amount was not deducted from their accumulated leave. The Jail Administrator indicated he had adjusted the sick leave hours because he was unaware when this employee had taken leave. However, the timesheet was prepared and signed by the employee.
- Employees were not consistently paid for holidays.
- Two employees were paid overtime which was not reflected on their time card or the work schedule.
- Some officers were paid overtime hours prior to satisfying the 171 hour rule required by county policy.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees including overtime and compensatory time earned, paid and taken. The county has a policy for earning such time, including paid holidays and sick leave; however, without adequate documentation of adjustments it cannot be determined whether amounts paid were in compliance with county policy. Effective reviews of the time cards are essential to ensure that all employees are paid the appropriate amount based on the number of hours worked.

- C. There is no segregation of duties over payroll and personnel changes at the Detention Center. The Jail Administrator approved timesheets, new hires, promotions, and terminations.

When the individual with the authority to hire and promote is the same individual responsible for ensuring leave and/or time is entered or submitted, it produces an environment for possible misuse of funds through the creation of fictitious employees. To safeguard against this possibility, it is necessary to segregate these two functions.

WE RECOMMEND the County Commission and Detention Center:

- A. Review prisoner board contracts to ensure the county recoups any transportation costs incurred.
- B. Ensure amounts paid agree to the time records and are in compliance with county policy. In addition, any adjustments to time records should be clearly documented.
- C. Ensure adequate segregation of duties exists between payroll and personnel changes.

AUDITEE'S RESPONSE

The new Sheriff and new Jail Administrator indicated:

A,B

&C. These recommendations have already been implemented.

The former Jail Administrator indicated:

- B. The 171 hour rule was corrected immediately. There were only a few employees with regular overtime. He would go ahead and pay it because they were going to have overtime at the end of the 171 hour time period.*

7. Circuit Clerk's Accounting Controls and Procedures
--

The Circuit Clerk's office cannot properly account for approximately \$1,586 in bonds, duties are not adequately segregated, and the Circuit Clerk does not have adequate procedures to monitor and ensure monies in her bank accounts are sufficiently collateralized.

- A. Three bonds totaling \$1,586 cannot be accounted for properly. The receipt slips issued by the sheriff's department were signed by a circuit clerk employee indicating receipt of the bond; however, these bonds were not receipted by the circuit clerk's

office and could not be located in their system (see MAR finding number 3). In addition, the case file and ticket information for these bonds could not be located by the Circuit Clerk's office; however, the Detention Center was able to locate the bond form for one of these bonds.

To adequately account for all bonds received, prenumbered receipt slips should be issued immediately upon receipt for all bonds received by the circuit clerk's office from the sheriff's office. In addition, circuit clerk personnel should reconcile amounts received to the documents submitted by the sheriff's office.

- B. There is no oversight or adequate segregation of duties for fees and fines collected. The circuit clerk and each of the deputies perform duties of receiving and recording receipts. The Circuit Clerk and one deputy reconcile the monies to receipt records, prepare deposits, and reconciles the bank accounts, in addition to receiving and recording monies. The Circuit Clerk does not review the work of her employees. In addition, manual receipt slips issued were not reconciled with the daily cashier reports and employees do not lock their desk drawers when away from their desks for long periods of time.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by an independent documented review of receipt slips issued to amounts deposited and of the bank reconciliation.

- C. The Circuit Clerk has not established adequate procedures to ensure bank accounts are sufficiently collateralized. The amount of collateral securities pledged by the Circuit Clerk's depository bank at December 31, 2002 was insufficient by approximately \$1,058 to cover deposits of the Circuit Clerk.

Section 483.312, RSMo 2000, requires the value of securities pledged by banks holding circuit court funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave Circuit Clerk funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Circuit Clerk should enter into depository agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

WE RECOMMEND the Circuit Clerk:

- A. Investigate the missing bond monies and take appropriate action. Establish procedures to record and account for all bond monies received from the sheriff's department by issuing a prenumbered receipt.
- B. Ensure accounting duties of receipting, depositing, and disbursing monies are adequately segregated. At a minimum, there should be a documented supervisory review of receipt slips issued to amounts deposited and of the bank reconciliation. In addition, receipts should be properly accounted for and stored in a secure location.
- C. Establish procedures to monitor and ensure adequate collateral securities are pledged at all times.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

- A. *She contacted the Missouri State Highway Patrol sometime in September 2004 and requested they investigate these missing bonds. She is now the only person with a key to the bond box. In addition, all bonds are done by money order payable to the court.*
- B. *This recommendation has already been implemented.*
- C. *This recommendation will be implemented immediately.*

8. Ticket Accountability

The Prosecuting Attorney's office does not account for the numerical sequence of tickets received. Three tickets issued by the Sheriff's department could not be traced to the Prosecuting Attorney's or the Circuit Clerk's records. The Sheriff maintains a ticket log of all tickets issued and copies of the tickets issued are attached. The Prosecuting Attorney's office also maintains a record of the tickets received; however, these records were not reviewed for missing tickets.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the Prosecuting Attorney cannot be assured that all tickets issued were properly submitted for processing. A record should be maintained accounting for the ultimate disposition of each ticket to ensure all tickets have been accounted for properly.

WE RECOMMEND the Prosecuting Attorney work with the Sheriff's office to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated this recommendation will be implemented within the next three months.

9. Prosecuting Attorney's Accounting Controls and Procedures

Accounting and bookkeeping duties were not adequately segregated, an adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of those bad checks had not been established, bad check complaints and payments were not processed in a timely manner, and receipts were not deposited on a timely basis.

The Prosecuting Attorney's Office collects bad check restitution and fees. The Prosecuting Attorney requires restitution and fees be paid using two money orders, one payable to the merchant for restitution and the other payable to the Prosecuting Attorney for the collection fee.

- A. Accounting and bookkeeping duties were not adequately segregated. One individual was responsible for receiving, depositing, and disbursing bad check monies. This individual also prepared the monthly bank reconciliations and maintains the accounting records for the bad check account.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, depositing, and disbursing bad check monies. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the bank reconciliations should be performed and documented.

A similar condition was noted in a prior report.

- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of those bad checks had not been established. To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint received and a log maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the complaint, including date payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition.

- C. Bad check complaints and payments were not always processed in a timely manner. The average processing time for bad check complaints was 86 days and 26 days during the years ended December 31, 2003 and 2002, respectively. Currently these duties are the responsibility of one part time employee who only works one day of each week.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by processing the bad check complaints and payments in a timely manner.

- D. Receipts were not deposited on a timely basis. Deposits were made approximately once every three months with average receipts of approximately \$1,000. On June 14, 2004, \$1,645 in checks were on hand. One of these checks had been received in April and the rest in May. In addition, checks and money orders are not immediately endorsed upon receipt. To adequately safeguard receipts and to reduce the risk of loss, theft or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100 and checks and money orders should be endorsed immediately upon receipt.

WE RECOMMEND the Prosecuting Attorney:

- A. Ensure adequate segregation of duties exists between accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Ensure bad check complaints and payments are processed on a timely basis.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100, and ensure checks and money orders are endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *This recommendation will be implemented immediately.*
- B&C. *These recommendations have already been implemented.*
- D. *They will attempt to do this on a more timely basis.*

10.**Recorder of Deeds' Accounting Controls and Procedures**

The Recorder of Deeds does not have current written contracts for providing copy services, and the method of payment is not indicated in the Recorder's accounting records.

- A. The Recorder of Deeds does not have current written agreements for providing copies to abstract companies. In addition, various rates are charged for these services. The amounts billed each year to two abstract companies were approximately \$480 and \$538. The Recorder indicated they have always billed one abstract company at a flat monthly rate of \$40, while the other company is billed \$40 per month plus \$.50 per copy which is based upon mutual understanding established several years ago. In addition, only one of the abstract companies has a contract with the county for copying services which had not been updated since 1996.

Section 432.070, RSMo 2000, requires all county contracts to be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, and help ensure reasonableness and propriety of such expenditures. In addition, the current Recorder of Deeds and County Commission should develop written procedures dictating how copies of recorded documents will be sold and the amount that will be charged to ensure consistent treatment to all title companies.

- B. The Recorder accepts cash, checks and money orders for the payment of fees; however, the method of payment received was not recorded in the accounting records. As a result, the composition of receipts could not be reconciled to the composition of deposits. To ensure all receipts are properly accounted for and deposited, the method of payment received should be recorded in the accounting records, and the composition of monies received should be reconciled to the composition of the deposits.

WE RECOMMEND the Recorder of Deeds:

- A. Enter into written contracts that specifically state the services to be provided and the fees to be collected for the services rendered. In addition, the Recorder of Deeds and the County Commission should develop written procedures dictating how copies of recorded documents will be sold and the amount that will be charged.
- B. Indicate the method of payment received in the accounting records and reconcile the composition of monies received to the composition of the bank deposits.

AUDITEE'S RESPONSE

The Recorder of Deeds indicated:

- A. *She is currently considering updating her system. This issue will be addressed after implementation of the new system.*
- B. *This recommendation has been implemented.*

11. Collector's Accounting Controls and Procedures

The Collector does not refund tax overpayments from the partial payment account on a timely basis. In addition, the method of payment is not always indicated on tax receipts.

- A. A separate bank account is maintained by the Collector to collect and hold partial payments on property taxes. As of December 31, 2003, there was approximately \$1,750 held by the Collector which represented overpayments on behalf of various taxpayers. Some of these overpayments date back to 1996.

These old balances create additional and unnecessary record-keeping responsibilities. The Collector should adopt procedures to routinely follow up on old overpayments and disburse these monies if the owners can be located. If the owners cannot be located or identified, these monies should be disposed of in accordance with state law.

- B. The Collector accepts cash, checks and money orders for payment of property taxes. The method of payment is not always indicated on the tax receipts, as a result the composition of the tax receipts could not be reconciled to the composition of deposits.

To properly reconcile receipts to the deposits and ensure all monies are being deposited intact, the method of payment should be indicated on all tax receipts and reconciled to the amounts deposited.

WE RECOMMEND the Collector:

- A. Establish procedures to routinely follow up on and disburse outstanding overpayments. If the owners cannot be located, these monies should be disposed of in accordance with state law.
- B. Ensure the method of payment received is indicated on the tax receipts and reconcile the composition of the receipt monies to the composition of the bank deposits.

AUDITEE'S RESPONSE

The Collector indicated:

- A. *She is in the process of implementing this recommendation.*
- B. *This recommendation will be implemented within the next three months.*

12. Health Center

The Health Center has not established adequate procedures to ensure bank accounts are sufficiently collateralized. In addition, accounting duties are not adequately segregated, receipt slips are not issued in sequential order, deposits are not made timely, and employee leave balances are not adequately monitored.

- A. The Health Center has not established adequate procedures to ensure bank accounts are sufficiently collateralized. The amount of collateral securities pledged by the Health Center's depository bank at January 31, 2003 and December 31, 2002, was insufficient by approximately \$ 37,890 and \$490, respectively, to cover monies in the Health Center's custody.

Section 483.312, RSMo 2000, requires the value of securities pledged by banks holding the Health Center's funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by FDIC. Inadequate collateral securities leave the Health Center's funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Health Center should enter into depository agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- B. Accounting duties are not adequately supervised. The duties of receiving, recording and depositing monies are all performed by the office secretaries, however transactions are not reviewed for accuracy by a supervisor. In addition, the same person that records and updates the Capital Asset records also performs the annual inventory of these assets. There was no indication that supervisory reviews were performed to ensure all transactions were accounted for properly and assets were adequately safeguarded.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by supervising the duties of receiving, recording, accounting for the numerical sequence of receipt slips, and depositing monies. If segregation of duties is not

possible, at a minimum there should be an independent documented review of the bank reconciliation. In addition, periodic reviews of the inventory records should be performed by someone other than the individual who maintains the fixed asset records.

- C. Deposits are not made timely and checks are not immediately endorsed upon receipt. Deposits were made approximately once a week with an average deposit of \$22,000. In addition, receipt slips are not issued in sequential order. To reduce the risk of loss or misuse of funds, receipt slips should be issued in sequential order, checks should be restrictively endorsed upon receipt, and deposits should be made daily or when receipts exceed \$100.
- D. The Health Center does not adequately monitor vacation, sick, and compensatory leave balances of their employees. Leave records did not agree with time sheets for some health center employees. One employee used 14.5 hours of annual leave which was not deducted from their leave balance. In addition, overtime and compensatory time was not earned at time and a half for covered employees as required. The Health Center's policy indicates compensatory time will be granted at straight time instead of at time and a half; however, the Health Center cannot document how their policy complies with the Fair Labor Standards Act (FLSA).

The FLSA requires employers to keep accurate records of actual time worked including leave earned or taken and it also requires that all covered employees working overtime are entitled to time and one-half in wages or in compensatory time. Accurate records of leave and compensatory time are necessary to ensure compliance with FLSA and to ensure employees are properly compensated for leave earned.

WE RECOMMEND the Health Center:

- A. Develop procedures to monitor and ensure adequate collateral securities are pledged at all times.
- B. Ensure accounting duties are adequately supervised and periodic supervisory reviews are performed and documented.
- C. Ensure deposits are made timely, checks are restrictively endorsed upon receipt, and receipt slips are issued in sequential order.
- D. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately. In addition, overtime and compensatory time should be paid or accumulated in accordance with FLSA requirements.

AUDITEE'S RESPONSE

The Health Center Administrator indicated:

A. *This recommendation will be implemented immediately.*

B,C

&D. *These recommendations have been implemented.*

13. Senate Bill 40 Board

The SB40 Board does not maintain minutes of their board meetings, adequate records were not kept on investments held by the board and budgets are not prepared in accordance with state law, as significant cash reserves are not reflected.

- A. The SB40 Board does not maintain minutes of their board meetings. The Board president indicated they do not meet on a regular basis and did not know how often they had met. Section 610.020, RSMo 2000, requires minutes of open meetings to be taken by the public governmental body and notice given as to the time, date, and place of the meeting.
- B. A detailed investment ledger was not maintained by the board to monitor certificate of deposit investments. In addition, year end balances did not agree with records kept by the Board Treasurer. The Board Treasurer simply keeps a running total of the certificates but did not compare book to bank records. Complete, organized investment records are necessary to provide accurate and timely financial information upon which effective management decisions may be based. Furthermore, without such records, accountability over the board's assets and related revenues is weakened.
- C. The SB40 Board has accumulated a significant cash reserve which is not properly reflected on their annual budget. In addition, the budget does not indicate the Board's plans for this balance. The SB40 Board does not reflect their certificates of deposit on their budget, which understated their cash balance by \$1,074,989 and \$923,818 for the years ended December 31, 2003 and 2002, respectively. The SB40 Board had a cash balance of \$1,170,339 and \$1,061,376 at December 31, 2003 and 2002, respectively, with such balances increasing throughout the years. The Board Treasurer indicated excess reserves were set aside for future plans to purchase a group home, however such plans are not clearly documented.

Chapter 50, RSMo 2000 requires the preparation of annual budgets for all funds which should present a complete financial plan for the ensuing year. Accurate and complete budgets, in addition to meeting statutory requirements, can serve as a means to evaluate financial resources and effectively monitor actual costs by periodically comparing budgeted costs to actual expenditures. To ensure the adequacy of the

budget as a planning tool, the Board should ensure all available resources are reflected. In addition, the SB40 Board should determine its future needs, and consider such information when setting future tax levies.

WE RECOMMEND the SB40 Board Trustees:

- A. Ensure minutes are prepared, approved and maintained for all meetings, including closed meetings, and committee meetings.
- B. Ensure an investment ledger is maintained.
- C. Prepare budgets in accordance with state law and ensure all available resources of the board are reported. In addition, the Board should review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.

AUDITEE'S RESPONSE

The Board President and Treasurer indicated these recommendations would be implemented within the next six months.

Follow-Up on Prior Audit Findings

MISSISSIPPI COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mississippi County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices

- A. Warrants were issued in excess of approved budgeted expenditures.
- B. Formal budgets were not prepared for various county funds.
- C. Public hearings were not held prior to the adoption of some of the budget amendments. In addition, prior to amending these budgets, the expenditures of some funds exceeded the original budgets.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.
- B. Ensure budgets are obtained or prepared for all county funds.

The County Commission and Health Center Board of Trustees:

- C. Ensure budget amendments are made prior to incurring the actual expenditures and hold public hearings prior to adopting budget amendments as required by state law.

Status:

- A. Partially implemented. The county has made some improvement in this area, expenditures exceeded budgeted amounts for only one fund in 2003 and one fund in 2002. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented.

2. County Expenditures

- A. The following concerns were noted with respect to mileage claims filed by the County Assessor:
 - 1) Requests submitted by the Assessor did not include the nature of business, trip origin, or locations traveled.
 - 2) The county paid the Assessor for mileage to Cape Girardeau to purchase office supplies. Similar supplies could have been purchased from local sources.
 - 3) The county reimbursed mileage to the Assessor for several trips out of the county that were not approved prior to the travel. In addition, the mileage reimbursement claims were prepared quarterly by the Assessor, thus they were not submitted within the ten days required by the travel policy.
- B. The County Commission approved some payments to vendors without requiring the office holder to acknowledge receipt of goods or services by initialing the invoice.
- C. Procedures have not been established to ensure IRS regulations are followed for reporting taxable fringe benefits.
- D. The county did not enter into agreements with the cities of East Prairie and Charleston documenting the services and costs to be provided by each entity for the local 911 system.

Recommendation:

The County Commission:

- A.1. Ensure mileage claims include all destinations and nature of business.
 - 2. Ensure all mileage reimbursements are a prudent use of county funds.
 - 3. Enforce all travel policy stated in the county personnel manual.
- B. Require acknowledgement of goods and services prior to payment.
- C. Ensure the county complies with IRS guidelines for reporting fringe benefits related to county-owned vehicles.

- D. Enter into written agreements with the cities of East Prairie and Charleston regarding the local 911 system.

Status:

A,B

&D. Implemented.

- C. Not implemented. Mileage logs are maintained on county vehicles provided to the county employees within the Road and Bridge and Sheriff departments, however personal miles are not tracked and reported for the jail administrator or the road and bridge supervisor as required by Internal Revenue Service (IRS) guidelines. Although not repeated in the current report, our recommendation remains as stated above.

3. Statutory Salaries

In 1999, raises were granted to officials in the middle of their term.

Recommendation:

The County Commission consult with legal counsel regarding past and current actions of the salary commission and pay only the authorized salary set by the salary commission. The salary commission should ensure that its actions are clearly understandable to all officials as well as county taxpayers.

Status:

Partially implemented. No problems were noted during the two years ended December 31, 2003; however, no action was taken regarding the 1999 raises. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of the statute granting mid-term raises to the Associate Commissioners in 1999. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. The county has not documented its review of the impact of the Supreme Court decision.

During the 1997 salary commission meeting, a motion was made and passed to set salaries of all elected officials at 90 percent of the maximum scale effective January 1, 1999. As a result, all elected officials were given a salary increase mid-term. The Assessor's term began September 1, 1997, prior to the 1997 salary commission meeting, thus his salary was set at

100% (as set by the 1991 salary commission) of the new scale. The 1991 salary commission minutes did not address salary adjustments due to changes in the scales and a legal opinion was not obtained.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$10,144 for the two years ended December 31, 2000, should be repaid. As a result of the Supreme Court decision, the salary commission should reevaluate the decision to give mid-term salary increases to all officials.

4. Sheriff's Accounting Controls and Procedures

- A. Accounting duties related to the jail were not adequately segregated.
- B. Receipt slips issued by the Sheriff's Jail Department were not prenumbered.

Recommendation:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Partially implemented. The Sheriff's Jail Department issues prenumbered receipt slips for the commissary account, but does not issue them for the inmate account. See MAR finding number 5.

5. Prosecuting Attorney's Accounting Controls and Procedures

Monies were not deposited on a timely basis.

Recommendation:

The Prosecuting Attorney deposit all receipts daily or when accumulated receipts exceed \$100.

Status:

Not implemented. See MAR finding number 9.D.

6. Schedule of Expenditures of Federal Awards

The County and Health Center failed to properly document federal awards as required.

Recommendation:

The County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 03-2.

7. Personnel

A. The County paid more than the basic cost of health insurance for two employees during the year ended December 31, 1999.

B. The County did not require some employees to submit a monthly time sheet.

Recommendation:

A. Ensure decisions regarding employees compensation and benefits is documented, and in compliance with personnel policy.

B. Ensure time sheets are prepared by all employees.

Status:

A. Implemented.

B. Not implemented. The Jail Administrator is not required to prepare a timesheet. Although not repeated in our current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MISSISSIPPI COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Mississippi was named after the Mississippi River. Mississippi County is a county-organized, third-class county and is part of the Thirty-Third Judicial Circuit. The county seat is Charleston.

Mississippi County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 400 miles of county roads and 40 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 14,400 in 1980 and 13,437 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	73.6	72.4	72.1	69.8	61.2	38.9
Personal property		28.5	30.5	29.5	29.5	10.7	8.3
Railroad and utilities		11.5	12.3	12.9	12.4	13.8	9.4
Total	\$	113.6	115.2	114.5	111.7	85.7	56.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Mississippi County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2700	.2700	.2700	.2650
Special Road and Bridge Fund		.3200	.3200	.3200	.3200
Johnson Grass Fund		.0500	.0500	.0300	.0200
Health Center Fund		.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund		.1232	.1210	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
State of Missouri	\$ 34,257	34,763	35,174	33,612
General Revenue Fund	335,042	333,722	331,129	308,911
Special Road and Bridge Fund	361,348	367,441	371,878	355,857
Assessment Fund	63,542	53,938	52,737	51,243
Health Center Fund	112,701	114,544	115,112	107,126
Senate Bill 40 Board Fund	137,769	136,126	115,542	110,402
School districts	3,274,032	3,327,495	3,368,534	3,222,756
Library district	230,758	230,651	231,694	221,676
Ambulance district	282,548	287,276	290,811	278,584
Fire protection district	70,153	70,243	70,949	64,249
Johnson Grass Fund	56,139	55,385	34,664	23,186
County drainage ditches	76,000	76,462	80,418	75,992
Special drainage ditches	231,767	231,915	232,936	223,309
Cities	349,919	340,070	268,406	251,258
County Clerk	158	209	241	219
County Employees' Retirement	35,845	33,412	34,911	27,832
Commissions and fees:				
General Revenue Fund	75,390	75,732	75,198	72,860
Collector	6,743	6,587	5,845	5,716
Total	\$ 5,734,111	5,775,971	5,716,179	5,434,788

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2003	2002	2001	2000
Real estate	92	92	92	92
Personal property	87	86	88	86
Railroad and utilities	100	99	99	100

Mississippi County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.5000	None	50	%
General	.5000	None	None	
Senior Citizens' Services	.2500	None	None	
Law Enforcement Services	.5000	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Jim Blumenberg, Presiding Commissioner		27,025	27,025	26,296	25,362
Homer D. Oliver, Associate Commissioner		25,025	25,025	24,296	23,362
Martin Lucas, Associate Commissioner		25,025	25,025	24,296	23,362
Judy Rowling, Recorder of Deeds (1)		34,200	N/A	N/A	N/A
Hubert Delay, Jr., County Clerk (2)		48,107	45,707	41,735	40,055
Jennifer Raffety, Prosecuting Attorney (3)		53,902	44,902	43,632	35,072
Larry Turley, Sheriff		41,909	41,909	40,688	39,123
Sandra DeField, County Treasurer (4)		28,559	28,679	28,182	26,856
Terry Parker, County Coroner		10,976	10,342	N/A	N/A
John McMikle, County Coroner		N/A	N/A	9,656	9,600
Raymond "Buddy" Marshall, Public Administrator (5)		20,600	20,600	25,856	11,935
Faye Elliott, County Collector (6), year ended February 28 (29),	44,660	44,504	43,763	42,529	
W.R. "Bill" Thompson, County Assessor (7), year ended August 31,		38,817	38,817	39,011	38,160

- (1) The Recorder became a separate elected position in January 2003.
- (2) Includes \$997 and \$3992 in annual compensation in 2003 and 2002, and \$931 and \$3726 in 2000, for serving as secretary for the Johnson Grass Board and the Road and Bridge Department, respectively. In addition, it includes \$5,200 and \$2,800 for serving as Groundskeeper for 2003 and 2002, respectively.
- (3) Includes a statutory pay increase of \$9,000 in 2003.
- (4) Includes commissions of \$501, \$620, \$941 and \$663 respectively for handling the accounts for the Drainage Districts.
- (5) Includes fees received from probate cases in 2001 and 2000.
- (6) Includes \$6,743, \$6,587, \$5,845 and \$5,716, respectively, of commissions earned for collecting drainage and city property taxes.
- (7) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Karen S. Turley, Circuit Clerk and Ex Officio Recorder of Deeds (1)	47,300	47,300	47,300	46,126
T. Lynn Brown, Associate Circuit Judge	96,000	96,000	96,000	97,382

The county entered into a lease agreement with a not-for-profit corporation (NFP) in October 2001. The terms of the agreement called for the NFP to issue bonds of \$2,830,000 for the purpose of constructing a new jail and for the NFP to lease the jail back to the county for payments totaling the principal and interest due on the outstanding bonds. The remaining principal and interest due on the bonds at December 31, 2003 was \$2,400,000 and \$429,455 respectively. The lease will be paid with proceeds from the one-half cent law enforcement sales tax.

At December 31, 2003, the county had bonds payable of \$380,000 consisting of Leasehold Revenue Bonds dated July 1, 1997, to finance the cost of constructing, furnishing and equipping a juvenile detention facility. This project is a portion of the new jail project.

At December 31, 2003, the county had bonds payable of \$145,000 consisting of special limited obligation bonds dated May 1, 1999, to finance the costs to repair and restore a main drainage ditch, three lateral ditches and one sub-lateral ditch located in county Drainage District No. 23. Bond principal is due annually on March 1 at a rate not to exceed six percent. A special tax was assessed to fund these bond payments.



Claire McCaskill
Missouri State Auditor

March 2005

Thirty-Ninth Judicial Circuit

Municipal Divisions

Stone County, Missouri



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following audit report presents our findings and recommendations for certain municipal divisions of the Thirty-Ninth Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

City of Crane	pages 5-7
City of Galena	pages 7-11
City of Reeds Spring	pages 11-17

A separate report on the Kimberling City Municipal Division misappropriation, including recommendations, was issued by the State Auditor's Office on December 29, 2004.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

THIRTY-NINTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
STONE COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
and
Municipal Judges
Thirty-Ninth Judicial Circuit

We have audited certain operations of the municipal divisions of the Thirty-Ninth Judicial Circuit in Stone County, Missouri. However, the municipal divisions of the cities of Branson West and Kimberling City are reported on separately. The scope of this audit included, but was not necessarily limited to, the municipal divisions' two years ended June 30, 2004, or December 31, 2003. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal divisions, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of those divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the municipal divisions of the Thirty-Ninth Judicial Circuit, Stone County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 13, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Ted Fugitt, CPA
Monte Davault	

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
STONE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	City of Crane Municipal Division
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The municipal division does not properly segregate duties, deposit timely, account for liabilities, and monitor accounts receivable. Additionally, amended tickets are not always signed by the prosecuting attorney and restitution is not always forwarded to the victims.

- A. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations of the composition of receipt slips issued to bank deposits.

- B. Our review noted the following concerns relating to receipts:

1. Monies collected by the municipal division are not deposited on a timely basis. Deposits are generally made once a week and average approximately \$1,000.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

2. Voided receipt slips are not always retained. To adequately account for all receipts, all copies of voided receipt slips should be retained.

- C. Listings of open items (liabilities) are not prepared and reconciled to the available cash balance. Monthly open-items listings should be prepared and reconciled to the bank accounts to ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities.

- D. The Prosecuting Attorney does not always initial or sign the traffic tickets to document his approval of amendments. To ensure the proper disposition of all cases has been entered in the court records, the Prosecuting Attorney should sign or initial all amended tickets, indicating his approval.
- E. The municipal division collects restitution payments and remits the payments to the victims; however, restitution monies totaling at least \$1,138 were included in the monthly disbursement of fines and costs to the city and have not been forwarded to the applicable victim. This money has been collected on behalf of the victims and by order of the court to pay restitution. City personnel were not aware they were holding the restitution money.

To ensure restitution is properly distributed to victims and to reduce the amount of open items to be accounted for, procedures for periodic reviews of the restitution cases should be established.

- F. The municipal division allows defendants to make partial payments on fines and court costs. The Court Clerk maintains the balance due information on individual ledger cards; however, a control ledger is not maintained showing the total amount due the court. As of September 2004, accounts receivable totaled approximately \$46,000.

Monthly or periodic listings of total accounts receivable are necessary to facilitate the monitoring of amounts due to the court, to provide information to the Municipal Judge, and to help maximize collections. These listings should be reconciled on a periodic basis to the individual accounts receivable records.

- G. The municipal division has not posted a formal schedule of fines and court costs to be collected on tickets paid through the Violations Bureau (VB). Supreme Court Rule No. 37.49(d), requires the prominent posting of a schedule at the VB which specifies the amount of fines and court costs to be imposed for each traffic offense.
- H. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.

Conditions similar to A, C, D, and H were also noted in our prior report.

WE RECOMMEND the city of Crane Municipal Division:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of the municipal division records by an independent person.
- B.1. Deposit receipts intact daily or when accumulated receipts exceed \$100.

2. Retain all copies of voided receipt slips.
- C. Prepare monthly listings of open items and reconcile these listings to the monies held in trust.
- D. Require the Prosecuting Attorney's signature on all amended tickets.
- E. Establish procedures to ensure restitution monies are properly disbursed to the appropriate parties.
- F. Maintain an accounts receivable control ledger and periodically reconcile this ledger to the individual accounts receivable records. A report of cases with delinquent payments and/or significant balances should be provided to the Municipal Judge regularly for review.
- G. Post a current schedule of fines and court costs at the VB.
- H. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.

AUDITEE'S RESPONSE

The Municipal Judge provided the following response:

"As I would expect, there is no suggestion of financial impropriety and the suggestions made by your office appear to provide guidance and assistance to help ensure that our court continues to operate effectively with adequate safeguards to protect the money collected for the city.

"Your report notes that we have a new clerk in place. Now is an excellent time to implement changes in procedures to address the suggestions made. I am certain the city will direct the Court Clerk to install the suggested methods of accountability into the money handling process.

"I also note your concern as to the posting of a violation bureau schedule of bonds and fines. Please be advised that I created a new such listing several months ago and will follow up on the requirement that same be properly displayed."

2.	City of Galena Municipal Division
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Municipal division duties are not adequately segregated, and improvements are needed with receipting procedures, accounting for liabilities, and monitoring of accounts receivable. Additionally, adequate documentation is not maintained to account for all tickets issued, and court costs are not properly assessed and distributed in accordance with state law.

- A. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations of the composition of receipt slips issued to bank deposits.

- B. Until July 2004, the Court Clerk transmitted monies collected to the City Clerk for deposit into the city treasury. In July 2004, a municipal division bank account was opened. The receipt system and procedures need improvement as follows:

1. Recorded receipts are not reconciled to city transmittals or bank deposits. Two cash payments received in June 2004, totaling \$86, were placed in a locked safe and not deposited until our review in November 2004 noted that these recorded receipts had not been transmitted to the city or deposited into the court's bank account. Because reconciliations of recorded receipts to transmittals were not performed, the Court Clerk was unaware these monies were in the file cabinet and had not been transmitted to the city.

To ensure all receipts are accounted for and deposited intact, recorded receipts should be reconciled to city transmittals or bank deposits.

2. Court monies were not deposited on a timely basis. Significant time lags were noted between the date court receipt slips were issued and the subsequent deposit into the city/municipal division bank account.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

3. Checks and money orders received are not restrictively endorsed until the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Neither the police department nor the municipal division maintains records to account for traffic tickets assigned and issued, and their ultimate disposition. A log is not maintained to account for traffic tickets assigned to officers and traffic

tickets issued to violators. Of twenty-five tickets selected to review, five tickets (20 percent) could not be located by the court or the police department.

Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued are properly submitted to the court. A log listing the traffic ticket books assigned, each traffic ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

- D. The municipal division allows defendants to pay fines and costs over a period of time. The Court Clerk maintains balance due information in each individual case file; however, a control ledger is not maintained showing the total amount due the court. According to a listing prepared by the Court Clerk upon our request, accounts receivable totaled approximately \$2,400 as of December 2004. Our review of this listing noted some individuals failed to appear in court and warrants had not been issued.

Monthly or periodic listings of total accounts receivable are necessary to facilitate the monitoring of amounts due to the court, to provide information to the Municipal Judge, and to help maximize collections. These listings should be reconciled on a periodic basis to the individual accounts receivable records.

- E. Listings of open items (liabilities) are not prepared and reconciled to the available cash balance. Monthly open-items listings should be prepared and reconciled to the cash balances to ensure amounts held in trust by the court are sufficient to meet liabilities.
- F. The City Prosecutor did not always sign traffic tickets to indicate his intention to prosecute the related charges. In addition, the Municipal Judge did not sign the court dockets after case dispositions had been recorded. To ensure all cases have been properly processed and the disposition of all cases has been properly authorized and documented, all tickets should be signed by the City Prosecutor and all court dockets should be signed by the Municipal Judge, respectively.
- G. A schedule which specifies the offenses which may be paid at the VB and the amount of fines and costs to be imposed for each offense has been formally established; however, this schedule of fines and costs has not been prominently posted at the VB. Supreme Court Rule No. 37.49(d), requires the prominent posting of a schedule at the VB which specifies the amount of fines and court costs to be imposed for each traffic offense.
- H. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly

listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.

- I. The court did not assess and distribute court costs in accordance with state law as follows:
 - 1. The municipal division assesses court costs of \$18.50. Section 488.012.3, RSMo, limits court costs to \$12 for municipal court costs.
 - 2. The municipal division assesses a \$10 fine for each seat belt violation and also assesses \$28 in court costs and fees. Section 307.178.5, RSMo, states a fine not to exceed \$10 may be imposed and no court costs shall be imposed on any person for a seat belt law violation.
 - 3. The municipal division assesses and collects Crime Victims' Compensation (CVC) and Peace Officers Standards and Training Commission (POST) fees in accordance with state laws; however, some of these fees are not properly remitted to the state. The fees collected between March 2001 and June 2003 were not remitted to the state and only a portion of the fees collected between July 2003 and November 2004 were properly remitted to the state. At our request the Court Clerk reviewed court records and determined at least \$955 of CVC and \$134 of POST collections were due the state as of November 30, 2004. The court subsequently paid these fees in December 2004. Chapter 488, RSMo, provides that such fees shall be remitted to the state within 30 days from receipt.

WE RECOMMEND the city of Galena Municipal Division:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of the municipal division records by an independent person.
- B.1. Reconcile recorded receipts to transmittals to the city or bank deposits.
 - 2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
 - 3. Restrictively endorse checks and money orders immediately upon receipt.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets.
- D. Maintain an accounts receivable control ledger and periodically reconcile this ledger to the individual case files. Also, the court needs to ensure proper follow up action is taken on all cases with balances due to the municipal division.

- E. Prepare monthly listings of open items and reconcile these listings to the monies held in trust.
- F. Ensure the City Prosecutor signs each ticket filed with the court and the Municipal Judge signs all court dockets.
- G. Post a current schedule of fines and court costs at the VB.
- H. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.
- I. Assess and distribute court costs in accordance with state law.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk provided the following responses:

- A. *We will provide copies of the financial records to the judge at each court date for his review.*
- B. *We have taken steps to implement this recommendation.*
- C. *In January 2005 a log was initiated to account for all tickets.*
- D-H. *We have implemented these recommendations.*
- I. *We have established a new schedule of fines and costs and amounts have been distributed.*

3.	City of Kimberling City Municipal Division
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During our audit of the Thirty-Ninth Judicial Circuit Municipal Divisions in Stone County, we became aware of discrepancies within the court records of the Kimberling City Municipal Division. A separate report issued by the State Auditor's Office on December 29, 2004, concluded that at least \$32,771 was misappropriated. Recommendations concerning internal controls and accounting records related to this misappropriation were included in that report and are not included in this report.

4.	City of Reeds Spring Municipal Division
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Municipal Division records were not properly maintained and many records could not be located. Controls over monies received are poor, resulting in approximately \$378 in unaccounted for cash receipts. Additionally, duties are not adequately segregated, bank

accounts are not properly reconciled, and amounts due to the court are not properly tracked.

- A. Procedures for maintaining municipal records need improvement. The Court Clerk had difficulty locating various municipal records, and case information related to some tickets was not complete. The receipt ledger for 2002 and several bank statements were never located. Also, the municipal division was unable to provide supporting documents indicating final disposition for eight of the 60 tickets we reviewed. Additionally, of the remaining 52 tickets, seven did not trace to a case file. Further, several instances were noted where receipt data included a handwritten note on the outside of the case file. Another instance was noted where a ticket was amended and an additional fine was paid over one year after the defendant plead guilty and paid for the original speeding offense; however, court records did not clearly document the reason for the untimely amendment. While the court has experienced significant employee turnover during the last few years, current conditions have not improved.

Periodic reviews of case files and/or the receipt ledger could have revealed these conditions more timely. Retention of accounting records is essential to establishing accountability for the court's financial activity. Case files must include all relevant information related to court cases, and they should be properly controlled and filed to ensure they are readily accessible when needed. Procedures for periodic reviews of the accounting records and case files should be established.

- B. Our review noted the following concerns relating to receipts:

1. Receipt slips are not issued for some fines, court costs, and bonds monies received. Receipt slips were not issued for monies totaling at least \$6,600 for the year ended December 31, 2003, and \$7,600 for the ten months ending October 31, 2004. Since receipt slips are not issued for all monies received by the municipal division, we could not determine the extent, if any, that monies were collected and not receipted or deposited. Also, our review noted numerous instances where receipt slips were issued at month end after monies had been deposited.

To adequately account for all receipts and ensure all receipts are deposited intact, receipt slips should be issued immediately for all monies received, and the numerical sequence of receipt slips should be accounted for properly.

2. Receipt slips issued are not reconciled to the bank deposits. Our review identified several instances where small amounts of recorded cash were not properly deposited. In one example a defendant paid \$142 by check but only \$122 was recorded on the receipt ledger and \$20 in recorded cash receipts was not deposited. We noted another instance where recorded

cash receipts were individually listed on the deposit slip; however, the amount of cash deposited was \$83 less than the amount recorded. There was no explanation for these discrepancies.

From our comparison of monies received to monies deposited between December 2003 and February 2004, we noted cash receipts totaling \$225 were apparently not deposited. Also, cash receipts totaling \$153 in December 2004 were recorded in the court's receipt ledger, but apparently not deposited. As a result, the court could not account for \$378 in cash receipts.

To provide assurance all monies have been properly accounted for and deposited, recorded receipts should be reconciled to the bank deposits.

3. Monies collected by the municipal division are not deposited on a timely basis. Deposits are generally made twice a week and average over \$600.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited into the city treasury daily or when accumulated receipts exceed \$100.

4. The method of payment received was not always recorded correctly on receipt slips. To ensure receipts are deposited intact, the method of payment (cash, check, or money order) should be correctly indicated on all receipt slips and the composition of receipt slips issued should be reconciled to the composition of bank deposits.
5. Voided receipt slips are not always retained. To adequately account for receipts, all copies of voided receipt slips should be retained.

- C. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations between receipts and deposits.

- D. Bank reconciliations are not prepared for the court's bank accounts. In addition, the current Court Clerk does not maintain a record of the bank account balance in the accounting records. A record of the bank account balance and monthly bank

reconciliations are necessary to ensure the accounts are in agreement with the accounting records and to detect errors on a timely basis.

- E. A ledger or listing of bonds received and disbursed has not been maintained by the court since August 2003. Also, a list of open items is not prepared monthly. As of October 2004, the bond bank account had an unidentified balance of \$1,025.

A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. In addition, a monthly listing of open items (liabilities) should be prepared and reconciled to the bond ledger and bond monies held by the court to ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities.

An attempt should be made to determine the proper disposition of these bond monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid to the city treasury as provided by Section 479.210, RSMo. For any bonds which remain unclaimed, Section 447.595, RSMo, requires bonds unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

- F. The municipal division's bank account requires two signatures for all disbursements. A signature stamp of the Municipal Judge is sometimes used to sign checks by the Court Clerk who has custody of the stamp. The practice of using a signature stamp does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by multiple signatures.
- G. The municipal division allows defendants to make partial payments on fines and court costs. However, the court does not maintain adequate records to account for individual and total amounts owed to the court. According to the Court Clerk, as of November 2004, the municipal division's accounts receivable totaled \$11,004. Our review of the listing determined it was not complete, and upon our request the Court Clerk prepared a second listing which indicated accounts receivable totaled \$55,801. After we noted inaccuracies during our review of the second listing, a third listing was prepared upon our request which totaled \$31,014. Our review of this listing noted that some amounts were not in agreement with individual case files, the listing was incomplete, and some warrants were not properly placed on the Missouri Uniform Law Enforcement System (MULES). In addition, written or signed payment agreements were not always obtained.

Accounts receivable records, including written and signed payment agreements, are necessary to ensure proper follow-up action is taken and to facilitate monitoring of amounts due to the municipal division. Without an accurate and current listing of cases with balances due, the court cannot be assured procedures to follow-up on amounts owed to the municipal division are applied on a timely

basis. A written and signed payment agreement is necessary to indicate the intent of the defendant to pay fines and court costs.

- H. Neither the police department nor the municipal division maintains adequate records to account for traffic tickets assigned and issued, and their ultimate disposition. The current police chief started a listing to account for traffic tickets assigned to officers in June 2004; however, the listing is not complete. Further, a log to account for traffic tickets issued to violators is not maintained.

Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued are properly submitted to the court. A log listing the traffic ticket books assigned, each traffic ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

- I. The municipal division has not posted a formal schedule of fines and court costs to be collected on tickets paid through the Violations Bureau (VB). Supreme Court Rule No. 37.49(d), requires the prominent posting of a schedule at the VB which specifies the amount of fines and court costs to be imposed for each traffic offense.
- J. The Court Clerk does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.
- K. The court did not forward some records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP). Section 302.225, RSMo, requires records of any plea or finding of guilty on traffic violations under the laws of the state, county, or municipal ordinance shall be forwarded to the MSHP within ten days of the conviction date.

Conditions similar to B.1, B.4, C, E, G, H, and J were also noted in our prior report.

WE RECOMMEND the city of Reeds Spring Municipal Division:

- A. Ensure periodic independent reviews of accounting records and case file information are performed.
- B.1. Issue receipt slips immediately for all monies received.

2. Investigate the \$378 in court receipts which could not be accounted for properly. In addition, the municipal division should ensure receipt slips issued are reconciled to bank deposits, and promptly investigate any discrepancies noted.
 3. Deposit receipts intact daily or when accumulated receipts exceed \$100.
 4. Ensure the method of payment is correctly indicated on all receipt slips issued, and reconcile total cash, checks, and money orders received to bank deposits.
 5. Retain all copies of voided receipt slips.
- C. Adequately segregate duties between available employees and/or establish a documented periodic review of the municipal division records by an independent person.
- D. Maintain a record of the bank account balance and reconcile this balance to the monthly bank statement.
- E. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances. This ledger should be reconciled monthly to the balance of bonds held in trust. In addition, a listing of open items should be prepared monthly and reconciled to the ledger balance and the balance of bonds held by the court.
- F. Discontinue the use of a signature stamp.
- G. Prepare accurate monthly listings of accounts receivable to assist in collection efforts. In addition, the court needs to ensure all outstanding warrants are adequately posted and maintained on the MULES.
- H. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets assigned and issued.
- I. Post a current schedule of fines and court costs at the VB.
- J. Prepare monthly reports of cases heard in court and file these reports with the city in accordance with state law.
- K. Forward all records of convictions on traffic offenses to the MSHP as required by state law.

AUDITEE'S RESPONSE

The Municipal Judge provided the following response:

"As your report notes, the City has had several individuals performing the duty of Court Clerk within the past two years. This many changes in employees has made for difficulty in training and continuity of procedures. I have confidence that our new Court Clerk will aggressively

address the concerns and recommendations made by your agency. In conferring with her regarding your suggestions, she advised the City has already directed her to implement the procedures and she has begun this process.

"I also note your concern as to the posting of a violation bureau schedule of bonds and fines. Please be advised that I created a new such listing several months ago and will follow up on the requirement that same be properly displayed."

The Court Clerk provided the following responses:

- *"All of the court files are labeled in filing cabinets so that they are easier to find.*
- *"The receipts are issued before I receive the money in my hand, and before it goes into my box, I make sure that the paper trail has been correctly formatted.*
- *"All monies that the court receives, if it amounts to over \$60, are deposited that day. The method of payment is always recorded on the receipt, the front of file, and on my records.*
- *"I have formatted a spreadsheet to keep track of credits, debits, and the date the checkbook is balanced.*
- *"The bond account will be checked, and rechecked to attempt to find the missing names to the monies that are in that account. If the names are not found, then it will be turned over to Unclaimed Property.*
- *"On the back of the new payment plans there is a spreadsheet to keep track of payments, with a copy of the receipt in the files. I make sure there is always a copy of the receipt in the files.*
- *"I have also formatted a spreadsheet to keep track of the ticket books, as well as the officer it is issued to.*
- *"The fines and court costs are now posted at the front of the building on a brightly colored paper to be sure that people can see the amounts of the costs and fines.*
- *"All of the tickets that come into my court are put onto a database for daily ticket entries, and then automatically put into a manila folder with their name, offense, and case number. All of the tickets that need to be sent to MSHP are automatically filled out after payment and put into an envelope to be sent to MSHP straight after court."*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
STONE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the applicable municipal divisions of the Thirty-Ninth Judicial Circuit on findings in the Management Advisory Reports (MAR) of our prior audit reports (97-31 and 97-57) issued for the 2 years ended 1997 and 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal divisions should consider implementing those recommendations.

**THIRTY-NINTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
TWO YEARS ENDED 1996
(Report No. 97-31)**

2. City of Crane Municipal Division

- A.1. Some receipt slips issued by the court did not indicate the method of payment received.
- 2. Receipts were not always deposited intact and cash was occasionally withheld from deposits to make refunds for overpayments.
- B. The duties of receiving, recording, depositing, and reconciling court receipts were not adequately segregated.
- C.1. Bond forms issued by the police department were not prenumbered.
- 2. The Court Clerk did not issue receipt slips for bond monies received, including bonds received from the police department.
- 3. The bond ledger maintained by the Court Clerk was not complete.
- 4. Listings of open items (liabilities) were not prepared.
- D. The Court Clerk did not prepare monthly reports of all cases heard in court.
- E. Neither the police department nor the court maintained adequate records to account for traffic tickets issued and their ultimate disposition.
- F. The City Prosecutor did not always sign traffic tickets to indicate his intention to prosecute the related charges.

- G. The disposition of some cases was not noted on the court dockets and the court dockets were not reviewed by the Municipal Judge after case dispositions were recorded.

Recommendations:

The city of Crane Municipal Division:

- A.1. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
2. Deposit receipts intact and discontinue making refunds in cash.
- B. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review or independent review of the court's receipts and deposit records and the bank reconciliations.
- C.1. Request the police department issue prenumbered bond forms or receipt slips for all bonds received and account for the numerical sequence.
2. Issue prenumbered receipt slips for all bond monies received by the court.
3. Maintain a complete bond ledger for all bonds received.
4. Prepare monthly listings of open items and reconcile these listings to the monies held in the bond bank account.
- D. Prepare monthly reports of court actions, including fines and costs collected, and file these with the city governing body in accordance with state law.
- E. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets.
- F. Ensure the City Prosecutor signs each ticket filed with the court.
- G. Document all case dispositions on the court docket and ensure the Municipal Judge reviews and approves the dockets.

Status:

A, C.2-3,
E&G. Implemented.

B, C.4,
D, F. Not implemented. See MAR finding number 1.

- C.1. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

**THIRTY-NINTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
TWO YEARS ENDED 1997 AND 1996
(Report No. 97-57)**

6. City of Reeds Spring Municipal Division

- A. The duties of receiving, recording, depositing, and reconciling court receipts were not adequately segregated.
- B.1. Receipt slips were not issued for some monies received.
 - 2. Receipt slips were issued out of numerical order, and voided receipt slips were not properly defaced and retained.
 - 3. Receipt slips did not always indicate the method of payment received.
 - 4. Police officers were allowed to collect court monies but were not bonded.
- C. Listings of open items (liabilities) were not prepared for the bond account.
- D. The court transmitted fines and court costs to the city approximately every six months and the amounts transmitted did not agree to total fines and court costs collected. At December 31, 1996, \$2,525 remained in the fines and court costs bank account which could not be identified to specific cases.
- E. The court allowed defendants to pay fines and court costs over a period of time and a control ledger to account for the balance due from each defendant was not maintained.
- F. Neither the police department nor the court maintained adequate records to account for traffic tickets issued and their ultimate disposition.
- G. The Court Clerk did not prepare monthly reports of all cases heard in court.
- H. The Municipal Judge did not always sign the court dockets after case dispositions had been recorded.

Recommendations:

The city of Reeds Spring Municipal Division:

- A. Adequately segregate the duties of receiving, recording, depositing, and reconciling court receipts. At a minimum, there should be a documented supervisory or independent review of the court's receipts and deposit records and the bank reconciliations.
- B.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
 - 2. Issue receipt slips in numerical order, and deface and retain all voided receipt slips.
 - 3. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
 - 4. Request the city obtain bond coverage for all individuals handling court monies.
- C. Prepare monthly listings of open items and reconcile these listings to the bond bank account.
- D. Transmit all fines and court costs monthly to the city, and attempt to identify all monies remaining in the fines and court costs bank account and transmit to the appropriate parties.
- E. Maintain a control ledger for all amounts due the court.
- F. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets.
- G. Prepare monthly reports of all court actions, including fines and court costs collected, and file these with the city governing body in accordance with state law.
- H. Require the Municipal Judge's signature on all court dockets.

Status:

A, B.1 &
3, C,
E, F
&G. Not implemented. See MAR finding number 4.

B.4, D
&H. Implemented.

B.2. Partially implemented. The court issues receipt slips in numerical order; however, voided receipt slips were not always properly retained. See MAR finding number 4.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTY-NINTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
STONE COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Thirty-Ninth Judicial Circuit is composed of Barry, Lawrence, and Stone Counties. The Honorable J. Edward Sweeney serves as Presiding Judge. There are twenty municipal divisions within the Thirty-Ninth Judicial Circuit. Five of these divisions are in Stone County. The city of Branson West Municipal Division and Kimberling City Municipal Division are reported on separately.

The municipal divisions are governed by Chapter 479, RSMo 2000, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality.

Municipal Division Organization, Personnel, and Financial and Caseload Information

1. City of Crane

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and costs are deposited into the municipal division's fines and costs account. Fines and costs are disbursed to the city and state monthly. The city of Crane police department collects bond monies. The police department transmits bonds to the Court Clerk daily. Bond monies are deposited into the municipal division's bond account pending disposition. Court is held twice a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge
Court Clerk

Mark Rundel
Donna Wise (1)

(1) Janette Wilson was appointed as Court Clerk in January 2005.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts	\$ 51,364	64,927
Number of cases filed	445	562

2. City of Galena

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines, costs, and bonds were deposited directly into the city treasury by the City Clerk until July 2004 when the court opened a separate bank account. Court is held once a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	George Scott
Court Clerk	Nancy Barnhart

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$ 7,013	6,333
Number of cases filed	63	79

3. City of Reeds Spring

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and costs are deposited into the municipal division's fines and costs account. Fines and costs are disbursed to the city and state monthly. The city of Reeds Spring police department collected bond monies until June 2004 when the responsibility for bond collection was assigned to the Court Clerk. Prior to June 2004, the police department transmitted bonds collected to the Court Clerk daily. Bond monies are deposited into the municipal division's bond account pending disposition. Court is held twice a month for the months of June through November, and once a month for the months of December through May. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

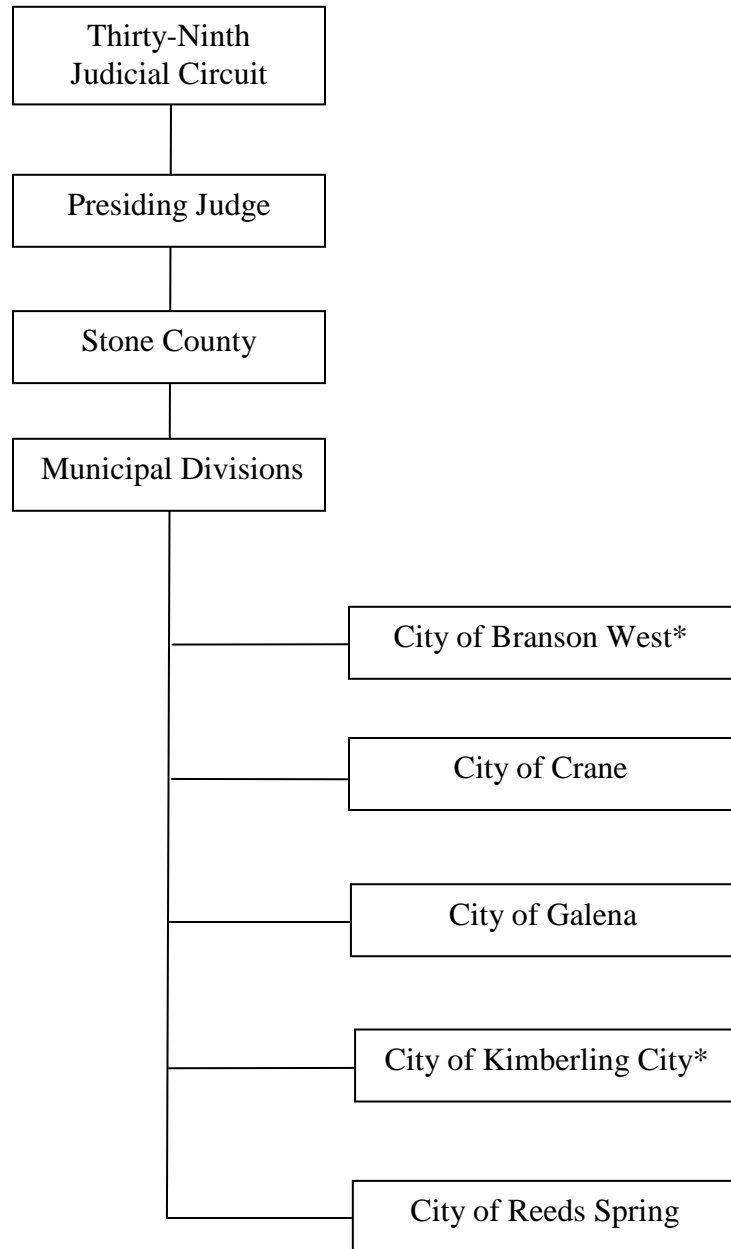
Municipal Judge	Mark Rundel
Court Clerk	Amanda Kohrs (1)

(1) Sandy Rakestraw served as Court Clerk from March 2004 to September 2004, Andrea Merritt served as Court Clerk from August 2003 to March 2004, Karen Miller served as Court Clerk from June 2003 to August 2003, and Barbara Wolven served as Court Clerk prior to June 2003.

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$80,347	106,147
Number of tickets issued	975	1,200

THIRTY-NINTH JUDICIAL CIRCUIT
ORGANIZATION CHART



* Branson West and Kimberling City are reported on separately.



Claire McCaskill

Missouri State Auditor

March 2005

CORRECTIONS

Missouri Eastern Correctional Center



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Missouri Eastern Correctional Center.

The Missouri Eastern Correctional Center (MECC) became operational in 1981. The facility is located on 42 acres in Pacific, Missouri, and is a high-medium security facility.

The MECC operates a canteen for the offenders' benefit. Our review noted that no perpetual inventory records are maintained for the canteen items. Department of Corrections (DOC) policy requires that a perpetual inventory be maintained on all stock items held in inventory. In addition, a complete and accurate record of all expensive or high-risk items is not maintained. During our audit, we noted 18 radio headphones and three color televisions had not been recorded in the high-risk ledger. Also, the canteen manager could not account for all black and white televisions recorded in the ledger.

Offender release stipends are not recorded in the business office's receipts ledger. Release stipends are transmitted from DOC's Central Office in cash form and are kept in a safe until the offender release date. All monies received should be recorded immediately upon receipt. Also, the duties of receiving, recording, and transmitting receipts are not adequately segregated, and there is no indication that a supervisory review of the accounting record is conducted.

The MECC did not solicit bids for some purchases, including fuel totaling \$28,525.

The MECC maintains an armory for firearms, ammunition, chemical agents, and miscellaneous items. No perpetual records are maintained for the armory. Although physical inventory counts were performed, these counts could not be compared to any record, diminishing the effectiveness of the inventory controls. Additionally, no independent verification of physical inventory is performed after the custodial armory officer conducts a monthly physical inventory, which is a violation of DOC policy.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
MISSOURI EASTERN CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Larry Crawford, Director
Department of Corrections
and
Larry Rowley, Superintendent
Missouri Eastern Correctional Center
Pacific, MO 63069

We have audited the Department of Corrections, Missouri Eastern Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, policies, and contracts.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the correctional center, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the correctional center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Missouri Eastern Correctional Center.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	Chris Vetter
Steven Re', CPA	

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
MISSOURI EASTERN CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

1.	Canteen Procedures
-----------	---------------------------

No perpetual inventory records are maintained for canteen items, and a complete and accurate record of all expensive or high-risk canteen items is not maintained. The Missouri Eastern Correctional Center (MECC) operates a canteen for the offenders' benefit. The canteen stocks and sells numerous products such as soda, tobacco products, snack foods, radios, and televisions. An inventory of all items is conducted on a monthly basis. The following concerns were noted regarding the canteen:

- A. No perpetual inventory records are maintained for the canteen items. As a result, a comparison of physical inventory counts to balances recorded in the perpetual records is not possible, and the effectiveness of the monthly inventory is minimized. Department of Corrections (DOC) policy D3-9.2, Section III.H.2., requires the facility to maintain a perpetual inventory on all stock items.
- B. A complete and accurate record of all expensive or high-risk items is not maintained. During our audit, we noted 18 radio headphones and three color televisions had not been recorded in the high-risk ledger. In addition, the canteen manager could not account for all black and white televisions recorded in the ledger. DOC policy D3-9.2, Section III.H.1., requires the canteen manager maintain a perpetual inventory record of expensive or high-risk items such as radios, CD players, and televisions. This record shall contain a complete description of each item, including individual serial numbers.

Effective internal controls over canteen inventory require perpetual records be maintained on all inventory items in accordance with department policy. In addition, a reconciliation of the balances obtained during the physical inventory count and the balances recorded on the perpetual inventory records must be performed. Furthermore, adequate controls over canteen inventory is necessary to ensure errors and other irregularities are prevented or detected in a timely manner.

WE RECOMMEND the MECC:

- A. Require perpetual inventory records be maintained for the canteen, document the comparison of physical inventory counts to the perpetual inventory records, and follow up in a timely manner on any discrepancies noted.
- B. Ensure all high-risk items are recorded by serial number immediately upon receipt and are accounted for properly.

AUDITEE'S RESPONSE

- A. *We concur and have implemented the yellow perpetual card stock inventory system prior to the auditor's departure.*
- B. *We concur and took immediate steps to ensure the policy requiring ID documentation was followed.*

2. Cash Procedures

Offender release stipends are not recorded in the business office's receipts ledger. In addition, the duties of receiving, recording, and transmitting receipts are not adequately segregated, and there is no indication that a supervisory review of the accounting records is conducted. The MECC receives money from photo sales, vendor refunds, vending machine commissions, and offender release stipends and account balances from Central Office at the time of release. The following concerns were noted regarding cash procedures:

- A. Offender release stipends are not recorded in the business office's receipts ledger. Release stipends are transmitted from DOC's Central Office in cash form and are kept in a safe until the offender release date. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies received should be recorded immediately upon receipt.
- B. The duties of receiving, recording, and transmitting receipts are not adequately segregated, and there is no indication that a supervisory review of the accounting records is conducted. All business office employees are responsible for receipting monies and also transmitting these monies to the Central Office. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a supervisory review of reconciliations between receipts and transmittals to Central Office.

WE RECOMMEND the MECC:

- A. Ensure all receipts are recorded in the receipts ledger.
- B. Adequately segregate the duties of receiving, recording, and transmitting monies. At a minimum, there should be a documented supervisory review of the reconciliations between receipts and transmittals to Central Office.

AUDITEE'S RESPONSE

- A. *We concur and have implemented steps to ensure all cash receipts are properly recorded in a timely manner.*
- B. *Due to limited staff, the auditor's recommendation of segregating duties is not feasible. However, we concur that in lieu of proper segregation of duties, a supervisory review of reconciliations between receipts and transmittals provides a better system of internal control. Therefore, a supervisory review was implemented prior to the auditor's departure.*

3. Bidding Procedures

The MECC did not solicit bids for some purchases. We noted bids were not obtained for fuel totaling \$28,525.

Section 34.040, RSMo 2000, requires bids be obtained for purchases over \$3,000. Competitive bidding helps ensure the MECC receives fair value by contracting with the lowest and best bidders. In addition, complete documentation should be maintained of all vendors solicited and all bids received. If other than the lowest bid is selected, the reasons should be adequately documented.

WE RECOMMEND the MECC ensure purchases exceeding \$3,000 are properly bid in accordance with state law.

AUDITEE'S RESPONSE

Although bulk fuel prices fluctuate throughout the year, we will nevertheless consider bidding this commodity on an annual or periodic basis.

4. Armory Procedures

No perpetual records are maintained for the armory, and no independent verification of the physical inventory is performed. The MECC maintains an armory for firearms, ammunition, chemical agents, and miscellaneous items. An inventory of all items is conducted on a monthly basis. The following concerns were noted regarding the armory:

- A. No perpetual records are maintained for the armory. As a result, a comparison of physical inventory counts to balances recorded in the perpetual records is not possible. As a result, the effectiveness of the periodic physical inventory procedures is minimized. DOC policy D4-5.1, Section III.A., requires the facility to maintain perpetual inventory records for the armory.

Effective internal controls over inventories require perpetual records be maintained on all inventory items in accordance with department policy. In addition, a comparison of the balances obtained during the physical inventory count and the balances recorded on the perpetual inventory records must be performed. Furthermore, adequate controls over inventories are necessary to ensure errors and other irregularities are prevented or detected in a timely manner.

- B. No independent verification of physical inventory is performed after the custodial armory officer conducts a monthly physical inventory. This practice is in violation of the DOC policy D4-5.1, Section III.A., which states that the physical inventory must be verified by an institutional employee whose duties do not include the maintenance of that particular inventory.

An independent verification enhances controls of inventories and helps reduce the risk of misuse.

WE RECOMMEND the MECC:

- A. Require perpetual inventory records be maintained for the armory, document the comparison of physical inventory counts to the perpetual inventory records, and follow up in a timely manner on any discrepancies noted.
- B. Require physical inventories to be verified by an employee independent of custodial and record-keeping duties.

AUDITEE'S RESPONSE

- A. *Although no discrepancies were noted, we concur and have begun to implement a perpetual inventory system to properly account for equipment and supplies.*
- B. *We concur and will ensure independent verifications of physical inventories are documented.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
MISSOURI EASTERN CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Eastern Correctional Center (MECC) is located in Pacific. First opened in 1981, MECC is a high-medium security institution housing male offenders. The institution consists of 4 housing units each designed to accommodate 256 male offenders, an offender segregation housing unit designed to accommodate 110 male offenders, a central services building, a gymnasium, a garage, a maintenance department, five elevated towers, a water treatment plant, and administrative offices. The perimeter is secured by two, 12 foot-high fences. The inner fence is rowed with razor sharp barbed wire every six feet. The fence also has an electronic motion system connected to it. The outer fence is topped with barbed wire. The facility is surrounded by a private asphalt road that is used by a constantly roving vehicular patrol for additional security. The facility is situated on 42 acres.

The administrative building contains the administrative offices, offender visiting areas, and the medical clinic. The central services building houses the probation and parole office, food service area, chapel, library, academic school, canteen, offender property room, warehouse, laundry, activities room, and the Missouri Vocational Enterprise program.

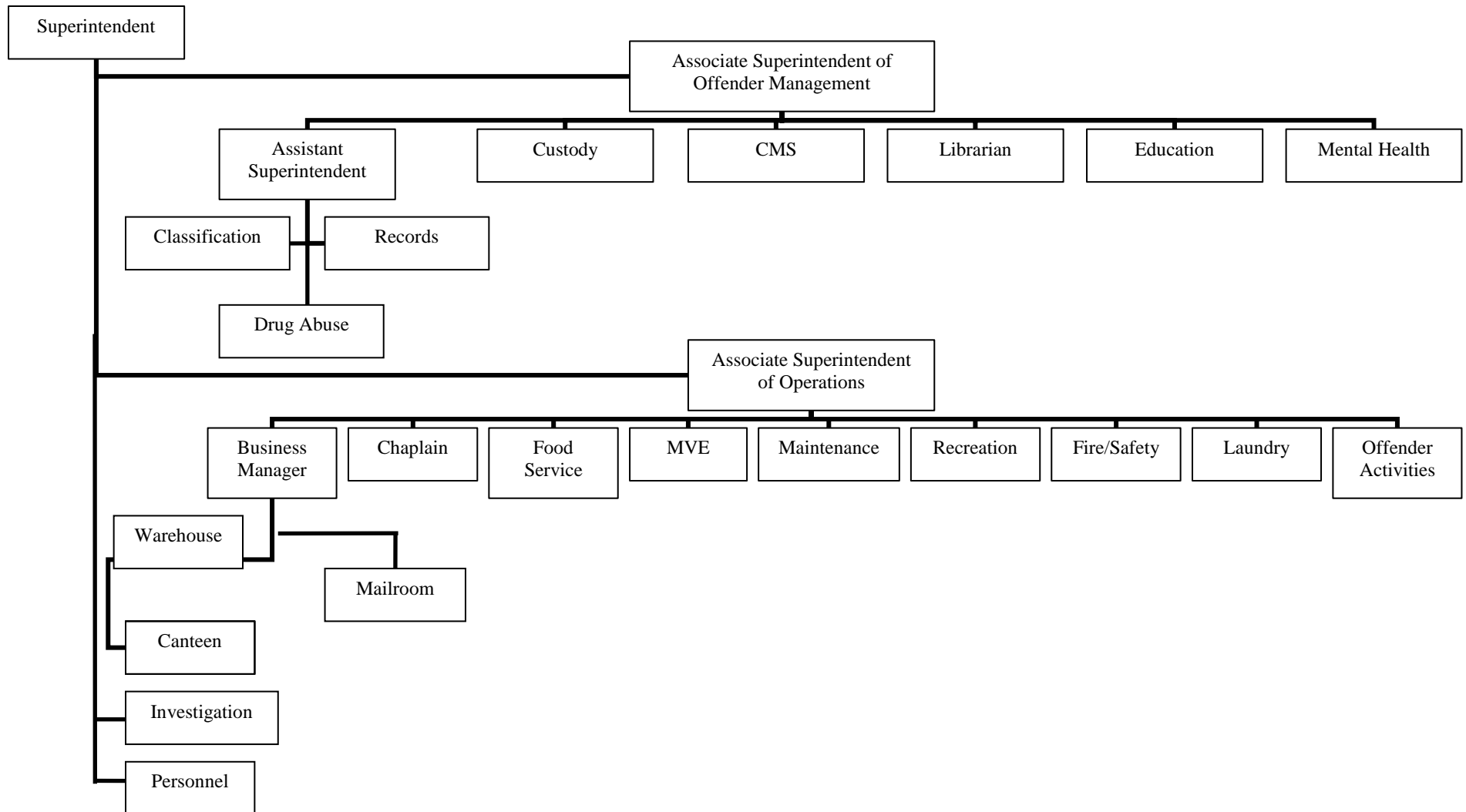
MECC offers a G.E.D. program, a special education program for offenders under the age of 22 with less than a 12th grade education, the Lau Bach Program for improving basic literacy skills, the Title I program for remedial help for offenders under the age of 21, and college correspondence course work. The education area is comprised of 13 classrooms and one testing room. Each teacher is certified in Adult Basic Education. Offenders are required to complete their G.E.D. to be eligible for parole or premium job assignments.

MECC has authorized 120 volunteers to assist with operating its volunteer programs. Volunteers provide services in religion, treatment, and education. Volunteers also act as staff liaisons for offender organizations. Among the volunteer services provided are Violent Offender Program, Restorative Justice, Cage Your Rage, and Long Distance Dads. Volunteers also sponsor offender organizations such as Alcoholics Anonymous, Narcotics Anonymous, and NAACP.

Larry Rowley has served as the facility superintendent since April 2003. The MECC employed approximately 284 employees assigned to various administrative, service, security, and academic and vocational education functions as of June 30, 2004.

An organization chart and financial data follow:

DEPARTMENT OF CORRECTIONS
MISSOURI EASTERN CORRECTIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2004



* Only personnel at the management level are included on this organization chart. There are numerous staff within each department.

Appendix A

DEPARTMENT OF CORRECTIONS
MISSOURI EASTERN CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2004			2003		
		Appropriation Authority	Expenditures	Lapsed Balances*	Appropriation Authority	Expenditures	Lapsed Balances*
GENERAL REVENUE FUND							
Personal Service	\$	6,713,997	6,309,861	404,136	6,838,593	5,955,469	883,124
Total General Revenue Fund		6,713,997	6,309,861	404,136	6,838,593	5,955,469	883,124
FACILITIES MAINTENANCE RESERVE FUND							
Facilities Maintenance-Control Console		1,725	0	1,725 **	39,477	39,477	0
Facilities Maintenance-Alarm System		215,837	208,961	6,876 **	312,830	312,830	0
Facilities Maintenance-Control Panels		573,478	424,596	148,882 **	4,310	4,310	0
Total Facilities Maintenance Reserve Fund		791,040	633,557	157,483	356,617	356,617	0
WORKING CAPITAL REVOLVING FUND							
Personal Service		54,960	48,630	6,330	53,760	39,648	14,112
Total Working Capital Revolving Fund		54,960	48,630	6,330	53,760	39,648	14,112
Total All Funds	\$	7,559,997	6,992,048	567,949	7,248,970	6,351,734	897,236

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to the department-wide appropriations that are identified to Missouri Eastern Correctional Center (MECC) are noted in Appendix B.

* The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2003	2004
General Revenue Fund:			
Personal Service	\$	218,560	882,390
Total General Revenue Fund	\$	218,560	882,390

** Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

Appendix B

DEPARTMENT OF CORRECTIONS
MISSOURI EASTERN CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,			
	2004		2003	
	Expenditures	Expenditures From	Expenditures	Expenditures From
	From Facility	Department-Wide	From Facility	Department-Wide
	Appropriations	Appropriations	Appropriations	Appropriations
		For MECC		For MECC
Salaries & Wages	\$ 6,358,491	1,172,728	5,995,117	1,276,359
Travel, In-State	0	4,335	0	8,303
Travel, Out-of-State	0	305	0	1,103
Fuel & Utilities	0	681,173	0	651,626
Supplies	0	774,173	0	775,848
Professional Development	0	3,027	0	852
Communication Service & Supplies	0	36,853	0	24,518
Professional Services	28	30,000	4,310	16,730
Housekeeping & Janitor Services	0	89,934	0	64,943
Maintenance & Repair (M&R) Services	0	63,918	0	67,771
Computer Equipment	0	12,637	0	3,400
Motorized Equipment	0	0	0	23,350
Office Equipment	0	2,561	0	1,928
Other Equipment	0	37,212	0	12,035
Property & Improvements	633,529	0	352,307	22,344
Equipment Rental & Leases	0	22,567	0	238
Miscellaneous Expenses	0	123,010	0	116,218
Total Expenditures	\$ 6,992,048	3,054,433	6,351,734	3,067,566

Note: Not included in this schedule are expenditures paid from department-wide appropriations, such as inmate medical services and capital improvements, that do not specify amounts by facility.



Claire McCaskill

Missouri State Auditor

March 2005

Office of Secretary of State

Period July 1, 2004 to
January 10, 2005, and
the Two Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following findings were noted as a result of an audit conducted by our office of the Office of Secretary of State.

On January 8, 2001, Matt Blunt was inaugurated as the state's thirty-seventh Secretary of State. His term expired January 10, 2005. On that date, Robin Carnahan was inaugurated as the state's thirty-eighth Secretary of State.

The following report of the Office of the Secretary of State reflects audited financial statements dating from July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF SECRETARY OF STATE

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OFFICE OF SECRETARY OF STATE

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Matt Blunt, Governor
and
Honorable Robin Carnahan, Secretary of State
Jefferson City, MO 65102

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investments of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund, and the Statement of Receipts for the General Revenue Fund-State as of and for the two years ended June 30, 2004, and the Statement of Appropriations and Expenditures of the various funds of the Office of Secretary of State for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund, and the receipts of the General Revenue Fund-State as of and for the two years ended June 30, 2004, and the appropriations and expenditures of the various funds of the Office of Secretary of State for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 23, 2005, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 23, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Anne Jenkins
	Jennifer L. Carter
	Adrian Kennedy



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Matt Blunt, Governor
and
Honorable Robin Carnahan, Secretary of State
Jefferson City, MO 65102

We have audited the financial statements of the Office of Secretary of State as of and for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004, and have issued our report thereon dated February 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Secretary of State, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Office of Secretary of State are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Office of Secretary of State and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 23, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF SECRETARY OF STATE
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2004

	Records Fund-Federal	National Endowment for the Humanities Save America's Treasures Grant Fund	Election Administration Improvement Fund	General Revenue Fund-Federal	Technology Trust Fund	Local Records Preservation Fund	Investors Restitution Fund	Library Networking Fund	Investor Education and Protection Fund	State Document Preservation Fund	Wolfner Library Trust Fund	Total (Memorandum Only)
RECEIPTS												
Federal grants	\$ 2,000	0	44,914,650	3,143,091	0	0	0	0	0	0	0	48,059,741
Fees	0	0	0	0	2,364,557	2,036,400	0	0	0	0	0	4,400,957
Investment income	7	0	260,504	0	50,961	0	0	3,265	0	649	3,727	319,113
Donations	0	0	0	0	0	0	0	0	0	20	5,688	5,708
Court awards	0	0	0	0	0	0	0	0	82,776	0	0	82,776
Settlements	0	0	0	0	0	0	0	0	17,500	0	0	17,500
Refunds	0	0	0	243	0	32,316	0	0	0	0	0	32,559
Recovery costs	0	0	0	0	0	0	6,814,495	0	66,821	0	0	6,881,316
Miscellaneous	0	0	0	42	0	0	0	0	0	0	0	42
Total Receipts	2,007	0	45,175,154	3,143,376	2,415,518	2,068,716	6,814,495	3,265	167,097	669	9,415	59,799,712
DISBURSEMENTS												
Personal service	0	0	0	390,374	76,327	809,915	0	0	86,248	9,703	0	1,372,567
Employee fringe benefits	0	0	0	139,996	25,224	275,141	0	0	31,307	3,676	0	475,344
Expense and equipment	0	0	0	103,223	2,304,143	291,463	0	0	95,164	26,692	43,447	2,864,132
Public assistance grants	1,867	0	0	2,401,177	0	0	0	0	0	0	0	2,403,044
Library networking	0	0	0	0	0	0	0	87,664	0	0	0	87,664
Local records grant program	0	0	0	0	0	212,712	0	0	0	0	0	212,712
Federal election reform	0	0	158,952	0	0	0	0	0	0	0	0	158,952
Investors restitution	0	0	0	0	0	0	194,600	0	0	0	0	194,600
Unemployment benefits	0	0	0	0	0	15,750	0	0	0	0	0	15,750
State office building rent	0	0	0	73,371	9,190	74,615	0	0	16,081	0	0	173,257
State office building maintenance and repair	0	0	0	9,832	1,278	10,368	0	0	2,234	0	0	23,712
Cost allocation plan	0	0	0	0	33,632	43,020	0	3,023	5,251	730	88	85,744
Leasing operations	0	0	0	0	0	9	0	0	0	0	0	9
Total Disbursements	1,867	0	158,952	3,117,973	2,449,794	1,732,993	194,600	90,687	236,285	40,801	43,535	8,067,487
RECEIPTS OVER (UNDER)												
DISBURSEMENTS	140	0	45,016,202	25,403	(34,276)	335,723	6,619,895	(87,422)	(69,188)	(40,132)	(34,120)	51,732,225
TRANSFERS												
Transfers (to) General Revenue Fund-State	0	0	0	0	(102,000)	0	0	0	0	(7898)	0	(109,898)
RECEIPTS OVER (UNDER)												
DISBURSEMENTS AND TRANSFERS	140	0	45,016,202	25,403	(136,276)	335,723	6,619,895	(87,422)	(69,188)	(48,030)	(34,120)	51,622,327
CASH AND INVESTMENTS, JULY 1	69	0	17,357,004	84,781	3,004,959	1,278,405	1,000	206,179	407,547	49,680	218,365	22,607,989
CASH AND INVESTMENTS, JUNE 30	\$ 209	0	62,373,206	110,184	2,868,683	1,614,128	6,620,895	118,757	338,359	1,650	184,245	74,230,316

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF SECRETARY OF STATE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2003

	Records Fund-Federal	National Endowment for the Humanities Save America's Treasures Grant Fund	Election Administration Improvement Fund	General Revenue Fund-Federal	Technology Trust Fund	Local Records Preservation Fund	Investors Restitution Fund	Library Networking Fund	Investor Education Fund	State Document Preservation Fund	Wolfner Library Trust Fund	Institutional Gift Trust Fund	Total (Memorandum Only)
RECEIPTS													
Federal grants	\$ 105,355	28,829	17,348,011	3,252,620	0	0	0	0	0	0	0	0	20,734,815
Fees	0	0	0	0	2,228,060	2,025,817	0	0	0	0	0	0	4,253,877
Penalties	0	0	0	0	0	0	0	0	15,000	0	0	0	15,000
Investment income	0	0	8,993	0	77,177	11	0	3,645	0	768	5,257	157	96,008
Donations	0	0	0	0	0	0	0	153,750	0	8,292	5,065	0	167,107
Settlements	0	0	0	0	0	0	0	0	240,373	0	0	0	240,373
Refunds	0	0	0	3,742	0	19,074	0	0	0	0	0	0	22,816
Recovery costs	0	0	0	0	0	0	46,500	0	0	0	0	0	46,500
Miscellaneous	2,903	0	0	2,623	2,205	0	0	0	0	0	0	0	7,731
Total Receipts	108,258	28,829	17,357,004	3,258,985	2,307,442	2,044,902	46,500	157,395	255,373	9,060	10,322	157	25,584,227
DISBURSEMENTS													
Personal service	0	0	0	427,592	68,813	836,863	0	0	98,068	0	0	0	1,431,336
Employee fringe benefits	0	0	0	141,302	21,340	265,837	0	0	33,790	0	0	0	462,269
Expense and equipment	0	0	0	139,766	2,521,379	252,884	0	0	84,429	987	0	0	2,999,445
Public assistance grants	0	0	0	2,412,468	0	0	0	0	0	0	0	0	2,412,468
Library networking	0	0	0	0	0	0	0	22,451	0	0	0	0	22,451
Local records grant program	0	0	0	0	0	273,100	0	0	0	0	0	0	273,100
Federal grant programs	105,788	28,829	0	0	0	0	0	0	0	0	0	0	134,617
Investors restitution	0	0	0	0	0	0	45,500	0	0	0	0	0	45,500
State office building rent	0	0	0	73,702	9,270	75,270	0	0	16,222	0	0	0	174,464
State office building maintenance and repair	0	0	0	10,021	1,260	10,235	0	0	2,206	0	0	0	23,722
Cost allocation plan	0	0	0	0	21,732	27,125	0	3,315	211	50	30	487	52,950
Leasing operations	0	0	0	0	0	9	0	0	0	0	0	0	9
Other	2,401	0	0	18	0	0	0	0	0	0	0	0	2,419
Total Disbursements	108,189	28,829	0	3,204,869	2,643,794	1,741,323	45,500	25,766	234,926	1,037	30	487	8,034,750
RECEIPTS OVER (UNDER)													
DISBURSEMENTS	69	0	17,357,004	54,116	(336,352)	303,579	1,000	131,629	20,447	8,023	10,292	(330)	17,549,477
TRANSFERS													
Transfers from General Revenue Fund-State	0	0	0	0	0	0	0	0	0	7898	0	0	7,898
Transfers (to) General Revenue Fund-State	0	0	0	0	(1,825)	(1,249)	0	0	(91)	(9)	(3,447)	0	(6,621)
RECEIPTS OVER (UNDER)													
DISBURSEMENTS AND													
TRANSFERS	69	0	17,357,004	54,116	(338,177)	302,330	1,000	131,629	20,356	15,912	6,845	(330)	17,550,754
CASH AND INVESTMENTS, JULY 1	0	0	0	30,665	3,343,136	976,075	0	74,550	387,191	33,768	211,520	330	5,057,235
CASH AND INVESTMENTS, JUNE 30 \$	69	0	17,357,004	84,781	3,004,959	1,278,405	1,000	206,179	407,547	49,680	218,365	0	22,607,989

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF SECRETARY OF STATE
COMPARATIVE STATEMENT OF RECEIPTS
GENERAL REVENUE FUND-STATE

	Year Ended June 30,	
	2004	2003
Corporations	\$ 11,406,320	9,935,875
Securities	11,197,272	11,095,061
Uniform commercial code	1,549,989	647,195
Commissions	402,631	373,777
Administrative rules	33,825	36,564
Archives	25,451	17,795
Elections	5,499	1,342
Missouri state library	817	9,101
Miscellaneous	7,547	4,387
Total	\$ 24,629,351	22,121,097

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

OFFICE OF SECRETARY OF STATE
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 PERIOD JULY 1, 2004 TO JANUARY 10, 2005

	Appropriation	Expenditures	Encumbrances	Uncommitted Appropriations
RECORDS FUND - FEDERAL				
Missouri Historical Records Advisory Board				
Program	\$ 106,939	58,691	23,529	24,719
Re-Grant Program	42,000	40,311	0	1,689
Total Records Fund - Federal	148,939	99,002	23,529	26,408
NATIONAL ENDOWMENT FOR THE HUMANITIES				
SAVE AMERICA'S TREASURES GRANT FUND				
Document Preservation Grant	146,172	2,900	72,429	70,843
Total National Endowment for the Humanities				
Save America's Treasures Grant Fund	146,172	2,900	72,429	70,843
ELECTION ADMINISTRATION IMPROVEMENT FUND				
Federal Election Reform	63,001,242	6,120,268	5,606,259	51,274,715
State Match	116,038	0	0	116,038
Total Election Administration Improvement Fund	63,117,280	6,120,268	5,606,259	51,390,753
ELECTION IMPROVEMENTS REVOLVING LOAN FUND				
Federal Election Reform	232,284	232,185	0	99
Total Election Improvements Revolving Loan Fund	232,284	232,185	0	99
GENERAL REVENUE FUND - FEDERAL				
Personal Service	530,322	214,112	0	316,210
Expense and Equipment	227,574	71,650	50,004	105,920
Allotments, grants and contributions from the				
Federal Government or from any sources				
may be deposited in the State Treasury for				
the use of the Missouri State Library	2,750,000	1,231,953	645,290	872,757
Total General Revenue Fund - Federal	3,507,896	1,517,715	695,294	1,294,887
TECHNOLOGY TRUST FUND				
Personal Service	80,905	34,535	0	46,370
Expense and Equipment	2,922,496	1,238,664	1,115,694	568,138
Total Technology Trust Fund	3,003,401	1,273,199	1,115,694	614,508
LOCAL RECORDS PRESERVATION FUND				
Payment of real property leases, related services,				
utilities, and systems furniture; and structural				
modifications for new FTE for rents				
consolidated to the Office of Administration -				
Expense and Equipment	274	120	120	34
Personal Service	916,663	482,430	0	434,233
Expense and Equipment	397,727	136,831	62,697	198,199
Local records preservation grants	521,043	200,956	161,304	158,783
Total Local Records Preservation Fund	1,835,707	820,337	224,121	791,249
INVESTORS RESTITUTION FUND				
Investors Restitution	55,000	3,000	0	52,000
Total Investors Restitution Fund	55,000	3,000	0	52,000
LIBRARY NETWORKING FUND				
Library Network Grants	450,001	18,425	3,494	428,082
Total Library Networking Fund	450,001	18,425	3,494	428,082
INVESTOR EDUCATION AND PROTECTION FUND				
Personal Service	125,658	55,240	0	70,418
Expense and Equipment	163,464	57,889	14,826	90,749
Total Investor Education and Protection Fund	289,122	113,129	14,826	161,167

Exhibit C-1

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
PERIOD JULY 1, 2004 TO JANUARY 10, 2005

	Appropriation	Expenditures	Encumbrances	Uncommitted Appropriations
STATE DOCUMENT PRESERVATION FUND				
Expense and Equipment	12,183,515	0	0	12,183,515
Personal Service	171,704	550	0	171,154
Total State Document Preservation Fund	12,355,219	550	0	12,354,669
WOLFNER LIBRARY TRUST FUND				
Expense and Equipment	14,500	0	0	14,500
Total Wolfner Library Trust Fund	14,500	0	0	14,500
GENERAL REVENUE FUND - STATE				
Personal Service	6,894,859	3,737,359	0	3,157,500
Expense and Equipment	2,343,907	989,496	704,253	650,158
Elections Public Notice	1,600,000	580,513	0	1,019,487
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	100,000	64,802	0	35,198
Remote Electronic Access for Libraries Program	2,959,250	0	2,959,250	0
Absentee Ballots	50,000	50,000	0	0
Aid to Public Libraries	4,001,744	1,404,984	1,404,983	1,191,777
Literacy Investment for Tomorrow Program	69,450	0	69,450	0
Leasing	228,925	99,677	99,677	29,571
Election Printing	21,395	19,980	0	1,415
Expense and Equipment Grant Match	8,136	8,125	0	11
Official Manual	10,000	667	366	8,967
Total General Revenue Fund - State	18,287,666	6,955,603	5,237,979	6,094,084
Total All Funds	\$ 103,443,187	17,156,313	12,993,625	73,293,249

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

OFFICE OF SECRETARY OF STATE
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2004

	Appropriation	Expenditures	Lapsed Balances **
RECORDS FUND - FEDERAL			
Missouri Historical Records Advisory Board			
Program	\$ 208,002	4,741	203,261 *
Total Records Fund - Federal	208,002	4,741	203,261
NATIONAL ENDOWMENT FOR THE HUMANITIES			
SAVE AMERICA'S TREASURES GRANT FUND			
Document Preservation Grant	312,511	0	312,511 *
Total National Endowment for the Humanities			
Save America's Treasures Grant Fund	312,511	0	312,511
ELECTION ADMINISTRATION IMPROVEMENT FUND			
Federal Election Reform	17,363,078	158,952	17,204,126
Total Election Administration Improvement Fund	17,363,078	158,952	17,204,126
GENERAL REVENUE FUND - FEDERAL			
Personal Service	511,242	390,374	120,868
Expense and Equipment	227,574	103,223	124,351
Allotments, grants and contributions from the			
Federal Government or from any sources			
may be deposited in the State Treasury for			
the use of the Missouri State Library	3,595,893	2,401,177	1,194,716
Total General Revenue Fund - Federal	4,334,709	2,894,774	1,439,935
TECHNOLOGY TRUST FUND			
Personal Service	78,505	76,327	2,178
Expense and Equipment	2,922,496	2,304,143	618,353
Total Technology Trust Fund	3,001,001	2,380,470	620,531
LOCAL RECORDS PRESERVATION FUND			
Payment of real property leases, related services,			
utilities, and systems furniture; and structural			
modifications for new FTE for rents			
consolidated to the Office of Administration -			
Expense and Equipment	514	240	274 *
Personal Service	885,175	809,915	75,260
Expense and Equipment	418,007	291,223	126,784
Local records preservation grants	561,461	212,712	348,749 *
Total Local Records Preservation Fund	1,865,157	1,314,090	551,067
INVESTORS RESTITUTION FUND			
Investors Restitution	254,000	194,600	59,400
Total Investors Restitution Fund	254,000	194,600	59,400
LIBRARY NETWORKING FUND			
Library Network Grants	206,662	87,664	118,998
Total Library Networking Fund	206,662	87,664	118,998
INVESTOR EDUCATION AND PROTECTION FUND			
Personal Service	121,458	86,248	35,210
Expense and Equipment	163,464	95,164	68,300
Total Investor Education and Protection Fund	284,922	181,412	103,510
STATE DOCUMENT PRESERVATION FUND			
Expense and Equipment	189,515	26,692	162,823
Personal Service	116,848	9,703	107,145
Total State Document Preservation Fund	306,363	36,395	269,968

Exhibit C-2

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriation	Expenditures	Lapsed Balances **
WOLFNER LIBRARY TRUST FUND			
Expense and Equipment	57,000	43,447	13,553
Total Wolfner Library Trust Fund	57,000	43,447	13,553
GENERAL REVENUE FUND - STATE			
Personal Service	6,682,748	6,598,574	84,174
Expense and Equipment	2,395,934	2,327,138	68,796
Elections Public Notice	100,000	0	100,000
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	254,000	110,417	143,583
Remote Electronic Access for Libraries Program	2,959,250	2,959,250	0
Absentee Ballots	50,000	26,561	23,439
Costs related to State library automation	185,000	185,000	0 *
Aid to Public Libraries	4,001,744	4,001,744	0
Literacy Investment for Tomorrow Program	69,450	69,450	0
Federal Election Reform	40,000	0	40,000
Leasing	428,740	199,815	228,925 *
Election Printing	21,395	17,378	4,017
Expense and Equipment Grant Match	58,479	50,343	8,136 *
Official Manual	600,000	450,800	149,200
Statewide Library Automation	103,204	103,204	0
Total General Revenue Fund - State	17,949,944	17,099,674	850,270
Total All Funds	\$ 46,143,349	24,396,219	21,747,130

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005.

** The lapsed balances included the following withholdings made at the Governor's request.

	Year Ended June 30, 2004
General Revenue Fund-State	
Elections Public Notice	\$ 3,000
Absentee Ballots	1,500
Federal Election Reform	1,200
Leasing	12,862
Total	\$ 18,562

The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriation	Expenditures	Lapsed Balances **
RECORDS FUND - FEDERAL			
Missouri Historical Records Advisory Board			
Program	\$ 290,000	102,914	187,086
Total Records Fund - Federal	290,000	102,914	187,086
NATIONAL ENDOWMENT FOR THE HUMANITIES			
SAVE AMERICA'S TREASURES GRANT FUND			
Document Preservation Grant	95,000	28,829	66,171
Total National Endowment for the Humanities			
Save America's Treasures Grant Fund	95,000	28,829	66,171
ELECTION ADMINISTRATION IMPROVEMENT FUND			
Federal Election Reform	5,000,000	0	5,000,000
Total Election Administration Improvement Fund	5,000,000	0	5,000,000
GENERAL REVENUE FUND - FEDERAL			
Personal Service	504,057	427,592	76,465
Expense and Equipment	227,574	139,766	87,808
Allotments, grants and contributions from the			
Federal Government or from any sources			
may be deposited in the State Treasury for			
the use of the Missouri State Library	3,869,687	2,412,468	1,457,219
Federal Election Reform	1	0	1
Total General Revenue Fund - Federal	4,601,319	2,979,826	1,621,493
TECHNOLOGY TRUST FUND			
Personal Service	77,900	68,813	9,087
Expense and Equipment	2,922,496	2,521,379	401,117
Total Technology Trust Fund	3,000,396	2,590,192	410,204
LOCAL RECORDS PRESERVATION FUND			
Payment of real property leases, related services,			
utilities, and systems furniture; and structural			
modifications for new FTE for rents			
consolidated to the Office of Administration -			
Expense and Equipment	257	240	17
Personal Service	899,969	836,863	63,106
Expense and Equipment	397,727	252,644	145,083
Local records preservation grants	722,134	273,100	449,034
Total Local Records Preservation Fund	2,020,087	1,362,847	657,240
INVESTORS RESTITUTION FUND			
Investors Restitution	55,000	45,500	9,500
Total Investors Restitution Fund	55,000	45,500	9,500
LIBRARY NETWORKING FUND			
Library Network Grants	50,000	22,451	27,549
Total Library Networking Fund	50,000	22,451	27,549
INVESTOR EDUCATION FUND			
Personal Service	121,458	98,068	23,390
Expense and Equipment	163,464	84,429	79,035
Total Investor Education Fund	284,922	182,497	102,425
STATE DOCUMENT PRESERVATION FUND			
Expense and Equipment	33,515	987	32,528
Personal Service	116,460	0	116,460
Total State Document Preservation Fund	149,975	987	148,988

Exhibit C-3

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriation	Expenditures	Lapsed Balances **
WOLFNER LIBRARY TRUST FUND			
Expense and Equipment	35,000	0	35,000
Total Wolfner Library Trust Fund	35,000	0	35,000
INSTITUTIONAL GIFT TRUST FUND			
Personal Service	121,458	0	121,458
Expense and Equipment	163,464	0	163,464
Total Institutional Gift Trust Fund	284,922	0	284,922
GENERAL REVENUE FUND - STATE			
Personal Service	6,237,008	6,226,784	10,224
Expense and Equipment	2,552,530	2,374,382	178,148
Elections Public Notice	1,607,196	1,518,645	88,551
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	100,000	84,204	15,796
Remote Electronic Access for Libraries Program	2,959,250	2,959,250	0
Payment of real property leases, related services, utilities, and systems furniture; and structural modifications for new FTE for rents consolidated to the Office of Administration - Expense and Equipment	187,991	187,691	300
Absentee Ballots	50,000	26,753	23,247
Costs related to State library automation	483,866	380,662	103,204
Aid to Public Libraries	3,770,657	3,770,656	1
Literacy Investment for Tomorrow Program	69,450	69,450	0
Expense and Equipment Grant Match	49,275	49,274	1
Federal Election Reform	40,000	0	40,000
Personal Service/Expense and Equipment Flex	988,588	897,619	90,969
Total General Revenue Fund-State	19,095,811	18,545,370	550,441
Total All Funds	\$ 34,962,432	25,861,413	9,101,019

** The lapsed balances included the following withholdings made at the Governor's request.

	Year Ended June 30, 2003
General Revenue Fund-State	
Expense and Equipment	\$ 11,800
Elections Public Notice	38,000
Absentee Ballots	21,561
Federal Election Reform	40,000
Total	\$ 111,361

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF SECRETARY OF STATE
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 7,971,141	8,555,738	8,673,653	8,205,279	7,460,354
Travel, in-state	146,873	164,063	189,269	156,399	164,934
Travel, out-of-state	41,074	54,502	45,668	75,185	92,054
Fuel and utilities	23,521	25,676	24,314	11,127	10,359
Supplies	871,433	816,476	1,031,431	939,732	841,721
Professional development	151,719	143,960	150,572	154,239	144,481
Communication service and supplies	301,216	301,489	438,716	315,424	271,370
Services:					
Health	0	0	0	0	75
Business	0	0	0	2,158,554	1,386,287
Professional	5,914,750	7,333,896	5,499,463	1,117,305	917,771
Housekeeping and janitorial	12,510	11,181	10,784	4,972	2,713
Maintenance and repair	908,563	794,363	854,607	0	0
Equipment maintenance and repair	0	0	0	785,897	294,167
Transportation maintenance and repair	0	0	0	2,194	3,380
Computer equipment	741,754	842,557	702,001	1,092,560	779,688
Motorized equipment	20,437	7,500	0	17,801	39,256
Office equipment	90,734	11,145	13,644	305,026	62,793
Other equipment	69,925	48,287	44,275	272,420	21,569
Property and improvements	109,235	109,387	223,235	132,071	151,850
Building lease payments	208,668	196,098	210,027	88,669	69,020
Equipment rental and leases	37,010	8,747	33,756	26,519	27,293
Miscellaneous expenses	19,285	38,362	52,169	35,135	163,196
Refunds	110,417	84,204	62,027	66,066	2,689,631
Program distributions	6,645,954	6,313,782	6,171,591	10,594,000	10,254,901
Total Expenditures	\$ 24,396,219	25,861,413	24,431,202	26,556,574	25,848,863

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

OFFICE OF SECRETARY OF STATE
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2002	\$ 4,874,600	202,331	5,076,931
Prior period adjustment	(165,386)	0	(165,386)
Restated Balance, June 30, 2002	4,709,214	202,331	4,911,545
Additions	980,916	12,502	993,418
Dispositions	315,872	39,256	355,128
Balance, June 30, 2003	5,374,258	175,577	5,549,835
Additions	719,867	15,435	735,302
Dispositions	197,158	0	197,158
Balance, June 30, 2004	5,896,967	191,012	6,087,979
Additions	758,631	305	758,936
Dispositions	132,056	0	132,056
Balance, January 10, 2005	\$ 6,523,542	191,317	6,714,859

Fund of Acquisition	Balance January 10, 2005
General Revenue Fund-State	\$ 3,608,416
General Revenue Fund-Federal	42,660
Election Administration Improvement	666,755
Technology Trust Fund	2,096,309
Local Records Preservation Fund	264,738
Library Networking Fund	2,080
Wolfner Library Trust Fund	33,901
Total All Funds	\$ 6,714,859

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF SECRETARY OF STATE
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of Secretary of State.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the General Revenue Fund-State. Receipts include monies the office collects during its normal activities and remits to the fund. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statements of Appropriations and Expenditures, Exhibit C, are presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations. For the period ended January 10, 2005, expenditures include amounts payable at January 10, 2005, including payroll earned through December 31, 2004, for all employees, plus the final payroll and accrued annual leave amounts payable to employees terminating on January 10, 2005. Encumbered amounts are reported as encumbrances.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Records Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's Records Federal Account. These federal funds may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize the disbursements of the office's federal funds. This fund is used to handle federal funds administered by State Archives for document preservation grants to other entities and the electronic records training grants for training of other entities.

National Endowment for the Humanities Save America's Treasures Grant Fund: The office administers a program financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's National Endowment for the Humanities Save America's Treasure Federal Account. These federal funds may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize the disbursements of

the office's federal funds. This fund is used to handle federal funds administered by State Archives for the preservation of the St. Louis Circuit Clerk's court documents.

Election Administration Improvement Fund: This fund was established by Section 115.078.1, RSMo, in fiscal year 2003, to account for gifts, contributions, grants, or bequests received from federal, private, or other sources for the purpose of improving the administration of elections within Missouri. The federal monies may be received in advance, when related expenditures are made, or after they are made. Expenditures are authorized by appropriations for election administration improvements. No monies in this fund shall be made a part of the general operating budget of an election authority, or used to supplant other federal, state, or local funds expended for elections. Monies may be transferred from this fund to the Elections Improvements Revolving Loan Fund as the Secretary of State deems necessary to comply with the Help America Vote Act of 2002 (HAVA). Balances remaining in the fund are perpetually maintained for the purpose of the fund.

General Revenue Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Technology Trust Fund: This fund was established by Section 28.160, RSMo, to receive fees for certain services provided by the Office of Secretary of State. Expenditures are authorized by appropriation for the purposes of establishing, procuring, developing, modernizing and maintaining an electronic data processing system and programs for a centralized data base of all registered voters; library services; and services, equipment, and functions related to administrative rules, securities, corporations and business organizations, archives, Uniform Commercial Code and record services. The authority to collect certain fees expires December 31, 2009. At the end of a biennium, any amount in the fund in excess of \$5 million shall be transferred to the General Revenue Fund-State.

Local Records Preservation Fund: This fund was established by Section 59.319, RSMo, to receive user fees from document recordings in each county. Expenditures are authorized by appropriation for preservation of local records by the Secretary of State. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Investors Restitution Fund: This fund was established by Section 409.6-604, RSMo, in fiscal year 2003, for the purpose of preserving and distributing to aggrieved investors, restitution funds obtained through enforcement proceedings under the state securities laws. Expenditures are authorized by appropriation for restitution to individuals. If the aggrieved investor cannot be determined, the funds may be transferred to the Investor Education and Protection Fund.

Library Networking Fund: This fund was established by Section 182.812, RSMo, to consist of any gifts, contributions, grants, or bequests received from federal, private or other sources. Expenditures are authorized by appropriation for library networks. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Investor Education and Protection Fund: This fund was established by Section 409.6-601, RSMo, to receive collections from enforcement actions of the Secretary of State Securities Division. Expenditures are authorized by appropriation for investor education programs. Balances remaining in the fund are perpetually maintained for the purpose of the fund. Effective September 1, 2003, the fund name changed to Investor Education and Protection Fund from Investor Education Fund.

State Document Preservation Fund: This fund was established by Section 109.005, RSMo, to receive monies from gifts, bequests, or contributions for the specific purpose of preserving legal, historical and genealogical materials and making them available to the public. Expenditures are authorized by appropriation for state document preservation. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Wolfner Library Trust Fund: This fund was established by Section 181.150, RSMo, to account for donations restricted to improving library services to the blind and physically handicapped. In addition to donations, revenues consist of earnings from fund investments. A portion of the Wolfner Library Trust Fund is invested with and managed by the Missouri Investment Trust.

Institutional Gift Trust Fund: This fund was established by Section 33.563, RSMo, to receive collections from enforcement actions of the Secretary of State Securities Division. Expenditures are authorized by appropriation for investor education programs. Balances remaining in the fund are perpetually maintained for the purpose of the fund. This fund was closed at the end of fiscal year 2003.

General Revenue Fund-State: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

Election Improvements Revolving Loan Fund: This fund was established by Section 115.078.2, RSMo, in fiscal year 2003, to account for moneys appropriated by the general assembly, repayment of moneys from eligible lenders, and any moneys deposited or transferred to the fund for the purpose of improving the administration of elections through loans. The money in the fund was to be used solely for improving the administration of elections through loans, and the fund was to be

administered in accordance with HAVA. However, the Office of Secretary of State decided not to pursue HAVA loans. Instead, the Office of Secretary of State places grant monies from the U.S. Department of Health and Human Services in the fund. These monies are used to provide greater voting accessibility to individuals with a full-range of disabilities. The Office of Administration approved the Office of Secretary of State putting those monies in this fund. Appropriations from this fund authorize disbursement of the office's federal monies.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investor Education and Protection Fund, and State Document Preservation Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

2. Cash and Investments

The balances of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund are pooled with other state funds and invested by the state treasurer. In addition, \$728,000 from the Wolfner Library Trust Fund is invested with the Missouri Investment Trust. According to the trust agreement between the Office of Secretary of State and the Missouri Investment Trust, the funds transferred along with any interest, income or other earnings will be transferred to the Wolfner Library Trust Fund from the Missouri Investment Trust in January 2010.

3. Article X Refunds

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. Total state revenue exceeded this limit in fiscal year 2000, which triggered income tax refund liabilities in fiscal year 2003 under provisions of the Constitution. The Office of Administration calculated the proportional share of the liabilities to be allocated to each fund and transfers were made from the Technology Trust Fund, Local Records Preservation Fund, Investor Education and Protection Fund, State Document Preservation Fund, and Wolfner Library Trust Fund to the state's General Revenue Fund to cover the fund's share of the liabilities.

4. State Office Building Rent/Maintenance and Repair

The Office of Administration calculated the proportional share of operating costs and maintenance, repair, and renovation costs for the office's occupancy in state-owned buildings. Monthly transfers were made from the General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, and Investor Education and Protection Fund to the state's General Revenue Fund to cover the fund's share of the costs.

5. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for the agencies in the pools. Transfers were made from the Technology Trust Fund, Local Records Preservation Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund to the state's General Revenue Fund to cover each fund's share of the costs.

6. Leasing Operations

The Office of Administration calculated the proportional share of costs for leasing operations to be allocated to various funds based on each fund's percentage of the state's total lease expenditures in the prior year. An annual transfer was made from the Local Records Preservation Fund to the state's General Revenue Fund to cover the fund's share of the costs.

7. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

Records Fund-Federal

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	1,867	108,189
Lapse period expenditures:			
2003		2,874	(2,874)
Other		0	(2,401)
EXPENDITURES PER EXHIBIT C	\$	<u>4,741</u>	<u>102,914</u>

General Revenue Fund-Federal

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	3,117,973	3,204,869
Employee fringe benefits		(139,996)	(141,302)
State office building rent		(73,371)	(73,702)
State office building maintenance and repair		(9,832)	(10,021)
Other		0	(18)
EXPENDITURES PER EXHIBIT C	\$	<u>2,894,774</u>	<u>2,979,826</u>

Technology Trust Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	2,449,794	2,643,794
Employee fringe benefits		(25,224)	(21,340)
State office building rent		(9,190)	(9,270)
State office building maintenance and repair		(1,278)	(1,260)
Cost allocation plan		(33,632)	(21,732)
EXPENDITURES PER EXHIBIT C	\$	<u>2,380,470</u>	<u>2,590,192</u>

Local Records Preservation Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	1,732,993	1,741,323
Employee fringe benefits		(275,141)	(265,837)
Unemployment Benefits		(15,750)	0
State office building rent		(74,615)	(75,270)
State office building maintenance and repair		(10,368)	(10,235)
Cost allocation plan		(43,020)	(27,125)
Leasing operations		(9)	(9)
EXPENDITURES PER EXHIBIT C	\$	<u>1,314,090</u>	<u>1,362,847</u>

Library Networking Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	90,687	25,766
Cost allocation plan		(3,023)	(3,315)
EXPENDITURES PER EXHIBIT C	\$	<u>87,664</u>	<u>22,451</u>

Investor Education and Protection Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	236,285	234,926
Employee fringe benefits		(31,307)	(33,790)
State office building rent		(16,081)	(16,222)
State office building maintenance and repair		(2,234)	(2,206)
Cost allocation plan		(5,251)	(211)
EXPENDITURES PER EXHIBIT C	\$	<u>181,412</u>	<u>182,497</u>

State Document Preservation Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	40,801	1,037
Employee fringe benefits		(3,676)	0
Cost allocation plan		(730)	(50)
EXPENDITURES PER EXHIBIT C	\$	<u>36,395</u>	<u>987</u>

Wolfner Library Trust Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	43,535	30
Cost allocation plan		(88)	(30)
EXPENDITURES PER EXHIBIT C	\$	43,447	0

Institutional Gift Trust Fund

		Year Ended June 30,	
		2003	
DISBURSEMENTS PER EXHIBIT A	\$	487	
Cost allocation plan		(487)	
EXPENDITURES PER EXHIBIT C	\$	0	

8. Uncommitted Appropriations-Fiscal Year 2005

The amounts presented as uncommitted appropriations represent appropriations not yet spent or committed at January 10, 2005.

Notes to the Supplementary Data:

9. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at January 10, 2005, June 30, 2004, and June 30, 2003, was approximately \$4,435,000, \$4,190,000 and \$3,519,000, respectively.

10. Prior Period Adjustment

The June 30, 2002 balance of furniture and equipment in the general capital assets account has been decreased by \$165,386. This change is the result of various corrections made to the State Advantage for Missouri (SAM II) system.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

OFFICE OF SECRETARY OF STATE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Secretary of State on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2002. Although the unimplemented recommendation is not repeated, the office should consider implementing this recommendation.

1. Federal Grant Management

- A. Because the State Library (library) did not routinely require subrecipients of the Institute of Museum and Library Services (IMLS) grants to provide expenditure documentation, the library rarely reviewed and evaluated expenditure documentation from these subrecipients.
- B. During the year ended June 30, 2002, the Archives Division only submitted one of four required reports for a document restoration grant. In addition, the library had not submitted quarterly federal cash transaction reports since July 2001 for the IMLS grants.

Recommendation:

The Office of Secretary of State:

- A. Develop policies and procedures to adequately monitor subrecipients' expenditures of IMLS grant monies to ensure the monies are spent in accordance with federal requirements.
- B. Ensure all required reports are prepared and submitted in accordance with grant requirements.

Status:

Implemented.

2. Corporation Fees

The Corporations Section did not establish adequate procedures to ensure the number of filings processed each day were properly reported and accounted for and that fees were remitted to the proper fund. Neither the total number of filings documented on the individual transmittal sheets nor the aggregate number of filings were independently verified.

Recommendation:

The Office of Secretary of State establish procedures which provide for an independent verification of the number of filings processed by the Corporations Section and which ensure fees received are remitted to the proper fund.

Status:

Implemented. A new computer system provides the office a more accurate count of the number of filings and the amounts to be paid to the applicable funds.

3. Internal Control Plan and Control Weaknesses

- A. The office did not prepare and submit an internal control plan to the Office of Administration (OA), as required.
- B. The failure to complete an internal control plan contributed to control weaknesses in various divisions. There was a lack of segregation of duties in the majority of divisions, and one division did not deposit receipts on a timely basis. In addition, monthly reconciliations between revenue transmittals and State Advantage for Missouri (SAM II) reports were usually not prepared and/or properly documented in the majority of divisions.

Recommendation:

The Office of Secretary of State develop written internal control procedures for the various divisions. These procedures should ensure the duties of receiving, recording, depositing, and reconciling are adequately segregated; receipts are deposited on a daily basis or when accumulated receipts exceed \$100; and monthly reconciliations of receipts to SAM II reports are prepared and/or documented. In addition, the Office of Secretary of State should prepare and submit its internal control plan to the OA, as soon as possible.

Status:

Partially implemented. Written internal control procedures were completed and submitted to OA for the various divisions. Although control procedures for the divisions have improved, there are still some control weaknesses. In some divisions, an independent documented supervisory review is not always performed and/or documented, and a monthly reconciliation between revenue transmittals and SAM II reports is not always documented. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF SECRETARY OF STATE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

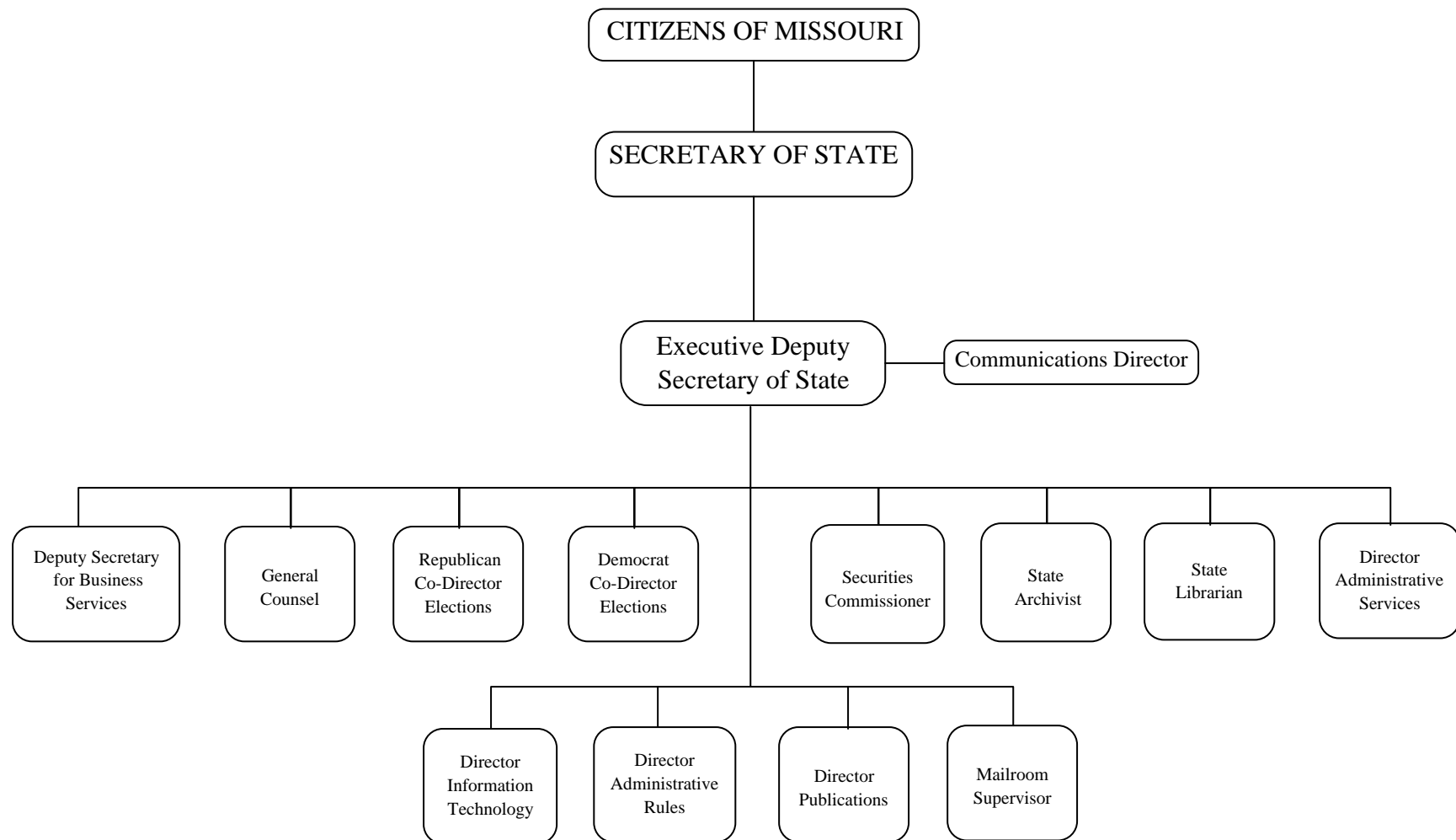
The Office of Secretary of State is an elective office as provided in the Missouri Constitution. Article IV, Section 14, established the duties of the Secretary of State: 1) to be custodian of the state seal, 2) to keep a register of the official acts of the governor, 3) to be custodian of records and documents, and 4) to perform such duties in relation to elections and corporations as provided by law.

To accommodate the responsibilities of record keeping, registration, and administration, the Secretary of State's office is currently divided into eight divisions – Executive Services, Elections, Securities, Business Services, Record Services, Legal Services, Administrative Services and Library Services. Some divisions are composed of separate sections which perform specific functions.

On January 8, 2001, Matt Blunt was inaugurated as the state's thirty-seventh Secretary of State. His term expired on January 10, 2005. On that date, Robin Carnahan was inaugurated as the thirty-eighth Secretary of State.

At January 10, 2005, the office employed approximately 262 full-time and 9 part-time employees. An organization chart follows:

OFFICE OF SECRETARY OF STATE
ORGANIZATION CHART
JANUARY 10, 2005





Claire McCaskill
Missouri State Auditor

March 2005

State of Missouri

Single Audit

Year Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Single Audit includes the federal awards expended by all state agencies, except for the public universities and various financing authorities which provide their financial information directly to the federal government. State agencies expended \$8.3 billion of federal grant funds during the year ended June 30, 2004. Expenditures of federal awards have increased significantly over the past five years. Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (94 percent). These six departments are: Social Services, Transportation, Labor and Industrial Relations, Elementary and Secondary Education, Health and Senior Services, and Office of Administration. Overall, the state expended federal awards in 313 different programs.

The state of Missouri did not comply with requirements regarding eligibility that are applicable to its State Children's Insurance and Medical Assistance programs. Compliance with such requirements is necessary, in the opinion of the State Auditor, for the state of Missouri to comply with the requirements applicable to that program. On April 27, 2004, the Missouri State Auditor's Office issued audit report No. 2004-29, *Department of Social Services Medicaid Eligibility*. We found Family Support Division (FSD) caseworkers were not performing annual eligibility redeterminations as required by federal and state regulations. As of June 30, 2003, the FSD had not redetermined eligibility within a year or more for 383,004 of 934,453 recipients (41 percent). We question costs totaling \$767,270 for Medicaid and \$174,693 for SCHIP.

We also noted matters involving the internal control over compliance that we consider to be reportable and material problems.

The current loan servicer used in the Federal Family Education Loan Program has not established procedures to provide that collections are adequately secured and that all collections are fully reconciled to the accounting system and tracked. The loan servicer also has not established an adequate quality control review process regarding paid claims. Required federal reports appear to be inaccurate and lack adequate supporting documentation.

The State Emergency Management Agency has not established adequate internal controls to ensure subrecipient monitoring is properly performed.

(over)

YELLOW SHEET

Eligibility and payment documentation could not be located for some Department of Social Services (DSS)-Children's Division (CD) Foster Care Title IV-E cases reviewed. We reviewed eligibility documentation for 60 Foster Care benefit recipients. Their Foster Care assistance totaled \$205,579 during the year ending June 30, 2004. We could not locate invoices or other adequate supporting documentation for some payments on 62 percent of cases reviewed. We questioned costs of \$6,857. A similar condition was also noted in our prior report. In addition, the CD does not verify that residential facility and day care contractors paid more than \$25,000 are not suspended or debarred from participating in federal government programs.

On January 13, 2004, the Missouri State Auditor's Office issued audit report No. 2004-01, ***Oversight Controls and Management in the State's Managed Care Program***. Officials with the Division of Medical Services (DMS) cannot measure the utilization of covered services provided to managed care recipients and do not know if the state's total cost truly measured healthcare costs. Additionally, the DMS did not profile the managed care population to determine if capitation payments were made for potentially ineligible recipients, or if the absence of encounter claim records was an indication of problems with access to medical services. Also, fraud detection activities were not performed in the managed care program even though required by federal Medicaid rules.

The DSS-CD made Adoption Assistance payments exceeding contract limits. Also, invoice or other supporting documentation for some payments could not be located. We questioned costs of \$12,112. Similar conditions were also noted in our two prior reports.

Also included in the single audit report are recommendations related to subrecipient monitoring in the Department of Mental Health and the Department of Health and Senior Services. Recommendations regarding the Vocational Rehabilitation program, interest calculation errors, and managed care program complaint and grievance reports are also included.

All reports are available on our website: www.auditor.mo.gov

STATE OF MISSOURI
SINGLE AUDIT

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STATE OF MISSOURI
SINGLE AUDIT

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INTRODUCTION AND SUMMARY

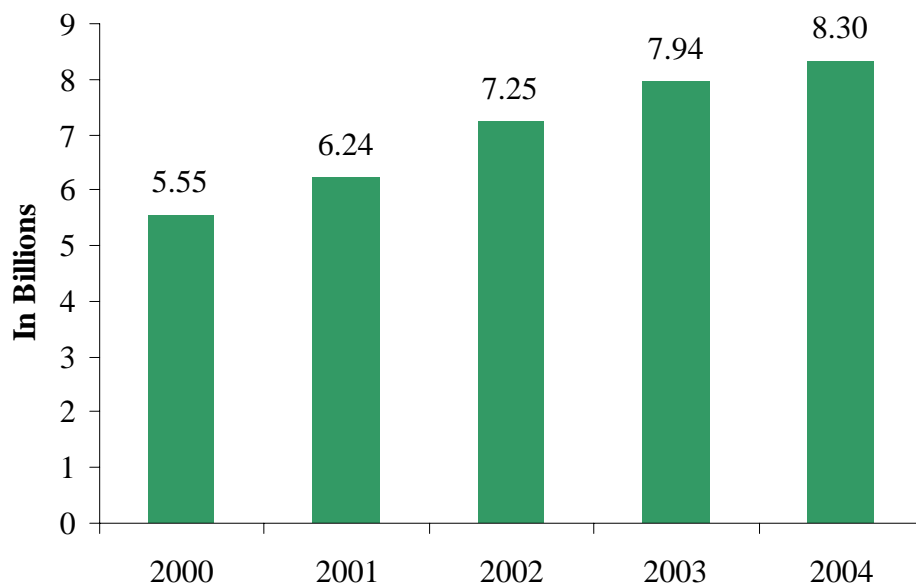
INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. The single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

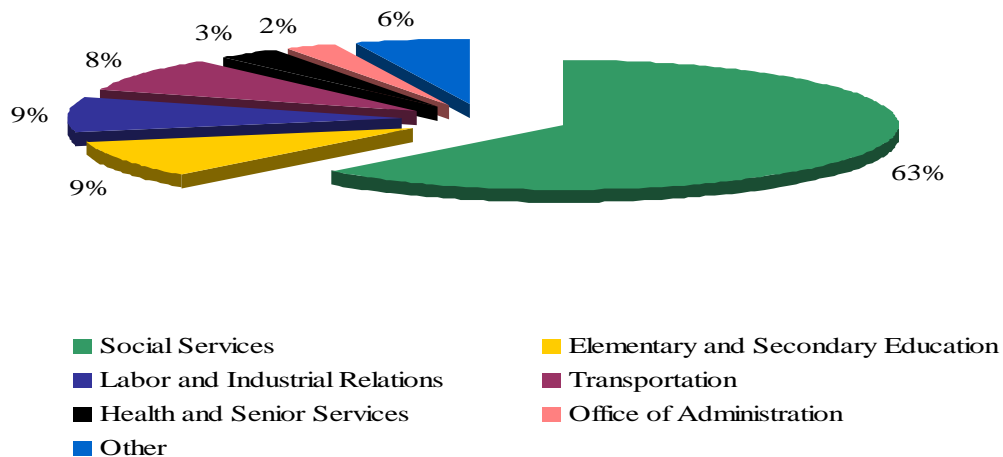
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$8.3 billion in federal awards during the year ended June 30, 2004. Expenditures of federal awards have increased significantly over the past five years.

**Total Expenditures of Federal Awards
Five Year Comparison**



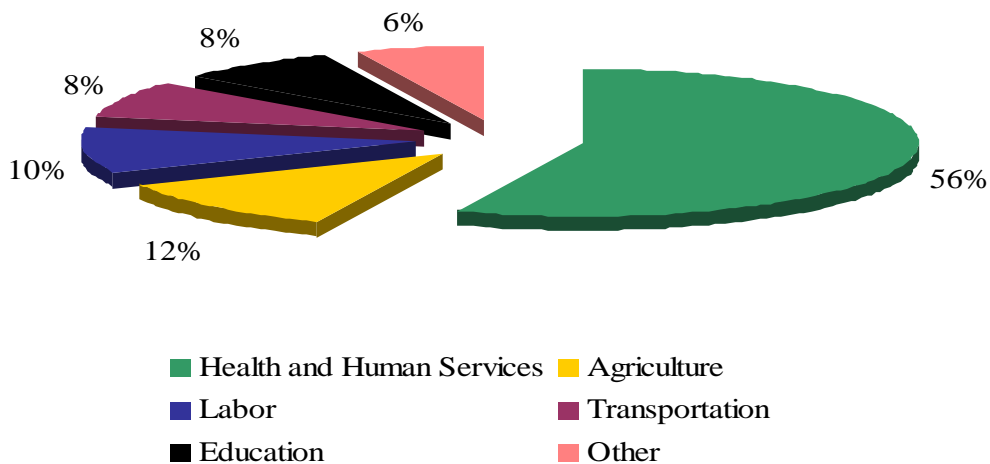
Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (94 percent).

Expenditures of Federal Awards by State Department



The state received federal awards from 21 different federal agencies. Most of the federal awards (94 percent) came from five federal agencies.

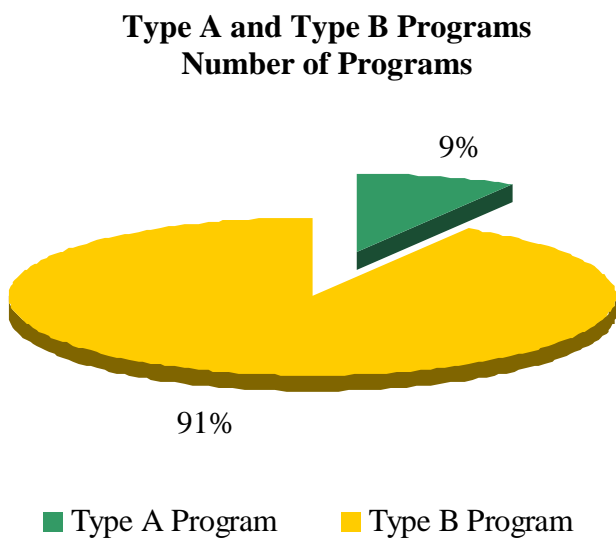
Expenditures of Federal Awards by Federal Department



Overall, the state expended federal awards in 313 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

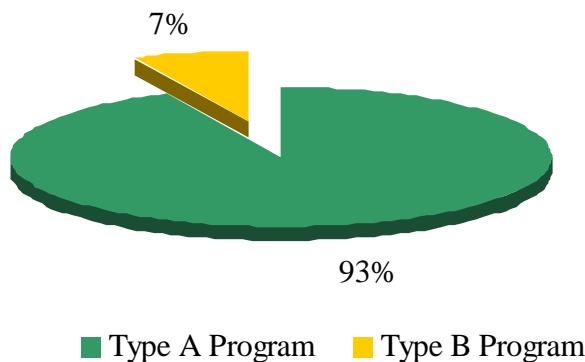
Determination of Type A Programs	
Total expenditures of federal awards	\$ 8,299,122,329
Three-tenths of one percent	.003
Dollar Threshold	\$ 24,897,367

We rounded the dollar threshold to \$24.8 million. Programs with federal expenditures over \$24.8 million are Type A programs and the programs under \$24.8 million are Type B programs. Of the 313 different federal award programs, 27 were Type A programs and 286 were Type B programs.



The 27 Type A programs had expenditures of federal awards totaling \$7.7 billion, which was 93 percent of the total expenditures for all programs. The 286 Type B programs had expenditures of federal awards totaling \$585 million, which was only 7 percent of the total expenditures for all programs.

**Type A and Type B Programs
Expenditures of Federal Awards**



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 13 of the 27 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended (\$8.30 billion times .0003 = \$2.48 million). We performed risk assessments on the 60 larger Type B programs that were over \$2.48 million and determined that 4 of them were high risk. In accordance with OMB Circular A-133, we audited 2 (one-half) of these 4 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 14 Type A programs and 2 Type B programs as major.

Major and Non-major Programs

Audit Coverage by Type of Program	Number of Programs	Expenditures	Percentage of Expenditures
Type A major programs	14	\$ 4,554,300,113	
Type B major programs	2	18,859,806	
Total major programs	16	4,573,159,919	55%
Type A non-major programs	13	3,159,353,045	
Type B non-major programs	284	566,609,365	
Total non-major programs	297	3,725,962,410	45%
Total all programs	313	\$ 8,299,122,329	100%

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 651,322,055
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	38,621,134
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	32,319,040
10.555	National School Lunch Program	Agriculture	118,750,566
10.556	Special Milk Program for Children	Agriculture	362,716
10.559	Summer Food Service Program for Children	Agriculture	7,058,117
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	73,779,334
10.558	Child and Adult Care Food Program	Agriculture	36,281,171
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	34,113,252
17.225	Unemployment Insurance	Labor	731,309,365
	Workforce Investment Act Cluster:		
17.258	Workforce Investment Act - Adult Program	Labor	13,944,363
17.259	Workforce Investment Act - Youth Activities	Labor	15,718,026
17.260	Workforce Investment Act - Dislocated Workers	Labor	29,148,214
20.205	Highway Planning and Construction	Transportation	660,314,376
21	Jobs and Growth Tax Relief Reconciliation Act of 2003	Treasury	190,266,337
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	55,345,894
84.010	Title I Grants to Local Educational Agencies	Education	173,158,697
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	165,766,016
84.173	Special Education - Preschool Grants	Education	5,658,752
84.032	Federal Family Education Loans	Education	60,727,167
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	56,908,211
84.367	Improving Teacher Quality State Grants	Education	48,778,921
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health and Human Services	27,375,173
93.558	Temporary Assistance for Needy Families	Health and Human Services	160,908,334
93.563	Child Support Enforcement	Health and Human Services	41,255,341
93.568	Low-Income Home Energy Assistance	Health and Human Services	43,738,760
	Child Care and Development Fund Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	64,331,048
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	53,709,076
93.658	Foster Care - Title IV-E	Health and Human Services	51,401,765
93.659	Adoption Assistance	Health and Human Services	25,669,062
93.667	Social Services Block Grant	Health and Human Services	55,291,823
93.767	State's Children's Insurance Program	Health and Human Services	77,790,918
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	748,066
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	12,183,155
93.778	Medical Assistance Program	Health and Human Services	3,842,564,362
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	25,354,111
96.001	Social Security - Disability Insurance	Social Security Administration	31,680,440
	Total Type A Programs (expenditures greater than \$24.8 million)		7,713,653,158
	Total Type B Programs (expenditures less than \$24.8 million)		585,469,171
	Total Expenditures of Federal Awards		\$ 8,299,122,329

STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2004, which collectively comprise the state's basic financial statements, and have issued our report thereon dated December 8, 2004. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan which represent 79 percent and 12 percent of the assets and operating revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 39 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represents 92 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the state of Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the state of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State Auditor's office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated December 8, 2004, on the basic financial statements.

This report is intended for the information and use of the management of the state of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 8, 2004 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE AND ON THE SUPPLEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Matt Blunt, Governor
and
Members of the General Assembly

Compliance

We have audited the compliance of the state of Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The state's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the state's compliance with those requirements.

As described in item 2004-11 in the accompanying schedule of findings and questioned costs, the state of Missouri did not comply with requirements regarding eligibility that are

applicable to its State Children's Insurance and Medical Assistance programs. Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the state of Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2004-7 through 2004-8.

Internal Control over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-2, 2004-3, 2004-5, and 2004-8 through 2004-10.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2004-3, 2004-5, 2004-8, and 2004-10 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended

June 30, 2004, which collectively comprise the state's basic financial statements, and have issued our report thereon dated December 8, 2004. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan which represent 79 percent and 12 percent of the assets and operating revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 39 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and Missouri Department of Transportation Local Fund, which represents 92 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The state of Missouri has excluded federal award expenditures of public universities from the accompanying schedule of expenditures of federal awards. The information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the management of the state of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

January 28, 2005 (fieldwork completion date)

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07	HIDTA	\$ 1,980,193	1,436,128
	Total Office of National Drug Control Policy	<u>1,980,193</u>	<u>1,436,128</u>
Department of Agriculture			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	549,974	0
10.069	Conservation Reserve Program	60,396	0
10.153	Market News	3,097	0
10.156	Federal-State Marketing Improvement Program	88,540	38,359
10.163	Market Protection and Promotion	8,844	0
10.200	Grants For Agricultural Research, Special Research Grants	4,893	0
10.435	State Mediation Grants	443,606	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	449,084	0
10.477	Meat, Poultry, and Egg Products Inspection	3,262	0
10.550	Food Donation	18,601,689	17,977,670
10.551	Food Stamps	651,322,055	0
10.553	School Breakfast Program	32,319,040	32,319,040
10.555	National School Lunch Program	118,750,566	117,379,553
10.556	Special Milk Program for Children	362,716	362,716
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	73,779,334	12,618,363
10.558	Child and Adult Care Food Program	36,281,171	35,830,586
10.559	Summer Food Service Program for Children	7,058,117	6,819,829
10.560	State Administrative Expenses for Child Nutrition	2,653,210	1,923,197
10.561	State Administrative Matching Grants for Food Stamp Program	38,621,134	432,260
10.565	Commodity Supplemental Food Program	545,008	475,342
10.568	Emergency Food Assistance Program (Administrative Costs)	1,205,668	980,764
10.569	Emergency Food Assistance Program (Food Commodities)	8,610,320	8,610,320
10.570	Nutrition Services Incentive	5,712,897	4,119,413
10.572	WIC Farmers' Market Nutrition Program (FMNP)	247,491	230,870
10.574	Team Nutrition Grants	45,114	0
10.576	Senior Farmers' Market Nutrition Program	269,447	268,995
10.600	Foreign Market Development Cooperator Program	57,862	0
10.664	Cooperative Forestry Assistance	1,943,194	252,017
10.665	Schools and Roads - Grants to States	2,816,359	2,816,359
10.672	Rural Development, Forestry, and Communities	54,570	0
10.769	Rural Business Enterprise Grants	33,137	0
	Total Department of Agriculture	<u>1,002,901,795</u>	<u>243,455,653</u>
Department of Defense			
12	Troops to Teachers	104,365	73,764
12.005	Drug Interdiction & Counter Drug Activities	264,984	264,984
12.104	Flood Plain Management	2,726	0
12.106	Flood Control Projects	1,181,987	0
12.112	Payments to States in Lieu of Real Estate Taxes	1,050,555	1,050,555
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	902,673	0
12.401	National Guard Military Operations and Maintenance Projects	18,379,840	0
	Total Department of Defense	<u>18,379,840</u>	<u>1,389,303</u>
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program	34,113,252	33,331,768
14.231	Emergency Shelter Grants Program	1,255,641	1,255,641
14.238	Shelter Plus Care	4,366,019	4,366,019
14.241	Housing Opportunities for Persons with AIDS	533,900	533,900
14.401	Fair Housing Assistance Program - State and Local	478,415	0
	Total Department of Housing and Urban Development	<u>40,747,227</u>	<u>39,487,328</u>

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	119,899	0
15.252	Abandoned Mine Land Reclamation Program	1,649,680	0
15.605	Sport Fish Restoration	5,775,628	0
15.611	Wildlife Restoration	5,235,909	0
15.615	Cooperative Endangered Species Conservation Fund	137,163	0
15.616	Clean Vessel Act	4,112	4,112
15.622	Sportfishing and Boating Safety Act	17,037	17,037
15.633	Landowner Incentive	29,597	0
15.634	State Wildlife Grants	1,634,622	0
15.807	Earthquake Hazards Reduction Program	9,360	0
15.808	U.S. Geological Survey - Research & Data Acquisition	21,197	0
15.810	National Cooperative Geologic Mapping Program	171,745	0
15.904	Historic Preservation Fund Grants-In-Aid	743,873	181,275
15.916	Outdoor Recreation - Acquisition, Development and Planning	1,546,156	1,450,320
15.921	Rivers, Trails and Conservation Assistance	87,107	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	218,717	0
15.FFB	Webless Migratory Game Bird Research Program	21,903	0
Total Department of the Interior		17,423,705	1,652,744
Department of Justice			
16	Marijuana Eradication Program	402,878	0
16.202	Offender Reentry Program	364,037	0
16.523	Juvenile Accountability Incentive Block Grants	4,860,400	4,798,397
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,441,810	1,318,276
16.542	Part D - Research, Evaluation, and Technical Assistance and Training	2,218,521	0
16.543	Missing Children's Assistance	90,722	0
16.548	Title V - Delinquency Prevention Program	385,998	385,998
16.549	Part E - State Challenge Activities	193,734	193,734
16.550	State Justice Statistics Program For Statistical Analysis Centers	25,235	0
16.554	National Criminal History Improvement Program	877,383	305,339
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	77,500	77,500
16.564	Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	292,958	136,055
16.575	Crime Victim Assistance	7,398,809	7,241,259
16.576	Crime Victim Compensation	756,098	0
16.579	Byrne Formula Grant Program	7,482,435	7,273,394
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	741,608	456,623
16.585	Drug Court Discretionary Grant Program	48,620	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	1,457,672	0
16.588	Violence Against Women Formula Grants	2,363,047	2,260,243
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	95,450	95,450
16.592	Local Law Enforcement Block Grants Program	778,385	775,652
16.593	Residential Substance Abuse Treatment for State Prisoners	1,227,000	1,227,000
16.606	State Criminal Alien Assistance Program	35,697	0
16.610	Regional Information Sharing Systems	3,317,726	3,317,726
16.710	Public Safety Partnership and Community Policing Grants	2,320,295	0
16.727	Enforcing Underage Drinking Laws Program	582,878	561,741
16.733	National Incident Based Reporting System	98,823	12,152
Total Department of Justice		39,935,719	30,436,539

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Labor			
17.002	Labor Force Statistics	1,696,831	0
17.005	Compensation and Working Conditions	199,745	0
17.203	Labor Certification for Alien Workers	138,369	0
17.207	Employment Service	12,834,764	182,234
17.225	Unemployment Insurance (Note 3)	731,309,365	0
17.235	Senior Community Service Employment Program	2,139,551	2,098,321
17.245	Trade Adjustment Assistance - Workers	12,536,640	0
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	2,776	2,776
17.253	Welfare-to-Work Grants to States and Localities	1,570,630	1,437,990
17.255	Workforce Investment Act	1,210	95
17.258	Workforce Investment Act - Adult Program	13,944,363	12,729,077
17.259	Workforce Investment Act - Youth Activities	15,718,026	13,195,029
17.260	Workforce Investment Act - Dislocated Workers	29,148,214	24,729,259
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	47,476	0
17.264	Migrant & Seasonal Farm Workers	380,347	138,334
17.266	Work Incentives Grant	449,851	0
17.504	Consultation Agreements	1,265,311	0
17.600	Mine Health and Safety Grants	348,459	0
17.801	Disabled Veterans' Outreach Program	1,203,154	9,069
17.804	Local Veterans' Employment Representative	1,452,166	9,069
Total Department of Labor		826,387,248	54,531,253
Department of Transportation			
20.106	Airport Improvement Program	9,497,393	9,297,140
20.205	Highway Planning and Construction	660,314,376	87,387,869
20.217	Motor Carrier Safety	130,696	0
20.218	National Motor Carrier Safety	2,949,744	822,323
20.219	Recreational Trails Program	741,410	696,237
20.500	Federal Transit - Capital Investment Grants	5,986,668	5,986,668
20.505	Federal Transit - Metropolitan Planning Grants	3,128,159	3,038,030
20.509	Formula Grants for Other Than Urbanized Areas	5,690,960	5,373,816
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,527,698	1,452,682
20.516	Job Access - Reverse Commute	1,575,407	1,575,407
20.600	State and Community Highway Safety	2,974,497	1,477
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	1,188,340	1,059,890
20.602	Occupant Protection	105,557	0
20.603	Federal Highway Safety Data Improvements Incentive Grants	114,903	6,665
20.604	Safety Incentive Grants for Use of Seatbelts	1,385,583	679,816
20.607	Alcohol Open Container Requirements	7,302,539	7,055,372
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	167,107	144,326
20.700	Pipeline Safety	286,865	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	253,501	217,311
Total Department of Transportation		705,321,403	124,795,029
Department of the Treasury			
21	Jobs and Growth Tax Relief Reconciliation Act of 2003	190,266,337	0
Total Department of the Treasury		190,266,337	0
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	607,920	0
Total Equal Employment Opportunity Commission		607,920	0
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	1,609,877	1,269,034
39.011	Election Reform Payments	158,952	0
Total General Services Administration		1,768,829	1,269,034
National Foundation of Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	543,714	240,750
45.026	Promotion of the Arts - Leadership Initiatives	10,000	10,000
45.310	State Library Program	3,119,340	1,807,241
Total National Foundation of Arts and the Humanities		3,673,054	2,057,991

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	6,394,908	0
64.123	Vocational Training for Certain Veterans Receiving VA Pension	429,695	0
64.203	State Cemetery Grants	861,666	0
Total Department of Veterans Affairs		7,686,269	0
Environmental Protection Agency			
66.032	State Indoor Radon Grants	162,731	0
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	544,892	3,814
66.433	State Underground Water Source Protection	144,631	0
66.438	Construction Management Assistance	10,385	0
66.454	Water Quality Management Planning	141,196	100,965
66.458	Capitalization Grants for Clean Water State Revolving Funds	55,345,894	49,090,560
66.460	Nonpoint Source Implementation Grants	4,316,685	3,045,588
66.461	Wetlands Grants	86,658	21,084
66.463	Water Quality Cooperative Agreements	88,013	0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	12,751,733	11,164,754
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	39,333	0
66.474	Water Protection Grants to the States	133,483	0
66.500	Environmental Protection - Consolidated Research	339,378	238,108
66.605	Performance Partnership Grants	10,234,866	791,279
66.606	Surveys, Studies, Investigations and Special Purpose Grants	3,639,437	2,064,308
66.608	Environmental Information Exchange Network Grant Program	271,907	0
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	134,298	0
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	243,664	204
66.708	Pollution Prevention Grants Program	35,873	0
66.709	Capacity Building Grants and Cooperative Agreements for States and Tribes	27,620	19,335
66.717	Source Reduction Assistance	2,316	0
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,910,116	89,030
66.805	Leaking Underground Storage Tank Trust Fund Program	1,417,996	0
66.817	State and Tribal Response Program Grants	624,383	0
Total Environmental Protection Agency		92,647,488	66,629,029
Department of Energy			
81.039	National Energy Information Center	7,255	0
81.041	State Energy Program	999,387	172,263
81.042	Weatherization Assistance for Low-Income Persons	5,532,343	5,219,815
81.092	Weldon Springs Site Remedial Action Project	425,018	0
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	38,823	14,567
81.119	State Energy Program Special Projects	101,568	82,447
81.902	State Environmental Oversight & Monitoring	89,641	0
Total Department of Energy		7,194,035	5,489,092

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Education			
84.002	Adult Education - State Grant Program	9,223,639	8,833,807
84.010	Title I Grants to Local Educational Agencies	173,158,697	172,059,217
84.011	Migrant Education - State Grant Program	1,491,185	1,488,491
84.013	Title I Program for Neglected and Delinquent Children	879,619	867,439
84.027	Special Education - Grants to States	165,766,016	163,132,814
84.032	Federal Family Education Loans	60,727,167	0
84.048	Vocational Education - Basic Grants to States	23,169,790	22,182,505
84.069	Leveraging Educational Assistance Partnership	634,739	0
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	56,908,211	212,308
84.169	Independent Living - State Grants	363,110	303,515
84.173	Special Education - Preschool Grants	5,658,752	5,658,752
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	560,144	0
84.181	Special Education - Grants for Infants and Families with Disabilities	7,799,274	7,799,274
84.184	Safe and Drug-Free Schools and Communities - National Programs	15,326	15,326
84.185	Byrd Honors Scholarships	828,220	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	7,383,395	7,182,634
84.187	Supported Employment Services for Individuals with Severe Disabilities	621,433	0
84.196	Education for Homeless Children and Youth	930,612	928,678
84.213	Even Start - State Educational Agencies	3,812,841	3,701,846
84.215	Fund for the Improvement of Education	597,236	596,145
84.216	Capital Expenses	114,422	114,422
84.224	Assistive Technology	526,020	0
84.235	Rehabilitation Services Demonstration and Training Programs	432,359	0
84.243	Tech-Prep Education	2,169,523	2,127,601
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	68,972	0
84.278	School To Work State Implementation Grants	675,705	672,999
84.281	Eisenhower Professional Development State Grants	547,300	523,927
84.282	Charter Schools	380,656	378,516
84.287	Twenty-First Century Community Learning Centers	6,291,609	6,132,731
84.298	State Grants for Innovative Programs	6,107,786	6,107,786
84.318	Education Technology State Grants	9,199,114	9,199,114
84.323	Special Education - State Program Improvement Grants for Children With Disabilities	1,246,702	1,246,702
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children With Disabilities	173,057	173,057
84.330	Advanced Placement Program	10,339	10,339
84.331	Grants to States for Incarcerated Youth Offenders	302,598	0
84.332	Comprehensive School Reform Demonstration	4,033,431	4,033,431
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	856,261	470,866
84.336	Teacher Quality Enhancement Grants	282,638	270,747
84.346	Vocational Education - Occupational and Employment Information State Grants	1,206	0
84.348	Title I Accountability Grants	625,816	625,816
84.352	School Renovation Grants	7,536,040	7,536,040
84.357	Reading First State Grants	8,430,610	8,356,939
84.358	Rural Education	2,236,007	2,236,007
84.365	English Language Acquisition Grants	2,378,974	2,195,731
84.367	Improving Teacher Quality State Grants	48,778,921	48,169,042
84.369	Grants for State Assessments and Related Activities	941,209	696,056
84.RN94-13-6026	National Cooperative System Program	49,434	0
Total Department of Education		624,926,115	496,240,620
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	3,952	1,677
Total National Archives and Records Administration		3,952	1,677

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Health and Human Services			
93	Mammography Inspections	187,130	0
93.003	Public Health and Social Services Emergency Fund	2,978,033	2,394,863
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	103,110	1,268
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	153,776	153,776
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	217,085	27,751
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	432,386	432,386
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,934,042	7,308,177
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	11,371,089	11,371,089
93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects	16,350	16,350
93.051	Alzheimer's Disease Demonstration Grants to States	361,286	356,732
93.052	National Family Caregiver Support	2,837,340	2,837,340
93.103	Food and Drug Administration Research	63,430	0
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,396,671	1,273,587
93.110	Maternal and Child Health Federal Consolidated Programs	535,137	39,684
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	560,335	123,026
93.127	Emergency Medical Services for Children	10,070	0
93.130	Primary Care Services - Resource Coordination and Development	245,883	90,000
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	43,304	0
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,065,098	231,324
93.150	Projects for Assistance in Transition from Homelessness (PATH)	585,028	584,176
93.161	Health Program for Toxic Substances and Disease Registry	75,853	6,100
93.162	National Health Service Corps Loan Repayment Program	128,125	128,125
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	652,309	286,839
93.206	Human Health Studies - Applied Research and Development	74,024	2,005
93.226	Research on Healthcare Costs, Quality and Outcomes	696,877	405,487
93.230	Consolidated Knowledge Development and Application (KD&A) Program	903,006	775,317
93.234	Traumatic Brain Injury - State Demonstration Grant Program	23,192	78
93.235	Abstinence Education	562,217	0
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	628,943	264,332
93.239	Policy Research and Evaluation Grants	704	0
93.240	State Capacity Building	440,906	71,562
93.241	State Rural Hospital Flexibility Program	498,250	347,599
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	624,202	358,422
93.251	Universal Newborn Hearing Screening	292,221	0
93.256	State Planning Grant - Health Care Access for the Uninsured	365,943	220,299
93.259	Rural Access to Emergency Devices Grant	421,588	401,812
93.260	Family Planning - Personnel Training	7,252	0
93.268	Immunization Grants	24,455,434	20,042,952
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	27,375,173	9,749,685
93.283-95-0026	Uniform Alcohol and Drug Abuse Grants	75,668	75,668
93.301	Small Rural Hospital Improvement Grants	298,517	282,080
93.556	Promoting Safe and Stable Families	9,390,010	0
93.558	Temporary Assistance for Needy Families	160,908,334	0
93.563	Child Support Enforcement	41,255,341	13,584,863
93.566	Refugee and Entrant Assistance - State Administered Programs	2,281,451	0
93.568	Low-Income Home Energy Assistance	43,738,760	19,612,433
93.569	Community Services Block Grant	17,729,064	17,587,408
93.570	Community Services Block Grant - Discretionary Awards	9,960	0
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	91,905	0
93.575	Child Care and Development Block Grant	64,331,048	0
93.576	Refugee and Entrant Assistance-Discretionary Grants	733,726	464,592
93.584	Refugee and Entrant Assistance - Targeted Assistance	1,506,910	0
93.585	Empowerment Zones Program	25,000	25,000
93.586	State Court Improvement Program	120,656	0
93.590	Community-based Family Resource and Support Grants	426,563	426,563
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	53,709,076	0
93.597	Grants to States for Access and Visitation Programs	200,851	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.599	Chafee Education and Training Vouchers Program (ETV)	58,231	0
93.600	Head Start	191,116	187,902
93.603	Adoption Incentive Payments	1,320,367	0
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,297,460	809,179
93.643	Children's Justice Grants to States	346,856	0
93.645	Child Welfare Services - State Grants	5,886,389	0
93.652	Adoption Opportunities	432,297	0
93.658	Foster Care - Title IV-E	51,401,765	0
93.659	Adoption Assistance	25,669,062	0
93.667	Social Services Block Grant	55,291,823	0
93.669	Child Abuse and Neglect State Grants	286,624	0
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,538,352	0
93.674	Chafee Foster Care Independent Living	2,828,001	0
93.767	State Children's Insurance Program	77,790,918	0
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	242,440	0
93.769	Demonstration to Maintain Independence and Employment	259,959	0
93.775	State Medicaid Fraud Control Units	748,066	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	12,183,155	2,118
93.778	Medical Assistance Program	3,842,564,362	0
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	421,036	42,034
93.865	Child Health and Human Development Extramural Research	132,003	125,919
93.913	Grants to States for Operation of Offices of Rural Health	140,916	8,350
93.917	HIV Care Formula Grants	8,482,608	8,482,608
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	136,237	71,841
93.940	HIV Prevention Activities - Health Department Based	3,915,359	2,410,150
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS) Surveillance	748,867	189,471
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,311,897	35,035
93.952	Improving EMS/Trauma Care in Rural Areas	6,440	0
93.958	Block Grants for Community Mental Health Services	7,214,022	6,959,937
93.959	Block Grants for Prevention and Treatment of Substance Abuse	25,354,111	22,822,102
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,042,917	690,312
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	478,961	48,484
93.991	Preventive Health and Health Services Block Grant	3,110,052	580,575
93.994	Maternal and Child Health Services Block Grant to the States	10,714,446	5,062,890
Total Department of Health and Human Services		4,630,702,757	160,889,657
Corporation for National Service			
94.003	State Commissions	263,101	0
94.004	Learn and Serve America - School and Community Based Programs	333,152	270,961
94.006	AmeriCorps	1,774,471	1,774,471
94.007	Planning and Program Development Grants	62,825	62,825
94.009	Training and Technical Assistance	267,286	267,286
Total Corporation for National Service		2,700,835	2,375,543
Social Security Administration			
96.001	Social Security - Disability Insurance	31,680,440	0
96.008	Social Security - Benefits Planning, Assistance, and Outreach Program	275,118	0
Total Social Security Administration		31,955,558	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Homeland Security			
97.004	State Domestic Preparedness Equipment Support Program	15,740,466	14,803,107
97.008	Urban Areas Security Initiative	1,139,066	1,139,066
97.021	Hazardous Materials Assistance Program	3,616	3,616
97.023	Community Assistance Program - State Support Services Element	186,886	16,345
97.029	Flood Mitigation Assistance	105	105
97.032	Crisis Counseling	22,052	20,695
97.034	Disaster Unemployment Assistance	143,911	0
97.035	Individual and Family Grants	15,319	15,319
97.036	Public Assistance Grants	17,106,786	17,016,142
97.039	Hazard Mitigation Grant	8,258,868	8,252,779
97.041	National Dam Safety Program	12,284	0
97.042	Emergency Management Performance Grants	3,483,688	3,483,688
97.045	Cooperating Technical Partners	80,000	80,000
97.047	Pre-Disaster Mitigation	91,221	91,221
97.051	State and Local All Hazards Emergency Operations Planning	1,623,203	1,623,203
97.052	Emergency Operations Centers	73,301	0
97.053	Citizen Corps	359,804	242,570
97.054	Community Emergency Response Teams	64,184	49,149
Total Department of Homeland Security		<u>48,404,760</u>	<u>46,837,005</u>
Total Expenditures of Federal Awards		<u>\$ 8,299,122,329</u>	<u>1,278,973,625</u>

STATE OF MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The circular requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (CFDA), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the state of Missouri, except for those programs administered by public universities which are legally separate component units of the state of Missouri. Federal financial assistance provided to public universities has been excluded from this audit. The public universities were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri, Type A programs are those which exceed \$24.8 million in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

2. Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates

The state received cash rebates from an infant formula manufacturer, totaling \$29,433,034, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children Program (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures

Expenditures of federal awards for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$687,598,078 and \$43,711,287 funded by federal grants.

4. Nonmonetary Assistance

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$20,207,918.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program. Property distributions totaled \$6,909,342 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program. Property distributions totaled \$1,137,269 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Section I - Summary of Auditor's Results

Financial Statements

The auditor's report on the financial statements was qualified.

The audit did not note any reportable conditions in the internal control over financial reporting.

The audit did not note any noncompliance material to the financial statements.

Federal Awards

The auditor's report on compliance on the major programs was qualified.

The audit identified reportable conditions in the internal controls over major programs.

Some of these reportable conditions were considered to be material weaknesses.

The audit identified findings related to compliance on major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The state of Missouri did not qualify as a low-risk auditee under the provisions of OMB Circular A-133.

The dollar threshold to distinguish between Type A programs and Type B programs was **\$24,800,000**.

The following programs were audited as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
21	Jobs and Growth Tax Relief Reconciliation Act of 2003
45.310	State Library Program
84.032	Federal Family Education Loans
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.568	Low-Income Home Energy Assistance
93.658	Foster Care – Title IV-E

93.659	Adoption Assistance
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Social Security – Disability Insurance
97.004	State Domestic Preparedness Equipment Support Grant

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

2004-1	Vocational Rehabilitation
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Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
State Agency: Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

On February 10, 2004, the Missouri State Auditor's Office issued audit report No. 2004-12, ***Review of Vocational Rehabilitation Program***. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.mo.gov.) The report included the following findings:

- A. Division guidance for closing cases was not followed. Counselors designated 22 of 30 (73 percent) sampled program participants "rehabilitated", or successful. However, the review disclosed 6 of the 22 (27 percent) successful employment outcomes were questionable because division guidance had not been followed.

The division's policy and procedure manual provides guidance for closing a case as successful. It states a participant with a disability must, at a minimum, have been (1) determined to be eligible for vocational rehabilitation services; (2) provided an assessment for determining eligibility and vocational rehabilitation needs, and counseling and guidance as essential vocational rehabilitation services; (3) provided appropriate and substantial rehabilitation services in accordance with an individualized plan for employment (IPE); and (4) determined to have achieved and maintained a suitable employment goal for the required period of

time (90 days). The audit noted one or more of these requirements were not met on the six cases.

- B. Employment information was not adequately supported on the 22 successfully closed cases noted above. Counselors did not adequately support closure information on the closure IPE and the closure statement. These documents are required to successfully close a case and are used to report success data to the federal government. Division guidance did not require counselors to obtain adequate support for employment information or document the source of employment information. While the guidance requires the IPE be completed to successfully close a case, it does not address how employment information is to be supported or where to obtain this information.

In addition, the closure statements on the 22 cases also disclosed counselors had not adequately supported decisions to close the cases successfully. For example, none of the 22 closure statements contained specific information describing how participants were suitably employed. Instead, 16 (73 percent) of 22 closure statements included non-specific, standard language, while the remaining 6 (27 percent) contained no information on suitability of employment. In addition, 17 (77 percent) of 22 closure statements only contained a check list of the services provided.

Division guidance requires completion of the closure statement to successfully close cases. The statement is used to document substantial services provided as well as the impact of services on the participant's employment. Division guidance requires consideration of these factors.

- C. Cases are not closed in a timely manner. The audit disclosed 10 of 30 sampled cases had not been closed in a timely manner. Delays in closing cases have occurred, in part, because of counselors' perceived need to meet success goals mandated by the federal government and high caseloads. Only closed cases are used in the success rate calculation reported to the federal government. Therefore, if inactive cases are not closed, the success rate is not affected. Division guidance does not address timeframes for closing cases when the participant cannot be located.

The division provided the auditors with a report of cases placed in interrupted status. The report disclosed 296 cases where counselors interrupted services because program participants could not be located. The average case in the report had been idle for 10 months. The audit found 12 (40 percent) of the 30 sampled cases also disclosed instances of infrequent contacts. The time between documented contacts ranged from 4 to 26 months. According to division guidance, a characteristic of good case management is carefully monitoring the progress of all cases throughout the delivery of services. However, division guidance does not specify exact time intervals between contacts.

D. Financially ineligible individuals may have been admitted to the program because counselors did not properly verify income. Federal regulations do not require the consideration of financial need, but do allow states to base eligibility on financial need. Missouri has elected to base eligibility on financial need. The audit disclosed 24 of 30 participants received services based upon financial need. Further review disclosed 12 (50 percent) of these participants received program services and assistance totaling approximately \$49,000, based on incomes that were unverified or exceeded program guidelines. While counselors are required to obtain financial information from applicants to determine eligibility based on financial need, division guidance did not require counselors to verify current income.

E. Comparable services were not considered in all applicable cases. Case managers had not documented comparable services on 17 (65 percent) of the 26 cases requiring consideration of comparable services. Services and assistance provided to the 17 participants totaled about \$61,000. The audit also noted that counselors had different explanations when defining comparable services.

Federal regulations and division guidance requires counselors to (1) determine whether comparable services and benefits exist under any other program, (2) determine whether those services and benefits are currently available to the individual, (3) utilize comparable services, and (4) obtain reimbursement for any overlap in benefits when benefits exist under any other program but are not currently available to the division. Division guidance also states each counselor must be knowledgeable of all the types of comparable services and benefits available to the participants. It also states counselors must initiate first contact, in many instances, to secure comparable services for the participant. The guidance also requires each counselor to document the search, availability, and utilization of comparable services.

F. The audit noted counselors' decisions to authorize services conflicted with division guidance. The audit disclosed 11 of 30 (37 percent) instances where counselors provided services based on decisions that conflicted with division guidance.

G. Quality control deficiencies have contributed to problems regarding case management. Division guidance required district supervisors to review at least 10 percent of each senior counselor's caseload. However, the guidance did not require supervisors to document the reviews, and program officials did not ensure reviews had been completed. In addition, review results were to be documented on quality assurance review forms. However, a program official stated the forms had not been utilized by some district supervisors. Division guidance also required district supervisors review counselors' caseload review reports each quarter to ensure participants received services in a timely manner. However, this policy had not been enforced since October 2000.

The audit also found weaknesses in quality control related to data reliability. For example, a test of 243 computer data entries disclosed 27 errors, or an error rate of 11 percent. The audit disclosed discrepancies between data shown on participant applications and the division's computer system. Nine data reliability items were tested on 27 of 30 sampled cases. There were no discrepancies noted on participant's names, genders, or birth dates. However, there were discrepancies noted on participant's income, disability classification, employment status, education level, disability, and family size. Division guidance did not address quality control procedures to ensure participant data had been correctly entered in the division's computer system.

WE RECOMMEND the DESE:

- A. Ensure division personnel adhere to division guidance in classifying case outcomes.
- B. Require division personnel adequately justify and document employment information on the closure IPE and closure statement.
- C. Develop guidance establishing timeframes for closing all cases, successful or not, and the frequency of contacts with participants.
- D. Require division personnel obtain proof of reported income and develop guidance requiring division personnel obtain proof of current income to determine eligibility of applicants.
- E. Require division personnel document the consideration of comparable services for all applicable cases and clarify guidance pertaining to supported employment services.
- F. Require division personnel adhere to division guidance when authorizing services and assistance for participants.
- G. Establish detailed guidance specifying quality control procedures to ensure periodic reviews of counselor cases are documented and are monitored for timely movement, and data on the computer system is accurate.

AUDITEE'S RESPONSE

- A,C-E,G. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*
- B&F. We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation, and specific reasons for our disagreement and any planned actions to address the findings.*

Federal Agency: Department of Health and Human Services
Federal Program: 93.283 Centers for Disease Control and Prevention –
Investigations and Technical Assistance
State Agency: Department of Health and Senior Services (DHSS)

The DHSS needs to improve internal controls to ensure subrecipient monitoring is properly performed.

- A. While the DHSS has a tracking system for certain subrecipients, its tracking system should be improved to ensure all applicable subrecipients obtain and submit A-133 audits to the DHSS. The tracking system focuses on other federal grant programs, and subrecipient information for Centers for Disease Control (CDC) and Prevention – Investigations and Technical Assistance was not specifically included in the tracking system. While many subrecipients of the CDC program receive federal assistance from other federal programs and were already included in the tracking system, information specific to the CDC program should be included to ensure all applicable subrecipients obtain and submit A-133 audits.

During the period included in this audit, OMB Circular A-133 required grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$300,000 in a fiscal year. After December 31, 2003, the requirement increased to \$500,000.

- B. The DHSS did not provide subrecipients, under its Breast and Cervical Cancer Control Program, grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and the name of the federal agency or applicable compliance requirements. As a result, some federal funds provided to subrecipients may not be audited as required by federal law. Office of Management and Budget (OMB) Circular A-133, section .400(d) requires the DHSS to inform all subrecipients of the CFDA title and number, award name and amount, name of the federal agency, and applicable compliance requirements.

WE RECOMMEND the DHSS:

- A. Improve its tracking system to ensure all applicable subrecipients submit an A-133 audit.
- B. Provide all subrecipients grant award information such as the CFDA title and number, award name and amount, name of federal agency, and applicable compliance requirements.

AUDITEE'S RESPONSE

A&B. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.

2004-3

Federal Family Education Loan Program

Federal Agency: Department of Education
Federal Program: 84.032 Federal Family Education Loans
State Agency: Department of Higher Education (DHE)

The current loan servicer has not established procedures to provide that collections are adequately secured or that all collections are fully reconciled to the accounting system and tracked. The loan servicer also has not established an adequate quality control review process regarding paid claims. Required federal reports appear to be inaccurate and lack adequate supporting documentation.

In October 2002, the DHE entered into a contract with a different vendor for loan servicing duties. The data conversion and system testing processes began in January 2003, and in April 2004, the vendor assumed loan servicing duties from the state's previous contractor. The contract requires the loan servicer to provide various services, including processing loan guaranty applications, approving and paying lender claims on loans, assigning defaulted loans for collection activities, processing payments, record maintenance, and federal reporting. Based upon the federal reports filed for the six months ended September 30, 2004, the new loan servicer paid approximately 3,300 claims totaling \$19 million and processed receipt transactions totaling approximately \$20 million during that period. These transactions include cash and non-cash transactions related to borrower payments, loan consolidations, repurchases, wage garnishments, and tax refund offsets.

A. From April through September 2004, the new loan servicer processed cash transactions of approximately \$10 million. The cash transactions include receipts (currency and checks) handled by the loan servicer and direct wire transfers from the collection agencies. All cash transactions are initially deposited into one bank account and then all deposits are wired daily to DHE. Loan servicer personnel also post the payments to the related borrower records on the computerized accounting system. Our review noted the following concerns over the processing of these transactions by the new loan servicer:

- 1) The loan servicer has not developed a system to ensure all cash transactions have been posted to the computerized accounting system and reconciled to a cash balance. In addition, DHE has not developed a system to monitor the posting and reporting of all transactions. As of September 2004, the loan servicer was reconciling cash receipts and wire transfers to bank deposits, but was not completely reconciling the receipts

to postings to borrower records on the accounting system. As a result some cash receipts, which the loan servicer refers to as either unidentified or un-posted, were not included in the reconciliation process or accounted for fully.

Unidentified transactions are transactions which have been posted to the accounting system, but have not been identified with a specific borrower or posted to the borrower's underlying loan records. Queries from the loan servicer's accounting system track the cumulative unidentified transactions, but the transactions are not included in the daily reconciliation process and these reports are not given to DHE unless requested. Un-posted transactions are transactions which have not been accepted by the accounting system for a variety of reasons. The loan servicer maintains no cumulative records of un-posted transactions. As a result, these transaction are not adequately included in the reconciliation process or reported to DHE.

Based upon our comparison of deposits to related transactions posted to the loan servicer's accounting system for the six months ended September 30, 2004, it appears un-posted transactions totaled approximately \$78,000 at that date. In addition, queries from the accounting system showed cumulative unidentified transactions fluctuated greatly from one month to the next, totaling approximately \$469,000 at June 30, 2004, to approximately \$63,000 at September 30, 2004. Our review also noted that un-posted and unidentified transactions were not included in the monthly financial report to the United States Department of Education (USDE).

A proper reconciliation by the loan servicer, and monitoring of the reconciliation process by DHE, is necessary to ensure all transactions have been posted to the related borrower's records on the computer system, reconciled to cash, and accurately reported to USDE.

- 2) The loan servicer has not developed adequate written policies and procedures for processing cash receipts and issuing refunds. A draft report of an onsite review performed by DHE staff in September 2004 noted concerns with these policies and procedures. These concerns included the observation of checks without restrictive endorsements and checks left unattended on employees' desks, the lack of an initial daily receipt log, payments posted inaccurately, and a lack of procedures to proactively search for and return overpayments.

Good internal controls require adequate written policies, procedures, and physical security to ensure all receipts and refunds are processed properly and to reduce the risk of theft or misuse.

- B. DHE did not ensure the new loan servicer developed a quality control review process to verify that claims paid (such as for defaults, disability, bankruptcy, and death) were valid and met federal program requirements for reinsurance. In addition, DHE also did not randomly test claims paid for validity, other than a limited sample performed during the September 2004 onsite review. Currently, several loan servicer employees review and approve filed claims without a secondary, independent review to ensure the validity of approved claim. The previous loan servicer's quality review process reviewed 100 percent of all approved claims because of the complexity of the federal requirements and the large amounts paid and claimed by DHE for reinsurance. Though it may not be deemed necessary to review 100 percent of paid claims, a quality control review process, and monitoring by DHE, is necessary to ensure the validity of claims paid and the resulting claim for reinsurance filed with the federal government.

The documented quality control review should at least include verifying critical loan history dates (i.e. date of default, date of claim, loan disbursements, in-school dates, the date of lender's request for default aversion assistance, and other dates related to due diligence) and principal and interest amounts, reviewing the promissory notes, and reviewing necessary death, disability, or bankruptcy certifications or documentation, as applicable. In addition, the quality control reviewer should verify all claim payment data has been correctly entered into the computerized payment system.

- C. The new loan servicer did not develop written policies and procedures and adequate supporting documentation for the preparation and review of required federal reports (known as Form 2000 reports). The lack of such policies, procedures, and supporting documentation appears to have contributed to the reports being incomplete and inaccurate. Additionally, due to the lack of supporting information, DHE has not yet developed its own written policies and procedures for vouching the reasonableness and accuracy of the federal reports.

The monthly Form 2000 reports serve as the basis for calculating amounts due to or from the USDE and include, but are not limited to, monthly activity data on claims paid, borrower refunds, borrower status changes, treasury offsets, repurchases, rehabilitations, consolidations, wage garnishments, and default/bankruptcy collections. The annual Form 2000 report includes, but is not limited to, cumulative data on loans, such as amounts guaranteed, consolidated, paid in full by the borrower, claims paid and loans in deferment, as well as other financial information on revenues and expenditures of the Federal Fund and Guaranty Agency Operating Fund. While the contract with the servicer required the preparation of accurate reports and adequate supporting documentation, this requirement has not yet been met. Based upon discussions with DHE staff, it appears DHE has been aware of the problems with the federal reporting process since May 2004 but has not yet been successful in getting the contractor to resolve the issues.

DHE's concerns were based upon comparison of monthly activity reported by the loan servicer with the prior year's monthly activity reported by the previous loan servicer. While the previous loan servicer provided DHE the supporting documentation and supplementary reports needed to verify the accuracy of the federal reports, the new loan servicer has not yet been able to provide all such necessary supporting documentation. As a result, as of November 2004, DHE has only been able to review the reported claims paid amount for accuracy. USDE regulations do not permit the filing of revised reports; rather adjustments must be netted on future reports. The September 2004 report contained adjustments for April through August, 2004.

Written policies and procedures for preparing and vouching federal reports, as well as adequate supporting documentation, are necessary to ensure the reports' completeness and accuracy. Inaccurate data reported on the monthly and annual Form 2000 report can adversely affect DHE's performance measures and rankings compared to other guaranty agencies.

WE RECOMMEND the DHE:

- A.1. Ensure the loan servicer develops a system to ensure all transactions are posted to the accounting system and reconciled to a cash balance. In addition, DHE should monitor the posting of transactions to ensure un-posted and unidentified transactions are resolved in a timely manner and accounted for fully.
- 2. Ensure the loan servicer develops adequate policies and procedures for processing cash receipts and issuing refunds.
- B. Ensure the loan servicer develops a quality control review process to verify the validity of claims paid. DHE should also monitor the process to ensure it is operating effectively.
- C. Continue working with the loan servicer to develop written policies and procedures and produce adequate supporting documentation for the preparation and vouching of the federal reports. In addition, DHE should develop written policies and procedures for verifying the reasonableness and accuracy of the federal reports.

AUDITEE'S RESPONSE

- A&C. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*
- B. We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

2004-4

Subrecipient Monitoring – SAPT Block Grant

Federal Agency: Department of Health and Human Services
Federal Program: 93.959 Block Grants for Prevention and Treatment of Substance Abuse
State Agency: Department of Mental Health (DMH)

The DMH did not provide some subrecipients grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and name of the federal agency or applicable compliance requirements. The DMH only provided this information to those subrecipients receiving more than \$500,000 in federal assistance from the DMH. As a result, some federal funds provided to subrecipients may not be audited as required by federal law. Office of Management and Budget (OMB) Circular A-133, section .400(d) requires the DMH to inform all subrecipients of the CFDA title and number, award name and amount, name of the federal agency, and applicable compliance requirements.

WE RECOMMEND the DMH provide all subrecipients grant award information such as the CFDA title and number, award name and amount, name of federal agency, and applicable compliance requirements.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2004-5

Subrecipient Monitoring – Equipment Support Program

Federal Agency: Department of Homeland Security
Federal Program: 97.004 State Domestic Preparedness Equipment Support Program
State Agency: Department of Public Safety – State Emergency Management Agency (SEMA)

The SEMA has not established adequate internal controls to ensure subrecipient monitoring is properly performed.

- A. The SEMA has not established a tracking system to monitor and ensure program subrecipients obtain and submit A-133 audits to the SEMA, when applicable. As a result, the SEMA did not obtain and review A-133 audits from applicable subrecipients.

During the period included in this audit, OMB Circular A-133 required grant recipients to ensure that subrecipients obtain an A-133 audit when grant

expenditures exceed \$300,000 in a fiscal year. After December 31, 2003, the requirement increased to \$500,000.

- B. On May 8, 2004, the Missouri State Auditor's Office issued audit report No. 2004-37, **Department of Public Safety, State Emergency Management Agency**. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the Internet at www.auditor.mo.gov.) The report indicated the SEMA has expended State Domestic Preparedness Equipment Support Program funds to equip and train twenty-two Homeland Security Response Teams (HSRT's) and six Forward Regional Response Teams (FRRT's) located throughout the state. The report included the following findings:

1. A lack of clear, written minimum staffing level requirements has resulted in understaffing on some teams. SEMA officials indicated the amount of equipment provided correlates to the level of staffing; thus, indicating minimum staffing level requirements. Despite the existence of implied staffing level requirements, SEMA did not obtain, nor require information regarding the teams staffing levels. As a result of this lack of information, SEMA accepted several teams into the program that did not meet the minimum staffing level requirements. Such understaffing could effect team performance in the event of an incident. In addition, because EMA equips teams based on the Basic Equipment List, the understaffed teams have more equipment than is necessary.

SEMA should establish clear, written minimum staffing level requirements for the teams. Such requirements should be enforced when additional teams apply for inclusion in the program. In addition, SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements.

2. a) SEMA has not established an adequate monitoring system for the State Domestic Preparedness Equipment Support Program. Currently, SEMA does not possess complete or accurate information regarding team equipment and personnel resources. As a result, the state has a reduced ability to coordinate and direct activities of the teams in the event of an incident.

SEMA does not know how much equipment each team has in total or if the equipment is adequately insured. Although SEMA indicated they monitor equipment resources through use of tracking spreadsheets, these spreadsheets do not reflect team equipment resources on a cumulative, perpetual basis. In addition, the spreadsheets were not always complete and accurate. Finally, SEMA has not conducted site visits of all the teams or obtained

and reviewed inventory and insurance records to ensure compliance.

- b) While SEMA has continued efforts to obtain certain statistical information about team personnel, the information currently on hand is incomplete and appears inaccurate. Some teams have yet to submit their statistical information, some teams have submitted incomplete reports, and some inaccuracies appear to exist on other reports.

SEMA should continue to work on establishing an adequate system to monitor the program, including the development of equipment and personnel resource listings. Not knowing the statewide personnel and equipment resources available and the overall abilities of the teams could hamper SEMA's ability to perform one of its basic functions, coordinating and directing activities of the state and teams in the event of a significant incident. In addition, section .400(d)(3) of OMB Circular A-133 requires the SEMA to monitor subrecipients "... to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

WE RECOMMEND the SEMA:

- A. Ensure all subrecipients submit an A-133 audit, when applicable.
- B.1. Establish and enforce clear, written minimum staffing level requirements for the teams. In addition, the SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements.
- 2. Continue to work on establishing an adequate system to monitor the program, including the development of equipment and personnel resource listings and ensuring compliance with team contract provisions.

AUDITEE'S RESPONSE

A&B. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.

2004-6	Cash Management – Interest Calculation Errors
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Federal Agency:	Department of Health and Human Services
Federal Program:	93.558 Temporary Assistance for Needy Families
	93.767 State Children's Insurance Program
	93.778 Medical Assistance Program
State Agency:	Department of Social Services (DSS) –
	Division of Budget and Finance (DBF)

The DBF has not established adequate procedures to ensure interest earned on federal grants is calculated correctly. The federal Cash Management Improvement Act requires each state to enter into an agreement with the federal Department of the Treasury covering the rules and procedures for the transfer of federal funds to the state for specific federal programs covered in the agreement. The state will owe interest to the federal government or the federal government will owe interest to the state based on the drawdown and expenditure clearing patterns for these monies.

For fiscal year 2004, the Temporary Assistance for Needy Families (TANF), State Children's Insurance Program (CHIP), and Medical Assistance (MA) programs were covered by the cash management agreement. The DBF calculated the interest earned for these programs incorrectly. The revenue total used to calculate the TANF interest liability was incorrect and the average number of days between receipt and disbursement was miscalculated for CHIP and MA. In addition, the spreadsheet used to calculate the interest liability for MA contained errors and omissions. The various errors and omissions were not detected during the supervisory review of the interest calculations. As a result, the interest amount reported in the annual report to the federal Department of the Treasury was understated by \$28,026. The errors were corrected when we brought them to the attention of DSS management. The DBF should implement adequate procedures to ensure interest calculations are accurate.

WE RECOMMEND the DBF implement adequate procedures to ensure interest calculations are accurate. For example, the interest calculation methods should be reasonable and consistent, and the spreadsheets should be reviewed for completeness and accuracy.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2004-7

Eligibility for Adoption Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 Adoption Assistance
State Agency: Department of Social Services (DSS) –
Children's Division (CD)
Questioned Costs: \$12,112

Subsidy contracts, adoption decrees, and supporting documentation for some payments could not be located and some payments exceeded contract limits. During the year ended June 30, 2004, the CD provided Adoption Assistance benefits totaling approximately \$37 million for 7,619 adopted children with special needs. To qualify for the benefits, the child must be eligible for Title IV-E foster care benefits, Temporary Assistance for

Needy Families (TANF) benefits, or Social Security Income (SSI) benefits, as required by 42 USC 673(a)(2)(A). In addition, the nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy contract between the CD and the adoptive parents, as required by 42 USC 675(3) and 45 CFR 1356.41(a), respectively. Subsidized costs may include maintenance, tutoring, clothing, day care, respite care, legal expenses, etc.

To test compliance with these requirements, we reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. The 60 recipients received Adoption Assistance totaling \$299,315 during the year ended June 30, 2004. We could not locate adoption decrees for 3 of 60 (5 percent) cases reviewed. In addition, for cases that an adoption decree was available, we could not locate subsidy contracts for 2 of 57 (3 percent) cases reviewed. Non-recurring legal fees paid exceeded the amount authorized in the subsidy contract by \$3,540, including a \$2,520 duplicate payment, for one case reviewed. We could not locate invoices or other supporting documentation for some payments on five of twenty-eight (18 percent) cases reviewed. We did not question costs for the missing adoption decrees because the case files contained other information supporting the adoptions. The expenditures related to the remaining errors totaled \$19,856. We question the federal share of \$12,112 (61 percent).

Similar conditions were also noted in our two prior reports.

The CD should ensure adoption subsidy contracts are signed prior to the adoption, all subsidy contracts and adoption decrees are retained, adoption subsidy payments do not exceed contract limits, and all payments are supported by adequate documentation. In addition, the CD should pursue reimbursement of the overpayment and ensure that duplicate payments do not occur.

WE RECOMMEND the CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure subsidy contracts are signed prior to the adoption, all subsidy contracts and adoption decrees are retained, payments do not exceed contract limits, and all payments are supported by adequate documentation. In addition, the CD should pursue reimbursement of the overpayment and ensure that duplicate payments do not occur.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
State Agency: Department of Social Services (DSS) -
Children's Division (CD)
Questioned Costs: \$6,857

- A. Eligibility and payment documentation could not be located for some cases reviewed. During the year ended June 30, 2004, the CD provided foster care benefits totaling approximately \$36 million for 10,127 foster children. To qualify for benefits, the child must be eligible for Temporary Assistance for Needy Families (TANF) benefits, and eligibility ceases at age 18, unless the child is expected to graduate from a secondary education institution before his or her nineteenth birthday, as required by 42 USC 672(a) and 45 CFR 233.90(b)(3), respectively. In addition, the child must be removed from his or her home by means of a judicial determination or pursuant to a voluntary placement agreement, as required by 45 CFR 1356.21 and 45 CFR 1356.22(b), respectively. Furthermore, 45 CFR 1356.21(i) indicates the state must file a petition to terminate the parental rights of parents whose child has been in foster care under the responsibility of the state for 15 of the most recent 22 months, unless the child is being cared for by a relative or the state has documented a compelling reason that terminating parental rights would not be in the best interest of the child. Benefits may include subsidies for maintenance, clothing, day care, respite care, legal expenses, and transportation.

To test compliance with these requirements, we reviewed eligibility and expenditure documentation for 60 Foster Care benefit recipients. The 60 recipients received Foster Care assistance totaling \$205,579 during the year ended June 30, 2004. In four cases selected, there was no placement of a child outside of the family and, as a result, the family was the benefit recipient. Judicial determinations or voluntary placements agreements were not located for 3 of 56 (5 percent) applicable cases reviewed. Efforts to pursue termination of parental rights or compelling reasons for not pursuing the termination were not documented for 2 of 22 (9 percent) cases reviewed. In addition, we could not locate invoices or other adequate supporting documentation for some payments on 37 of 60 (62 percent) cases reviewed. The expenditures related to the abovementioned errors totaled \$11,241. We question the federal share of \$6,857 (61 percent).

A similar condition was also noted in our prior report.

The CD should ensure Foster Care placements are supported by a judicial determination or a voluntary placement agreement, petitions to terminate parental rights are filed for parents whose children are in custody for 15 of the most recent 22 months or compelling reasons for not filing the petition are documented, and all payments are supported by adequate documentation.

- B. The CD does not verify residential facility and day care contractors paid more than \$25,000 are not suspended or debarred from participating in federal government programs. During the year ended June 30, 2004, the CD paid a total of \$6,745,339 to 31 residential facilities and \$1,024,411 to 26 day care providers that were each paid more than \$25,000 to care for foster children. Federal Regulation 45 CFR 76.300 requires recipients of federal awards to verify contractors paid more than \$25,000 are not suspended or debarred by reviewing the Excluded Parties List System (EPLS) maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the contract with the entity.

The CD should implement procedures to ensure all Foster Care contractors paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

WE RECOMMEND the CD:

- A. Resolve the questioned costs with the grantor agency and ensure Foster Care placements are supported by a judicial determination or a voluntary placement agreement, petitions to terminate parental rights are filed for parents whose children are in custody for 15 of the most recent 22 months or compelling reasons for not filing the petition are documented, and all payments are supported by adequate documentation.
- B. Implement procedures to ensure all Foster Care contractors paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

AUDITEE'S RESPONSE

- A. *We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*
- B. *We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

2004-9

Managed Care Program – Complaint and Grievance Reports

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 State Children's Insurance Program (SCHIP)
93.778 Medical Assistance Program
State Agency: Department of Social Services - Division of
Medical Services (DMS)

The DMS did not review all quarterly complaint and grievance reports submitted by managed care health plans during the year ended June 30, 2004. These health plans provide healthcare benefits to recipients in the managed care program. Federal regulation 42 CFR 438.416 and the State's 1915(b) Waiver require the state to review health plan submitted complaint and grievance information as part of the state's quality and improvement strategy.

Quarterly complaint and grievance reports for the quarters ended December 31, 2003, and March 31 and June 30, 2004, were not reviewed by the DMS. It appears these reports were not reviewed due to the turnover of staff within the DMS. The quarterly complaint and grievance reports serve as a method to ensure quality care is received by recipients and to identify reasons for recipient dissatisfaction regarding the managed care health plans. The lack of review lessens the assurance of DMS that health plans are resolving recipient complaints and grievances in an effective and timely manner.

WE RECOMMEND the DMS review the quarterly complaint and grievance reports of each health plan in accordance with state and federal regulations.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2004-10

Managed Care Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 State Children's Insurance Program (SCHIP)
93.778 Medical Assistance Program
State Agency: Department of Social Services - Division of
Medical Services (DMS)

On January 13, 2004, the Missouri State Auditor's Office issued audit report No. 2004-01, ***Oversight Controls and Management in the State's Managed Care Program***. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office,

P. O. Box 869, Jefferson City, MO 65102-0869, or on the Internet at www.auditor.mo.gov.) The following is a summary of this report's findings:

- A. Officials with the DMS cannot measure the utilization of covered services provided to managed care recipients and do not know if the state's total cost truly measured healthcare costs. This situation exists due to incomplete and inaccurate encounter claim data. Encounter claims serve as records of health care services provided to recipients in the managed care program. Managed care health plans pay providers and are required to submit monthly encounter claim data to the DMS.

According to the U. S. Department of Health and Human Services - Centers for Medicare and Medicaid Services, encounter claim data is critical to monitor service utilization, evaluate access, comparability and quality of care, update and evaluate capitation payment rates, and monitor health plan and provider performance. Officials with the DMS have not placed a high priority on obtaining complete and accurate encounter claim data from the health plans, and agree encounter claim records may be incomplete and may contain duplicate claim records. Officials with the DMS indicated they have not attempted to estimate the accuracy or completeness of encounter claim records and do not have procedures to do so.

The audit also disclosed additional concerns with the lack of controls over encounter claims data:

- During the year ended June 30, 2002, rejected encounter claims were not analyzed and there were no procedures, incentives or sanctions in place to encourage health plans to make corrections and resubmit rejected claims.
- During the year ended June 30, 2002, 29 percent of all encounter claims were rejected and 55 percent of dental encounter claims were rejected as status 6 errors indicating the claims were accepted for processing and later rejected.
- Faulty computer system edits allowed \$440,000 in duplicate inpatient hospital payments since 1999. The duplicate payments occurred when the DMS and the health plan both paid a provider for the same services occurring on the same day for a recipient. DMS personnel indicated the faulty edits will be corrected and they will attempt to recoup the duplicate payments.

Rejected encounter claims were returned to the health plans with error codes explaining why the claims were rejected, but no further procedures were in place to ensure the claims were corrected and resubmitted. Without complete and accurate encounter claim data, the managed care program cannot be effectively monitored to control costs or ensure quality of care.

B. The DMS did not profile the managed care population to determine if capitation payments were made for potentially ineligible recipients, or if the absence of encounter claim records was an indication of problems with access to medical services. Under the managed care program, the state pays the health plans a per person amount each month to cover all health and dental benefits (capitation payments). The state is not at risk for healthcare costs beyond the monthly capitation payment, which is paid even if recipients do not receive services. Audit tests performed on approximately 25,000 recipients, enrolled during the year ended June 30, 2002, who had no encounter claims, but for whom capitation payments were made each month, identified that the DMS paid:

- Over \$1.5 million in capitation payments for 990 managed care recipients who did not have social security numbers recorded on the state's computer systems.
- Nearly \$48,000 in capitation payments for 40 recipients with out-of-state addresses. Also, in April 2003, the DMS identified an additional \$85,000 in capitation payments were paid for 33 recipients with out-of-state addresses in previous years.
- Over \$91,000 in capitation payments since enrollment for 32 managed care recipients with invalid social security numbers recorded on the state's computer systems.

Social workers at the Family Support Division (formerly Division of Family Services) determine eligibility for applicants applying for medical benefits. Social security numbers are to be obtained and recorded on the state's computer systems at the time of application, or when re-determination of eligibility is performed. Federal regulation 42 CFR 435.916 and state regulation 13 CSR 40-2.020 require a re-determination of eligibility at least every 12 months. Family Support Division officials indicated if recipients do not or cannot provide social security numbers at the time of re-determination, the recipients become ineligible for benefits.

Routine eligibility re-determinations were discontinued due to increased workloads and staffing problems and were not considered a high priority. Instead, data matches with other agencies are relied on to provide information regarding income, resources and age to determine the likelihood a recipient's eligibility status has changed. Only recipients with identified changes will have their eligibility re-determined. Since missing social security numbers will not trigger eligibility re-determination, the 990 recipients without social security numbers could remain enrolled in managed care with capitation payments continuing despite possibly being ineligible. The audit noted the DMS is attempting to recoup the unnecessary capitation payments for the identified recipients with out-of-state addresses. In addition, the Family Support Division discontinued

enrollment in managed care for those recipients with invalid social security numbers.

- C. Fraud detection activities were not performed in the managed care program even though required by federal Medicaid rules. According to DMS officials, fraud detection activities are not performed in the managed care program because of a lack of resources and because the encounter claim data is not reliably complete.

Health plans contracting with the state are required to have formal procedures for detecting fraud and notifying the DMS of cases of suspected fraud by recipients or providers. However, following reorganization of the DMS in 2001, the DMS has not updated written procedures to clearly set forth a process to record, investigate, or refer these cases, or to document the eventual disposition of the suspected fraud cases identified by the health plans.

The audit noted an official with the U. S. Department of Health and Human Services indicated all states should perform Medicaid fraud detection work on managed care programs. The federal official also indicated by not monitoring the managed care program for fraudulent activity, the DMS cannot be sure if the levels of capitation payments reflect the true cost of services, which could eventually result in higher costs to the state.

WE RECOMMEND the Division of Medical Services:

- A. Evaluate and establish "best practice" procedures to improve the quality and reliability of encounter data. Such procedures could include performing annual encounter data validation studies, working with health plans to improve the acceptance rate of submitted claims, and implementing financial penalties for rejected encounter data.
- B. Work with the Family Support Division to identify managed care recipients with missing or invalid social security numbers in the state's computer systems at least annually so eligibility can be re-determined, since current eligibility re-determination procedures will most likely miss these recipients.
- C. Develop and implement fraud detection activities in the managed care program, as required by law, and implement procedures to improve evaluation of suspected fraud activity reported by health plans.

AUDITEE'S RESPONSE

A-C. We disagree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2004-11**Medicaid Eligibility**

Federal Agency:	Department of Health and Human Services	<u>Questioned Cost</u>
Federal Program:	93.767 State Children's Insurance Program (SCHIP)	\$174,693
	93.778 Medical Assistance Program	767,270
State Agency:	Department of Social Services – Family Support Division (FSD)	
	Children's Division (CD)	
	Division of Medical Services (DMS)	

On April 27, 2004, the Missouri State Auditor's Office issued audit report No. 2004-29, ***Department of Social Services Medicaid Eligibility***. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P. O. Box 869, Jefferson City, MO 65102-0869, or on the Internet at www.auditor.mo.gov.) The report included the following findings which have been summarized:

- A. FSD caseworkers were not performing annual eligibility redeterminations as required by federal and state regulations. Federal regulation 42 CFR 435.916 and state regulation 13 CSR 40-2.020 require a redetermination of eligibility at least every 12 months. As of June 30, 2003, the FSD had not redetermined eligibility within a year or more for 383,004 of 934,453 recipients (41 percent). FSD officials indicated caseworkers could not keep up with their current workload given staffing available under current budget limits. Instead, the FSD caseworkers were to use various computer-generated data matches and exception reports to identify income, resources, institutional residence, and age changes for recipients that could impact eligibility and caseworkers were to focus on those cases. However, the audit identified the following weaknesses in the data match and report processes:
- An exception report for caseworkers listing recipients who did not furnish social security numbers or furnished invalid social security numbers was inadvertently discontinued by a computer program change.
 - Matches with state Department of Labor and Industrial Relations' wage and unemployment records were discontinued in July 2000.
 - Death record matches used incomplete data.
 - Caseworkers did not receive some exception reports timely or at all.
 - Caseworkers did not review cases listed on exception reports.
 - A system edit was stopped in 2000 which resulted in failure to identify some recipients' eligibility start dates preceded their birth dates.

- B. Audit tests on food stamp cases closed during the year ended June 30, 2003, indicated 9 of 35 recipients (26 percent) had active Medicaid cases which should have closed at the time the food stamp cases closed. These recipients received medical care and had claims of approximately \$19,000 after they should have lost their eligibility. While eligibility criteria for the food stamp and the Medicaid programs differ, changes that result in closing a food stamp case increase the risk the recipient's Medicaid case may also need to close. Federal regulation requires recertification of eligibility for most food stamp recipients every 6 months. FSD caseworkers indicated they do not always update the Medicaid case information when reviewing food stamp eligibility. We question costs of \$11,767, which is the federal share of Medicaid payments.
- C. Caseworkers are not obtaining valid social security numbers on all applicable recipients. Federal regulation 42 CFR 435.910 requires caseworkers to obtain social security numbers for each recipient and validate those numbers with the Social Security Administration. The audit identified that as of June 30, 2003, the FSD's and the CD's computer systems listed 43,116 and 1,637 (totaling 44,753) active Medicaid recipients, respectively (totaling 5 percent of approximately 949,000 recipients), who did not have a social security number or had an invalid social security number.

States cannot deny or delay benefits to an eligible applicant pending issuance or verification of a social security number; therefore, it is expected some recipients would not have social security numbers for a short period of time. However, approximately 67 percent (29,820 of 44,753) of these recipients' cases had been open for at least a year.

In addition, as of June 30, 2003, the FSD's computer system indicated 10,236 recipients' social security numbers were not verified by the Social Security Administration as required by federal regulations. The audit noted that there is a risk recipients who do not have a social security number or have an invalid social security number are ineligible for Medicaid benefits.

Audit tests of 60 recipients without social security numbers identified caseworkers failed to enter the reported social security number in the computer system for 42 (70 percent) of the recipients. Another audit test of 21 recipients with invalid social security numbers noted caseworkers made input errors for 10 (nearly 50 percent) of the social security numbers in the system. In addition, auditors identified 10 recipients who apparently provided fake social security number cards to support their reported social security numbers.

FSD caseworkers said they often approve recipients for Medicaid with an agreement to provide their social security numbers within 10 days. However, the FSD caseworkers said these agreements are informal and not tracked. A CD program specialist said there are no formal policies and no priority for the CD caseworkers to obtain or verify social security numbers for children in the CD's

system. Also, the CD has no policies for caseworkers to process claims for recovery of costs when recipients are determined to have been ineligible for benefits.

FSD caseworkers are not following up with the Social Security Administration to obtain a social security number for applicants or recipients when they claimed they could not remember it. Federal regulation 42 CFR 435.910 indicates that if an individual has been issued a social security number but cannot recall the number, the number must be requested from the Social Security Administration.

As noted above in Part A, a monthly exception report designed for caseworkers to identify recipients who are missing a social security number in the system or those whose social security numbers came back unverified by the Social Security Administration was inadvertently discontinued by a programming change made to the FSD computer system. The last known date this report was run was February 2001.

- D. Procedures to close cases with age ineligible children are not effective. Children reaching age 19 are normally no longer Medicaid eligible. Audit tests identified that as of July 2003, \$1,040,915 in Medicaid payments and \$237,864 in SCHIP payments were made for 950 recipients and 263 recipients, respectively, age 19 or older after the recipients became ineligible. A monthly age exception report which includes recipients who are 19 years old or older is available for caseworkers to use for reviewing eligibility. However, some caseworkers indicated they had no time to review the report while other caseworkers are not receiving the reports in a timely manner. We question costs of \$644,639 and \$173,236, which is the federal share of Medicaid payments and SCHIP payments, respectively.

In August 2003, a computer system change resulted in many of the cases with age ineligible children being reviewed. Due to additional review by caseworkers, many of the age 19 and older recipients on the age exception report were reviewed and closed. By November 2003, 70 percent of the July exception cases had been closed. However, the November exception report, which reported 3,057 recipients age 19 or older, still listed 128 recipients at least one year older than age 19.

- E. Procedures to identify recipients who have died are not as effective as possible. Audit tests identified 1,112 active recipients the FSD's death match analysis had not identified. Medicaid payments totaling at least \$142,000 and SCHIP payments totaling at least \$2,000 were made for 64 recipients and 2 recipients, respectively, after their death. We question costs of \$87,941 and \$1,457, which is the federal share of Medicaid payments and SCHIP payments, respectively. Weaknesses identified in the FSD's review process included:

- Failure to match recipients against historic death records. Currently, a monthly match is performed with the Department of Health and Senior Services – Bureau of Vital Statistics (DHSS) records of individuals who died in Missouri in the previous month. This procedure does not detect if an individual applies for assistance and reports a relative (i.e. child) who died prior to the month being tested because any death prior to the previous month is not included in the match.
- Using match criteria that allows deceased recipients to go undetected. The match criteria requires an exact match of four fields for the recipient to be considered deceased. Other analysis using less strict criteria would allow caseworkers to identify recipients whose names have misspellings or other data entry errors in FSD's or DHSS's computer data.
- Failure to always use available online inquiry systems. Caseworkers did not regularly use the DHSS or Social Security Administration online inquiry systems at initial application for benefits or during a case follow-up to identify potential deceased recipients.

By obtaining historic death data from the DHSS and using other criteria, auditors identified additional recipients who were active on Medicaid cases who were deceased. In addition, FSD officials indicated caseworkers are expected to use the Social Security Administration inquiry to verify Social Security Administration benefit information at the time of application, but there is no requirement to use this inquiry for death information. To evaluate if the inquiry would be useful to identify applicants or recipients who may be deceased, auditors tested 23 recipients previously identified as deceased in audit tests. Of the 23 tested recipients, death information was located on 15 recipients in the Social Security Administration system.

- F. Cases where children are active on Medicaid simultaneously in the FSD and the CD are not being appropriately monitored. At June 30, 2003, there were 1,082 recipients who had active Medicaid cases in both the FSD and CD systems. Caseworkers receive daily alerts when a child is removed from the home of a Medicaid family and into the custody of the CD. A monthly report of these cases is also made available to caseworkers; however, it only reports children for the month an alert was sent. The report is not cumulative as FSD officials had thought.

When a child is removed from a family's home, the Medicaid eligibility of that family as well as other types of assistance may be affected. An example of a case in which eligibility errors occurred when the CD removed the children from the home was when three children in a family home were removed and the only adult on the case was kept active on Medicaid. The adult on this case should have lost

her Medicaid eligibility but did not. The state paid \$2,014 in claims during the time the adult was ineligible. We question costs of \$1,247, which is the federal share of Medicaid payments.

- G. Matches with the Department of Labor and Industrial Relations – Division of Employment Security to verify wages and unemployment compensation on active Medicaid recipients were stopped in July 2000. As noted above in Part A, such matches were used to identify changes in recipient status that could impact eligibility. A recipient's unreported job or wage changes would likely be missed by caseworkers without these matches. Federal regulation 42 CFR 435.948 requires wages to be verified during the application period and at least on a quarterly basis. This regulation also requires verification of unemployment compensation from the time the recipient reports their loss of employment and for at least the three subsequent months or until the benefits are exhausted.
- H. Audit tests identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. Of these 111 recipients, unnecessary costs totaling at least \$35,000 were noted for seven of these recipients. A system edit is supposed to ensure Medicaid eligibility is not started before the recipient's birth date; however, starting in March 2000, this edit was not being applied to newborns being added to the mother's case. We question costs of \$21,676, which is the federal share of Medicaid payments.

A backup control in the DMS' Medicaid information system blocks claims before a recipient's birth date, but it is only applied on fee for service recipients. Forty-seven of the 111 recipients identified were in the managed care system where the edit is not applied. Six of the recipients had an eligibility start date of exactly a year before their birth date and the rest had start dates six months or less before their birth date.

WE RECOMMEND the Department of Social Services:

- A. Ensure case redeterminations are performed in accordance with federal regulation. If staffing limits compliance with these requirements, procedures should be established to ensure cases with the most risk for potential ineligibility are reviewed timely.
- B. Resolve the questioned costs with the grantor agency. In addition, the DSS should ensure policies established for caseworkers to use relevant information obtained during other assistance eligibility redeterminations to evaluate a recipient's continued Medicaid eligibility are complete. The DSS should establish monitoring procedures to ensure those policies are complied with.
- C. Review the available options to obtain recipient social security numbers from the Social Security Administration. Procedures should be established to obtain social security numbers for all recipients and to submit those social security numbers to

the Social Security Administration for verification as federally required. In addition, the DSS should resume receiving the monthly social security number exception report.

- D. Resolve the questioned costs with the grantor agency. In addition, the DSS should establish procedures to ensure recipients reaching age eligibility limits are reviewed for potential ineligibility and age exception reports are being received by caseworkers in a timely manner.
- E. Resolve the questioned costs with the grantor agency. In addition, the DSS should revise procedures used to match Medicaid recipients to DHSS records to include a history of prior and current month death records and allow the match criteria to be more flexible to identify more possible matches of deceased recipients. Also, the DSS should ensure caseworkers are aware of and use all available inquiries which provide death information to assist in determining an applicant's initial and continued eligibility.
- F. Resolve the questioned costs with the grantor agency. In addition, the DSS should establish procedures to ensure recipients who are dually eligible under a separate CD case are reviewed for potential ineligibility. The children taken from the home report should be adjusted so the output is cumulative with cases from previous periods continuing to be reported until closed or resolved. Also, the DSS should establish policies to ensure costs are recovered on applicable cases when a CD recipient is determined to be ineligible.
- G. Resume receiving the wage and unemployment matches with the Division of Employment Security and establish procedures to ensure interagency matches are functioning as intended.
- H. Resolve the questioned costs with the grantor agency. In addition, the DSS should correct the edit which ensures a Medicaid recipient's eligibility cannot precede his or her birth date.

AUDITEE'S RESPONSE

A-H. We disagree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

STATE OF MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Our prior audit report issued for the year ended June 30, 2003, included no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

STATE OF MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2003, and the findings from the prior audits for the years ended June 30, 2002 and 2001, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings, and report, as a current year finding, when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 2002 is as follows:

Findings numbered 6, 9, 11, 12, and 13 were corrected.

Findings numbered 1, 2, 3, 4, 5, 7, 8, and 10 are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2001, all of the findings were corrected, no longer valid, or did not warrant further action.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2002-1A. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not always notify the subrecipient on a timely basis about the findings noted in the on-site monitoring review.

Recommendation:

The DHSS submit finding letters to subrecipients on a timely basis.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2002-1B. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not adequately ensure that subrecipients take corrective action on findings.

Recommendation:

The DHSS ensure that subrecipients file a corrective action plan within 21 days of the finding letter and approve the corrective action plan within 21 days of receipt.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2002-1C. Subrecipient Monitoring

Federal Agency: Department of Agriculture

Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)

State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not adequately monitor and document the implementation of the corrective action plans.

Recommendation:

The DHSS monitor the subrecipients' implementation of their corrective action plan within six to twelve months after approval of the corrective action plan.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin

Phone number: (573) 751-6014

Finding 2002-1D. Subrecipient Monitoring

Federal Agency: Department of Agriculture

Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)

State Agency: Department of Health and Senior Services (DHSS)

The DHSS has not established adequate internal controls to ensure subrecipient monitoring is adequately completed and documented.

Recommendation:

The DHSS ensure that routing forms are complete and accurate, and maintain adequate documentation to support each monitoring review.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin

Phone number: (573) 751-6014

Finding 2002-2. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
10.558 - Child and Adult Care Food Program
State Agency: Department of Health and Senior Services (DHSS)

Expenditures reported on the original schedule of expenditures of federal awards prepared by the DHSS were understated by approximately \$38 million.

Recommendation:

The DHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2002-3. Child Care Facilities Inspections and Licensing

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 - Child Care and Development Block Grant
State Agency: Department of Health and Senior Services (DHSS)

On July 19, 2002, the Missouri State Auditor's Office issued audit report No. 2002-52, *Child Care Facilities Inspections and Licensing*. The audit noted several weaknesses in child care licensing laws and regulations, and DHSS' procedures for ensuring facilities comply with these requirements.

Recommendation:

The DHSS establish procedures to improve oversight of unlicensed child care facilities. In addition, the DHSS should establish written guidelines to determine the severity of rule violations and effectively assess penalties or revoke child care licenses.

In addition, the DHSS should pursue legislative action to increase the penalty that can be assessed against child care providers operating in violation of state laws and regulations, and to limit the number of related and unrelated children in child care facilities to more closely align with the National Fire Protection Association suggested limit of one adult for no more than six children.

Status of Finding:

The federal agency is not currently following up with the state agency on the audit finding and does not warrant further action.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2002-4A. Cost Allocation Procedures

Federal Agency: Department of Education
Federal Program: 84.032 - Federal Family Education Loans (FFEL)
State Agency: Department of Higher Education (DHE)
Questioned Costs: \$183,084

Approximately 30 of the department's 87 employees worked on more than one program and were required to submit time sheets. Our review of 11 of these employees indicated that time sheets either did not exist or did not support the salary amount allocated to the FFEL program. Timesheets did not exist to support \$104,484 of the allocated salary expenses, and \$78,600 of the allocated salary expenses exceeded the amount supported by the timesheets for the prior six months. As a result, we questioned costs totaling \$183,084, which is the federal share of salary costs not supported by the time sheets.

Recommendation:

The DHE resolve the questioned costs with the grantor agency. In addition, the DHE should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.

Status of Finding:

DHE developed a new timesheet procedure and revised the draft policy to further comply with Circular OMB A-87.

Status of Questioned Costs:

The Department of Education concluded the questioned costs paid the salaries of DHE employees engaged in student financial aid related activities, and, therefore, the questioned costs were allowable expenditures. The Department of Education considers the audit closed.

Contact Person: Janelle Jaegers
Phone number: (573)751-2361

Finding 2002-5. Eligibility - Work Search Contracts

Federal Agency: Department of Labor
Federal Program: 17.225 - Unemployment Insurance (UI)
State Agency: Department of Labor and Industrial Relations -
 Division of Employment Security (DES)

The DES did not have adequate procedures to ensure that individuals (claimants) receiving UI benefits met the eligibility requirements of conducting weekly work search contacts.

Recommendation:

The DES implement additional procedures to verify claimants work search contact information and deny benefits to those claimants that do not adequately document the required information.

Status of Finding:

This audit finding has not yet been resolved as the Department of Labor and Industrial Relations, Division of Employment Security (DES) disagrees with the auditor's finding. There are no provisions in the Missouri Statutes to deny unemployment insurance (UI) benefits to claimants who have failed to document in writing the specific information relating to the employers contacted as part of the work search requirement. The DES believes its procedures are correct and in compliance with the federal guidelines to verify work search requirements.

In fact, U. S. Department of Labor representatives have confirmed through multiple audits that the DES is in compliance with the federal guidelines. Federal representatives from the Office of Inspector General, Office of Accountability Audits and the United States Department of Labor's Employment and Training Administration's Regional Office have conducted extensive reviews of Missouri's federal guidelines for claimant work search verification requirements. At no time have any of the federal reviews generated findings of non-compliance. The DES has been found to be operating well within the federal parameters and has exceeded many of the guideline requirements. No federal reviews of the Missouri work search requirement have resulted in any corrective improvement or corrective action plans. The current procedures have presented no threat to federal funding.

In addition, the State Auditor's Office performance audit of the Unemployment Trust Fund, Review of the Missouri Unemployment Compensation Trust Fund, dated September 5, 2003, did not address the DES' work search requirements as a contributing factor in the Unemployment Trust Fund's insolvency.

Contact Person: Rebecca A. Voss
Phone number: (573) 751-1135

Finding 2002-7. Case Management Standards

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services - Division of
 Child Support Enforcement (DCSE)

- A. We randomly selected cases to review for paternity services from a population of 39,757 cases in the paternity function. Test results disclosed that for 9 of 67 cases reviewed, DCSE failed to take action within the required time frames, resulting in a compliance rate of 87 percent for paternity services.
- B. We randomly selected cases to review for establishment services from a population of 51,367 cases in the establishment function. Test results disclosed that for 17 of 60 cases reviewed, DCSE failed to take the required actions to establish an order of support within the established time frame, resulting in a compliance rate of 72 percent for establishment services.
- C. We randomly selected cases to review for enforcement services from a population of 294,421 cases in the enforcement function. Test results disclosed that for 7 of 48 enforcement cases reviewed, DCSE failed to initiate income withholding, or another enforcement action, within 30 days of identifying a delinquency, resulting in a compliance rate of 85 percent for enforcement services.
- D. We randomly selected cases to review for medical support services from a population of 328,939 cases requiring or having medical support orders. Test results disclosed that for 4 of 59 cases reviewed, DCSE failed to take one or more required actions. The compliance rate for providing medical support services is 93 percent for cases tested.
- E. We randomly selected cases to review for interstate services from a population of 51,546 cases requiring interstate services. For 2 of 36 initiating interstate cases reviewed, DCSE failed to provide interstate services within the required timeframes, resulting in a compliance rate of 94 percent for cases tested.

Recommendation:

The DCSE provide services within timeframes established by federal regulation.

Status of Finding:

We disagree with this finding.

Health and Human Services/Administration for Children and Families (HHS/ACF) Region VII Administrator did not sustain this finding. In a letter dated April 19, 2004, the Region VII Administrator stated “. . . the standards applied by the state auditors are not presently valid. . .” and “. . . we agree with the State that no formal corrective action is necessary. This finding is resolved.”

Contact Person: Patrick Luebbering
Phone number: (573) 522-2664

Finding 2002-8. Eligibility Redeterminations

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of
Family Services (DFS)
Division of Medical Services (DMS)

The DFS did not have adequate procedures to ensure it performs Medicaid and SCHIP eligibility redeterminations in accordance with state and federal regulations.

Recommendation:

The DFS establish procedures to ensure Medicaid and SCHIP recipient eligibility is redetermined in accordance with state and federal regulations.

Status of Finding:

Hiring to fill vacancies has resumed, but it should be noted that it will take some time to get new staff up to optimum production/performance levels. Staffing will be at 57 percent of need (based on newly adopted caseload standards, not on any additional staff), thereby requiring continuation of workload management prioritization. The Family Support Division (formerly DFS) is currently working on developing a computer interface system that will identify reviews done in the Food Stamp program that can qualify as redeterminations that satisfy case eligibility review requirements. It is expected, once this new program is implemented, that the existing percentage of "delinquent" redetermination cases will be markedly reduced. We expect this interface to be implemented in late January 2005, and by the end of the following month, we will have statistics demonstrating its impact. This will also help to reduce the size of the pool of cases identified as review-delinquent to allow better focus on those cases that actually may require review. HHS is aware of this endeavor.

Contact Person: Patrick Luebbering
Phone number: (573) 522-2664

Finding 2002-10. Employee Cost Allocations

Federal Agency: Department of Health and Human Services
Federal Program: 93.566 - Refugee and Entrant Assistance - State Administered
Programs
State Agency: Department of Social Services - Division of Family Services
(DFS)
Questioned Costs: \$88,042

Our review of employee time distribution certifications noted an employee's salary, benefits, and related indirect costs were erroneously charged to the Refugee and Entrant Assistance - State Administered Programs grant. We questioned the federal share of \$88,042 (100 percent) for salary, benefit, and indirect costs erroneously charged to the Refugee and Entrant Assistance - State Administered Programs grant from August 2000 through June 2002.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure that the semi-annual federally funded certifications are accurate and complete.

Status of Finding:

Family Support Division (FSD) Management Services is completing the certification forms twice annually, attesting that designated federal funds are appropriately being allocated to (program) salaries.

Status of Questioned Costs:

Questioned costs were resolved with the grantor agency on May 17, 2004, by check number 9817571 A.

Contact Person: Patrick Luebbering
Phone number: (573) 522-2664

Finding 2003-1. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Department of Health and Human Services

Federal Program: 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
93.268 – Immunization Grants
93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance

State Agency: Department of Health and Senior Services (DHSS)

Expenditures reported on the original schedule of expenditures of federal awards (SEFA) prepared by the DHSS were understated by a net amount of approximately \$9.5 million.

Recommendation:

The DHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2003-2A. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 – Special Supplemental Nutrition Program for Women, Infants,
 and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not always notify subrecipients on a timely basis about the findings noted in on-site monitoring reviews.

Recommendation:

The DHSS submit finding letters to subrecipients on a timely basis.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2003-2B. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 – Special Supplemental Nutrition Program for Women, Infants,
 and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not adequately ensure that subrecipients took corrective action on findings.

Recommendation:

The DHSS ensure that subrecipients file a corrective action plan within 21 days of the finding letter and approve the corrective action plan within 21 days of receipt.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2003-2C. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 – Special Supplemental Nutrition Program for Women, Infants,
 and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not adequately monitor and document the implementation of corrective action plans.

Recommendation:

The DHSS monitor and document the subrecipients' implementation of their corrective action plan within six to twelve months after approval of the corrective action plan.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2003-2D. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 – Special Supplemental Nutrition Program for Women, Infants,
 and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS had not established adequate internal controls to ensure subrecipient monitoring was adequately completed and documented. For 29 of 40 (73 percent) reviews we tested, the monitoring packet was not fully completed. For 28 of these 29 reviews, the monitor report routing form was either not completed or was not in the file.

Recommendation:

The DHSS ensure that routing forms are complete and accurate, and maintain adequate documentation to support each monitoring review.

Status of Finding:

Corrective action was taken.

Contact Person: Rebecca Mankin
Phone number: (573) 751-6014

Finding 2003-3. Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 83.544 – Public Assistance Grants
State Agency: Department of Public Safety – State Emergency Management Agency (SEMA)

The SEMA had not established adequate internal controls to ensure subrecipient monitoring was properly documented.

Recommendation:

The SEMA require project status reports adequately document subrecipient monitoring and ensure all subrecipients submit an A-133 audit when applicable.

Status of Finding:

SEMA has implemented an internal system for tracking audits needed by applicants. The procedure was established and provided to section staff. When available, the audits are reviewed on-line, since the State Auditor's Office has automated their system and no longer sends hard copy documents for review. If the report is not available on-line, a hard copy is requested from the applicant.

Contact Person: Craig Rodick
Phone number: (573) 526-9106

Finding 2003-4. Employee Cost Allocation

Federal Agency: Department of Health and Human Services
Federal Program: 93.566 – Refugee and Entrant Assistance – State Administered Programs
State Agency: Department of Social Services – Family Support Division (FSD)
Questioned Costs: \$30,418

Our review of the department's procedures for assigning employees to federal grants noted that charges for one employee had been in error for almost a year. We questioned the federal share of \$30,418 (100 percent) for salaries, benefits, and indirect costs improperly charged to the Refugee and Entrant Assistance - State Administered Programs grant from July 2002 through May 2003.

Recommendation:

The FSD resolve the questioned costs with the grantor agency.

Status of Finding:

FSD Management Services is completing the employee certification forms twice annually, attesting that designated federal funds are appropriately being allocated to (program) salaries.

Status of Questioned Costs:

The questioned costs have not yet been resolved with the grantor agency because the grantor agency has not yet presented a payment demand to the FSD.

Contact Person: Patrick Luebbering
Phone number: (573) 522-2664

Finding 2003-5. Eligibility for Adoption Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 – Adoption Assistance
State Agency: Department of Social Services – Children's Division (CD)
Questioned Costs: \$5,996

We reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. The 60 recipients received Adoption Assistance totaling \$266,032 during the year ending June 30, 2003. Payments were made after contract authorization expired for two of sixty (3 percent) cases reviewed. Authorization for the payments expired in February and March 2002, respectively. In addition, we could not locate invoices or other supporting documentation for some payments on nine of thirty-one (29 percent) cases reviewed. Division personnel determined the payment for one case was a \$40 overpayment, and initiated corrective action to recoup the payment. The expenditures related to the remaining errors totaled \$9,829 for March 2002 through June 2003. We questioned the federal share of \$5,996 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure payments are not made after contract authorization expires and ensure all payments are supported by adequate documentation.

Status of Finding:

The entire case file for case # 43685108 was lost; therefore, a fund recoupment was done on March 18, 2004, to repay the federal government their share of the payments. We were able to find the missing documentation for the other case files which was subsequently provided to the State Auditor's Office (SAO).

Payments made after contract authorization expired for case # 27660100 were not deducted from the childcare facility because the service was provided to the child in good faith. It was an oversight on the part of the adoption subsidy worker that the childcare authorization was not extended through 02/03 (it was only on the agreement until 02/02). The adoptive parents were not informed that the authorization had expired and continued to take the child to the childcare facility through April, 2003, since the child was age-eligible to continue to attend the program up to age 13. It is not appropriate to punish the adoptive parent for an oversight by the worker. No deductions have been made.

For payments made for case # 15925516 after contract authorization expired, deductions are being made on a monthly basis and will continue until the entire overpayment is recovered. Thus far, approximately \$800 has been deducted. The adoptive parents are currently being paid maintenance costs on 3 adoptive children each month, and the monthly deduction of approximately \$400 will continue until the balance is recovered.

Status of Questioned Costs:

A fund recoupment was done on March 18, 2004, for case # 43685108 to repay the federal government their share of the payments. We disagree with the remainder of the questioned costs since the missing documentation was located and subsequently provided to the SAO.

No deductions will be made for case # 27660100.

Deductions are currently being made for case # 15925516. Approximately \$800 has been deducted.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

Finding 2003-6. Foster Care Matching and Activities Unallowed

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)
Questioned Costs: \$469,713

- A. Indirect costs related to training expenses were charged to the Foster Care – Title IV-E grant at an incorrect rate. We questioned the overpayment of \$34,161 for indirect costs erroneously charged to the Foster Care Title IV-E grant at the FFP rate of 75 percent, instead of 50 percent, from July 2002 through March 2003.
- B. Residential treatment center training costs were improperly charged to the Foster Care – Title IV-E grant. We questioned the federal share of \$429,208 (75 percent) for residential treatment center training costs improperly charged to the Foster Care Title IV-E grant.
- C. During the year ending June 30, 2003, the CD provided Foster Care benefits totaling approximately \$37 million for 10,401 foster children. We could not locate invoices or other adequate supporting documentation for some payments on twenty-five of fifty (50 percent) cases reviewed. The expenditures related to these errors totaled \$10,400. We questioned the federal share of \$6,344 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency and ensure all payments are supported by adequate documentation.

Status of Finding:

A & B. The current policy was adopted July 1, 2003, and no further action is necessary.

- C. A memo was sent to CD staff on April 1, 2004, instructing staff on the appropriate documentation required for payment authorizations. All county offices were instructed to attach receipts to payment authorizations and to store this information for five years. For those offices where space is of a concern, staff were instructed to send payments to state archives.*

Status of Questioned Costs:

A & B. We dispute the questioned costs.

- C. DSS found appropriate documentation for all cases except four. Included in the four is one with a duplicate payment for \$60 which was deducted in April of 2004. The questioned costs are being resolved for the other three cases.*

Contact Person: Roger Backes and Linda Vaughan

Phone number: (573) 751-2170 and 751-8946

Finding 2003-7A. Foster Care Monitoring

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 – Foster Care – Title IV-E

State Agency: Department of Social Services – Children's Division (CD)

In-home visits were not always made according to division policy.

Recommendation:

The CD ensure social workers make foster child home visits frequently enough to ensure the children are safe and are progressing appropriately in their adjustment to their foster home setting. If workers are unable to comply with the required twice monthly visit schedule, management should take proper steps to ensure gaps between visits are kept to a minimum.

Status of Finding:

The division's current policy requires staff to meet with the child and foster/kinship family within the first week of placement (preferably the day after placement) and thereafter a minimum of every two weeks to monitor the placement. We believe our current policy reflects best practice standards. Furthermore, we recognize that staff, in lieu of adequate staffing and manageable caseloads, sometimes do not meet policy expectations. As a practical approach to managing the policy in a less-than-perfect environment, supervisors, in staff supervisory meetings, discuss with their staff the overall needs of each child in order to assess the number of visits that may be needed.

Contact Person: James C. Harrison

Phone number: (573) 751-8955

Finding 2003-7B. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Division staff did not have a clear understanding of who was responsible for visiting children placed in counties outside their home counties and discrepancies were found in documentation of visits.

Recommendation:

The CD ensure social workers assume their responsibilities for visits for children placed in their counties from other counties and make appropriate reports back to the home counties. In addition, management should ensure workers adequately document details of the child's progress found during each home visit.

Status of Finding:

The division's current policy is consistent with this recommendation. Ensuring the compliance to such policy is, again, dependent on sufficient staffing and manageable caseloads. We have recently revised the CS-1, which is used to capture information on the child's current progress as well as his/her family.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-7C. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Local division offices had no central tracking process to determine the number and location of foster children.

Recommendation:

The CD develop and establish a centralized tracking process for use at all local offices. The process should be designed to continuously identify and track the status and location of each child brought into state custody.

Status of Finding:

The division has for years utilized a central tracking system, the Alternative Care Tracking System, to identify and track the status and locations of each child in the custody or under the supervision of the division. The Alternative Care Tracking is a statewide system, but data entry and access are done at the local level. We plan to enhance this tracking system as we develop the Statewide Automated Child Welfare Information System (SACWIS) compliant automated system.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-7D. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Several problems were noted with the inventory of foster children.

Recommendation:

The CD reassess the results of the division's statewide inventory to ensure all problems or inconsistencies identified are corrected, and take steps to improve the timeliness of system updates to accurately show the current status of each child.

Status of Finding:

The division notes the inventory referenced in the audit report showed no missing children. We recognize that better tracking of the status and location of children can be improved by the timely and accurate updating of the Alternative Care Tracking System. Since payment to the placement provider is dependent on an accurate tracking system, staff are generally diligent in updating the child's location.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-7E. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Family support team meetings did not occur as often as required and often did not include all required parties or the foster child.

Recommendation:

The CD improve the process of arranging and scheduling team meetings to achieve better attendance and documentation. One method could include establishing focus groups of the primary stakeholders to obtain appropriate input.

Status of Finding:

Pursuant to the recently completed Federal Child and Family Service Review (CFSR), a Performance Improvement Plan was developed and submitted to the Administration for Children and Families (ACF) in June 2004. The division continues to be in negotiations with ACF to revise the Plan to meet with ACF approval.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-7F. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Runaway foster children were not consistently managed by social workers. In addition, social workers did not always follow-up with foster families to understand why the youth fled.

Recommendation:

The CD ensure local offices follow consistent policy when dealing with foster children who have run away from foster homes. The policy to be followed should include giving appropriate considerations to the child's continuing safety, reasons for leaving the assigned foster home, and reporting a runaway child for custody apprehension.

Status of Finding:

The division is developing clear guidelines for staff to use when a child is in runaway status from an alternative care resource.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-7G. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

The division did not always initiate termination of parental rights action on a timely basis.

Recommendation:

Where appropriate, the CD should take steps to ensure local offices increase the timeliness for requesting termination of parental rights and where not appropriate, the CD should ensure the case records document the required compelling reason for not requesting termination. In addition, greater emphasis should be given to concurrent planning to ensure the stage is properly set for beginning the termination process in a timely fashion if it becomes necessary.

Status of Finding:

Current policy is consistent with federal and state law relating to the recommendations of termination of parental rights. Concurrent planning is also emphasized as a best

practice approach to achieving timely permanency. This recommendation was also addressed in the CFSR Performance Improvement Plan which was submitted to the ACF in June 2004.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-7H. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Foster parent background checks could be improved and expanded. A review of foster parent files noted 15 of 44 (34 percent) applicable tested foster parent files did not contain current (within the last two years) criminal and child abuse and neglect record checks.

Recommendation:

The CD augment the foster parent background checking process by adding a step to review circuit court records for indications of possible problems as identified by having orders of protection recorded against the foster parent.

Status of Finding:

The division is in the process of implementing this recommendation. A policy memorandum was distributed on January 28, 2004, to make this a permanent part of our foster parent licensing procedures.

Contact Person: James C. Harrison
Phone number: (573) 751-8955

Finding 2003-8A. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Division personnel overpaid residential facilities by over \$22,000 for 246 days of service for 27 children who had ran away from residential care facilities as of October 14, 2002.

Recommendation:

The CD discontinue reimbursing residential facilities for runaway children during their flight status. The CD should take action to amend current contracts if feasible, and delete the contract language in future contract bids.

Status of Finding:

This recommendation will require a contract amendment and will be discussed further. We are now in discussion with the Missouri Coalition of Children's Agencies and the industry in general as we negotiate the reimbursement methodology within our new performance-based contracts, as required in recently signed legislation.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

Finding 2003-8B. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Social workers did not promptly update the child's placement status in the computer system to runaway, which caused overpayments.

Recommendation:

The CD ensure social workers promptly initiate and enter child placement changes into the tracking system.

Status of Finding:

Payment specialists are currently successfully operating in each circuit location throughout the state (rather than only in each regional office). These staff have been provided with the ability and expectation that they resolve payment error reports sent to them on a weekly basis. These staff correct placement history issues for children in alternative care and ensure that information contained in the Alternative Care Tracking System is current. The Residential Care Payment Specialists continue to operate in each region of the state to ensure that Residential Treatment payments are current and accurate. The Children's Division continues to utilize the Office of Administration statewide contract with PRG Schulze to recover residential treatment overpayments and ensure payment accuracy to Residential Treatment Facilities.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

Finding 2003-8C. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)
Questioned Costs: \$2,175

Division workers disregarded criminal convictions documented in background checks and inappropriately licensed three foster parents. Background checks in the division's files disclosed one foster parent had assault and stealing charges and two foster parents had drug convictions within five years. Two of the foster parents received no federal funding and one received funding totaling \$3,565. Timely supervisory review of the three foster parent applications could have prevented these problems. We questioned the federal share of \$2,175 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency and pursue reimbursement from the foster parent. In addition, the CD should ensure foster parents who fail to meet the applicable licensing criteria are not licensed and ensure worker licensing decisions are promptly reviewed by supervisors.

Status of Finding:

In February 2004, we implemented policy to require fingerprinting of licensed foster, adoptive, and relative caretakers. This allows for a more thorough criminal background search with the state and national data bases. We have also implemented policy which requires the search for orders of protection and other local offenses which might not be included with the state criminal data base. Finally, the need for thorough background screenings and licensing assessments will be emphasized within our performance-based contracts with the private sector.

Status of Questioned Costs:

Fund recoupments that will return the federal financial participation (FFP) to the federal agency will be completed as of 2/4/05; however, we will not pursue any reimbursement from the foster parent. This placement was court ordered by the juvenile court.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

Finding 2003-8D. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 – Foster Care – Title IV-E
State Agency: Department of Social Services – Children's Division (CD)

Although the division conducted a series of background checks for prospective new social workers, staff did not use the Family Care Registry.

Recommendation:

The CD expand the background check of social workers to include a review of the Family Care Registry to identify workers who are not considered acceptable to work with children, the elderly, or the mentally ill.

Status of Finding:

The division currently checks the following databases: MULES, Child Abuse/Neglect System, Child Support Enforcement System, and Claims Accounting Restitution System. A more in-depth criminal justice agency employee check is conducted for certain divisions and positions within DSS. The division is currently in discussion with the Department's Human Resource Center to determine ways to expand the background checks of social workers.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

Finding 2003-9. Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 – Medical Assistance Program
State Agency: Department of Social Services – Division of Medical Services (DMS)
Questioned Costs: \$97,438

The total salary and fringe benefit costs for five employees were charged to the Medical Assistance Program even though these employees were primarily responsible for working with a state program called Missouri Senior Rx. During the year ended June 30, 2003, salary and fringe benefit costs of \$194,875 for these five employees were charged to the Medical Assistance Program. As a result, we questioned costs totaling \$97,438, which is the federal share of salary and fringe benefit costs.

Recommendation:

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.

Status of Finding:

Our Corrective Action Plan remains unchanged.

The Department of Social Services/Division of Medical Services (DSS/DMS) disagrees with the State Auditor's Office (SAO) interpretation that the Office of Management and Budget (OMB) Circular A-87 requires personnel activity reports to be the only acceptable allocation method. Personnel activity reports are only one of the acceptable allocation methods. OMB Circular A-87 relies on a "benefits received" concept and provides that states enter into a cost allocation plan (CAP) that specifies how costs are allocated. Missouri's approved CAP includes a specific process whereby a portion of all Medicaid salaries is excluded from the claim for federal reimbursement based on the ratio of the cost of state-only services. DSS/DMS has documented 95% of the pharmacy rebates received directly benefit the federal Medicaid program as opposed to the state

Senior Rx program. DSS/DMS is confident the Centers for Medicare and Medicaid Services (CMS) will recognize any state-only costs are properly allocated through the CAP and the direct benefit the rebate unit provides to the federal Medicaid program.

Status of Questioned Costs:

Unchanged.

Contact Person: Michael Rehagen

Phone number: (573) 526-4383



Claire McCaskill
Missouri State Auditor

March 2005

City of Crestwood, Missouri
Year Ended June 30, 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Crestwood, Missouri.

The city of Crestwood is in poor financial condition. It appears the city's expenditures have consistently exceeded revenues in the General Fund for the last several years. However, it appears the Board of Alderman may not have been completely aware of the severity of this problem until recently. In 2003, a forensic audit of the city of Crestwood was performed for the years ended June 30, 2002 and 2001, and concluded that transactions authorized by the former city administrator and former finance officer represented mismanagement of city funds and presented misleading financial information to the board.

The city has taken some steps to improve its financial position and/or to address control weaknesses noted by the forensic audit. The Board must continue to monitor the financial condition of the city and develop a long-range plan which will allow the city to reduce its expenditures and/or increase its revenues to operate the city with available resources.

Technology items totaling approximately \$37,500, and \$115,572 were purchased during the years ended June 30, 2003, and 2002 without proper bidding or board approval. Additionally, while technology items purchased through the internet did not exceed \$2,000 individually, the city did purchase enough of the parts to exceed the bidding threshold for the total purchased and within thirty days. There was no documentation that bids for these computer parts were obtained, that prices obtained through the internet were lower than local stores, or that personnel scanned internet sites for the lowest price. Also, the city had not established written policies documenting the required approval for purchases and the approval of the Board of Alderman and the director of finance/finance officer was not properly documented for some city purchases.

The city does not have adequate documentation to support \$75,300 paid to the former City Administrator from December of 2002 through October 2003. In December 2002, the city entered into a reassignment agreement with the former city administrator changing his position to administrative advisor and agreeing to pay him his current salary less standard deductions until March 1, 2004. The current City Administrator/Police Chief indicated that he met with the administrative advisor a few times a month to discuss history, organization, and various policies of the city; however, these meetings and/or discussions were not documented. This agreement was terminated by the city in October 2003, and a lawsuit was filed against the former city administrator in November 2003.

(over)

YELLOW SHEET

The \$830 monthly car allowance paid to the City Administrator/Police Chief does not appear to be reasonable or well supported, and the city had no written policies for travel expenses or charges for local meals.

The city does not have written policies or procedures for the approval of severance packages paid to employees. Without written policies and procedures the Board cannot readily ensure severance packages are reasonable and a prudent use of city monies.

The city did not monitor the profit or loss of the aquatic center. The Finance Department did not generate any reports comparing the receipts and expenses of the aquatic center to monitor its profit or loss. The Parks and Recreation Department reported revenues of \$192,575 for the 2003 pool season and city records indicate \$299,138 in expenses for the same time period.

The Finance Department did not adequately monitor receipts of the Parks and Recreation Department. The Parks and Recreation Department deposits monies into city accounts and then files reports and documentation concerning the deposits with the Finance Department. Reports are reviewed by the Finance Department, but adequate verification work is not performed to ensure all monies collected by the Parks and Recreation Department are deposited and that prices established are adequate.

The city did not have adequate documentation for allocation of salaries between funds for the year ended June 30, 2003.

Also included in the report are recommendations related to the disposition of city property, fixed assets, accounting procedures, the administrative costs charged to the Transportation Development District, and the municipal court division.

All reports are available on our website: www.auditor.mo.gov

CITY OF CRESTWOOD, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Crestwood, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Crestwood, Missouri. The city engaged Brown, Smith, Wallace LLC, Certified Public Accountants, to audit the city's financial statements for the year ended June 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Crestwood, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 3, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Debra S. Lewis, CPA
In-Charge Auditor: Carl E. Zilch, Jr.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF CRESTWOOD
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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The city of Crestwood is in poor financial condition. It appears the city's expenditures have consistently exceeded revenues in the General Fund for the last several years as noted in the following chart. However, it appears the Board of Alderman may not have been completely aware of the severity of this problem until recently. Due to questions raised by the new city administrator in 2003, the accounting firm of Brown, Smith, and Wallace LLC was engaged to perform a forensic audit of the city of Crestwood for the years ended June 30, 2002 and 2001 at a cost of \$42,370. This forensic audit concluded that transactions authorized by the former city administrator and former finance officer represented mismanagement of city funds and presented misleading financial information to the board. As a result of the audit findings, the city restated its financial statements for 2002 and 2001.

Fiscal Year Ended <u>June 30,</u>	Revenues And <u>Transfers</u>	Expenditures And <u>Transfers</u>	Revenues Over(Under) <u>Expenditures</u>	Fund <u>Balance</u>
1999	\$8,102,327	8,522,539	(420,212)	768,181
2000	8,261,660	8,756,017	(494,357)	273,824
2001	8,807,025	9,034,921	(227,896)	45,928
2002	8,668,692	8,582,286	86,406	132,334
2001 Restated	8,557,025	9,034,921	(477,896)	(204,072)
2002 Restated	8,599,782	9,369,207	(769,425)	(973,497)
2003	8,454,967	9,353,115	(898,148)	(1,871,645)
2004 (Unaudited) ¹	10,376,354 ²	10,079,034	297,320	(1,574,325)

¹ These figures were obtained from the City's cash basis financial statements.

² This includes a \$1,000,000 entry to eliminate the Internal Services Reserve Fund.

Below are some of the concerns noted in the forensic audit:

- The city's Internal Service Fund was created by a \$1 million inter-fund transaction (book entry transaction only) within the General Fund in 1991. These funds were not transferred from the General Fund to the Internal Service Fund, but shown as a liability in the General Fund (due to other funds). The fiscal year 2001 financial statements reflected a transfer of \$250,000 from the Internal Service Fund to the General Fund. Per the Board resolution, the monies should have been accounted for as an inter-fund borrowing, not as a transfer.

- The former finance officer made a significant number of questionable journal entries for which there was little or no supporting documentation. The journal entries were used to transfer approximately \$786,921 in expenses from the General Fund to the Capital Improvement Sales Tax and the Park and Storm Water Funds in 2002. In at least one instance, revenue of \$68,910 was falsely created in order to overstate General Fund revenues.
- Transfers to the General Fund from the Capital Improvement Sales Tax and the Park and Storm Water Funds were in excess of the amounts approved by the board in the annual budget process. In addition, during the same period, the accounting records and audited financial statements had recorded these transfers as inter-fund borrowings, rather than inter-fund transfers. The sales tax funds are restricted funds and transfers should only be made to the General Fund to reimburse for specific related expenses.

Listed below are some of the steps taken by the city in order to improve its financial position and/or to address the control weaknesses noted by the forensic audit:

- In April of 2004, the Board approved eliminating the Internal Service Fund. This reduced the negative fund balance of the General Fund by \$1 million. In addition, the Board voted to establish a non-expendable trust account within the General Fund which would allow the city to accumulate cash reserves for emergency purposes. The goal of this fund is to reach a balance of \$1.5 million.
- The Finance Department has established procedures for documentation and approval of journal entries, see MAR finding number 6.A.
- The city has implemented a redesigned accounting structure which establishes project and cost codes for both payroll and accounts payable that will allow them to properly track recoverable costs incurred by the General Fund. In addition, the Board has voted to recapture some of the previous costs incurred by the General Fund.

In September 2003, the city obtained a revolving business note not to exceed \$1.25 million for General Fund operations. The ordinance for the original line of credit required the loan to be repaid by June 30, 2004; however, on May 25, 2004, the board approved extending the repayment of the line of credit for the full one year term made available to the city, until September 29, 2004. On September 14, 2004, the Board approved a new note for General Fund operations not to exceed \$2 million for the term September 29, 2004 through September 28, 2005. The new \$2 million line of credit paid the outstanding balance and accrued interest of approximately \$1,058,671 to close the first note. The city had paid approximately \$18,100 in interest on this line of credit

through September 30, 2004. As of October 7, 2004, the new line of credit was at a high balance of \$1,261,602.

In addition, for the year ended June 30, 2004, the city originally projected revenues of \$9,543,718 and expenditures of \$9,765,192, which reflected an increase in expenditures from the previous year. These amounts were later revised/amended to show projected revenues of \$9,151,983 and budgeted expenditures of \$9,642,229, which do not reflect a significant change from the prior year. The Board is now faced with some difficult decisions to stabilize the financial condition of the General Fund. The Board needs to review discretionary expenditures and efficiently use the resources available to the city.

The former city administrator and former finance officer did not prepare and present adequate financial reports to the Board to allow them to properly monitor the financial position of the city. City personnel indicated that previously the city's Finance Department submitted an operations report to the Board periodically, which would generally give information concerning projects, developments and events of the city. Currently, the Finance Department includes a schedule of bank account balances, an accounts payable report, and a payroll report to the Board monthly and a cash basis budget to actual statement quarterly.

The Board can not adequately monitor the financial position of the city without periodic budget to actual reports and complete financial reports. An adequate budget to actual report would help ensure budgets were not overspent and funds were available for expenditures. This report should include a reconciliation of the fund balances to the bank balances to allow the Board to ensure all funds are properly funded.

The Board must continue to monitor the financial condition of the city and develop a long-range plan which will allow the city to reduce its expenditures and/or increase its revenues to operate the city with available resources. The recommendations contained in the remaining MARs, if implemented, will help the city establish procedures to operate within its available resources.

WE RECOMMEND the Board of Aldermen continue to closely monitor the financial condition of the city, including reviewing budget to actual financial statements on a periodic basis. The Board of Aldermen should continue to work to develop a long-range plan to operate within its available resources.

AUDITEE'S RESPONSE

The City remains extremely concerned that the State Auditor has chosen to so briefly discuss the forensic audit, its findings and the many actions taken by the City beginning long before the results of that (forensic) audit were complete. The Auditor's reference to so few "steps" taken to address control weaknesses noted by the forensic audit fails to identify the timing and implementation of those, and many other significant steps, taken by the new administration beginning in December, 2002. We find the Auditor's quick summary of work that they did not

author to be an incomplete characterization of the thorough examination of practices by an independent source such as Brown Smith Wallace.

The City encourages the public to read the complete results of the independent forensic audit at <http://www.ci.crestwood.mo.us/departments/administrative/administrator.aspx> , or by reviewing a copy at the City Clerk's office, City of Crestwood, Government Center; 1 Detjen Drive, 63126.

For the year ended June 30, 2004, original projected General Fund revenues were \$8,587,971, plus Internal Service Fund transfers of \$955,747; totaling \$9,543,718. Additionally, the Board of Aldermen does not approve revenues when adopting the budget, as stated by the Auditor. The Board originally approved budgeted total General Fund expenditures of \$9,765,192 (Ordinance No. 3784).

In July, 2003 as the Administration was preparing appropriate documentation to close the prior fiscal year, we found it necessary to decrease the General Fund revenues after discovery of a history of gross overstatement of merchant license revenue by the prior administration. Consequently, the forecasted revenues were decreased by \$492,000. On April 13, 2004, the Board approved a long term annual payment to the General Fund from the Capital Improvements Fund in the amount of \$90,132, for recapturing prior year's labor costs. Finally, on April 23, 2004, General Fund revenues were reduced based upon actual receipts by \$30,000. These revisions adjusted the final General Fund revenue projection to \$8,156,103, plus revised Internal Service Fund transfers from the Capital Improvements and Park and Stormwater Funds in the amount of \$995,880; or a total of \$9,151,983.

The General Fund expense budget was amended by ordinances #3817 and #3831. The first amendment decreased the budget by \$11,394, which made corrections to reflect items already approved by the Board but not included in the budget document, classify expenditures between funds, and identify expenses approved by the Board but not carried forward correctly into Ordinance No. 3784. The second amendment increased the budget by \$305,951 for unanticipated expenses for legal fees, accounting fees, and insurance. These revisions adjusted the final General Fund expenses to \$9,642,229.

Long before the petition audit process began, the Board was faced with and has made difficult decisions to stabilize the financial condition of the General Fund. The annual operating budget of the City of Crestwood is viewed as a "living, breathing document" and is constantly reviewed against projections made well in advance of actual receipts and expenditures. From time to time, this administration believes it is necessary and appropriate to ask the Board or Aldermen to review and amend the operating budget as needed to reflect the actual implementation of the budget plan and to recognize the Board approved changes in our expense position.

The Director of Finance publishes a bi-monthly operations report and on a monthly basis provides a schedule of bank account balances, accounts payable and payroll report to the Board. On a quarterly basis, a cash basis budget to actual statement of revenues and expenditures is provided. In November, 2004 the Board approved the replacement of the City's financial software package. Once the software is fully implemented the Director of Finance will be able to publish monthly financial statements.

2.**Expenditures**

The city had not established written policies formally establishing the required approval for purchases and defining travel expenses, or adequate procedures to ensure that the required approval and bids were obtained for all purchases. In addition, the city had expenditures that did not appear to be a prudent use of public funds.

- A. Numerous technology items were purchased without proper bidding. City code section 2-124 requires all supplies and contractual services when the estimated cost thereof shall exceed \$10,000, shall be purchased by formal written contract from the lowest responsible bidder. In addition, it requires expenditures greater than \$2,000 (from any one person during any period of thirty days) and less than \$10,000 to be made on the open market (these open market purchases shall be based when possible on three competitive bids obtained by mail or telephone). Technology items totaling approximately \$37,500, and \$115,572 were purchased during the years ended June 30, 2003, and 2002 without proper bidding or board approval. Examples include:

<u>Description of Item</u>	<u>Price</u>
23 Inch Computer Monitor	\$3,813
Printer	3,914
Camcorder	2,084

The city also purchased a lot of technology items through the internet. Although the items did not exceed \$2,000 individually, the city did purchase enough of the parts to exceed the bidding threshold for the total purchased and within thirty days. City personnel indicated these items were purchased through the internet in an attempt to obtain lower prices. There was no documentation that bids for these computer parts were obtained, that prices obtained through the internet were lower than local stores, or that personnel scanned internet sites for the lowest price.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons why the bid was selected. If circumstances provide that bidding is not necessary or practical, such as sole source providers or emergency situations, the reasons for not soliciting bids in accordance with the city's policies should be documented.

- B. The city had not established written policies documenting the required approval for purchases. The approval of the Board of Aldermen and the director of finance/finance officer was not properly documented for some city purchases. City personnel indicated all purchases are required to be approved by the

department head and the director of finance and all purchases over \$2,000 are to be approved by the board. The city attaches a voucher sheet to invoices to be used to document the required approval for purchases. The voucher sheet contains the vendor's name, due date, amount of purchase, and approval of the purchase. The Board's approval was not documented for the technology purchases discussed in part A above. The director of finance/finance officer's approval was not documented for four of twenty five purchases reviewed during the two years ended June 30, 2004, as noted below:

<u>Description of Item</u>	<u>Price</u>	<u>Date</u>
Road work	\$132,612	July 18,2002
Cellular telephone services	1,393	December 18, 2003
Travel expenses	260	November 12, 2003
Building maintenance supplies	502	December 23, 2003

Formal written policies should be developed to establish the required approval for all city purchases. In addition, the city should develop procedures to ensure all expenditures have been properly approved.

C. The following expenditures do not appear to be a prudent use of public funds:

- 1) The city does not have adequate documentation to support \$75,300 paid to the former City Administrator from December of 2002 through October 2003. In December 2002, the city entered into a reassignment agreement with the former city administrator changing his position to administrative advisor and agreeing to pay him his current salary less standard deductions until March 1, 2004. Per this agreement, his duties were to provide services and advice to the interim city administrator, assist the city in the search for a permanent city administrator and perform other duties as needed by the city. The Chief of Police was appointed as City Administrator soon after the former administrator's resignation and a search for a new city administrator was never necessary. In addition, the current City Administrator/Police Chief indicated that he met with the administrative advisor a few times a month to discuss history, organization, and various policies of the city; however, these meetings and/or discussions were not documented. Such payments do not appear to be a prudent use of city monies.

This agreement was terminated by the city in October 2003, and a lawsuit was filed against the former city administrator in November 2003, regarding the problems noted in the forensic audit (see MAR finding number 1).

- 2) The \$830 monthly car allowance paid to the City Administrator/Police Chief does not appear to be reasonable or well supported. City personnel prepared an analysis estimating the monthly costs of owning and

maintaining a city vehicle. In September 2003, the Board of Aldermen voted to pay the City Administrator/Police Chief 80% of these costs or \$830 a month (80% of \$1,037). The city's analysis was based on a \$30,000 vehicle; however, it appears the city normally purchases vehicles costing approximately \$20,000. In addition, the city assumed the car would be fully depreciated in four years at 15,000 miles per year with no remaining value.

The table below shows the city's analysis and the American Automobile Association's (AAA) analysis for various priced vehicles:

<u>Cost of Vehicle</u>	<u>Depreciation</u>	<u>Insurance</u>	<u>Gas and Maintenance</u>	<u>Total Cost Annually</u>	<u>Cost Per Month</u>	<u>Remaining Value</u>
\$30,000 (city's)	\$7,500	\$1,200	\$3,750	\$12,450	\$1,037	\$0
27,000 (AAA's)	4,470	1,050	2,462	7,982	665	9,120
20,000 (AAA's)	3,693	1,075	2,156	6,924	577	5,228

The city does not report this car allowance on the City Administrator/Police Chief's W-2 because they have classified the vehicle as an unmarked police car. The Board should require the City Administrator/Police Chief to document his mileage and vehicle expense while conducting city business to ensure the reasonableness of the monthly allowance. The city should consider paying the vehicle expenses on a reimbursement basis rather than paying the current allowance.

In addition, the city did not properly dispose of the city-owned vehicle previously driven by the police chief by competitive sale. The Board of Aldermen voted to give the City Administrator/Police Chief the fleet vehicle that he had been using as payment for part of his accrued vacation time. The city used the "Kelley Blue Book" to determine the trade-in value of the vehicle which was \$7,230, however the city did not reflect this on the City Administrator/Police Chief's W-2.

- D. The city did not have written policies for travel expenses or charges for local meals. The city paid approximately \$17,600 for travel expenses during the year ended June 30, 2003. City personnel indicated employees receive a per diem of \$45 per day for meals and reimbursement for mileage at the federal reimbursement rate (if their personal vehicle is utilized); however, this policy was not formally documented. In addition, during the two years ended June 30, 2004, several meals purchased at local restaurants were not properly documented. The receipts submitted to the city for payment did not indicate the purpose of the meeting and who attended the meeting. Without this type of documentation, the city cannot ensure these meals were a prudent use of city funds.

Without written, documented policies, the types of expenses that can be incurred, the extent of those expenses which will be paid by the city, and the appropriate payment mechanism for the expenses may not be known.

WE RECOMMEND the Board of Aldermen:

- A. Ensure all purchases are bid in compliance with city policy.
- B. Establish formal approval requirements for all city purchases and develop procedures to ensure the required approval has been properly documented for all expenditures.
- C. Ensure all expenditures from city monies are a prudent use of public funds. The Board of Aldermen should review the reasonableness of the \$830 monthly vehicle allowance and consider reimbursing the actual costs incurred for vehicle expense of the City Administrator rather than paying the current allowance. The city should also ensure they properly dispose of city vehicles by advertising the sale of the vehicle and accepting sealed bids.
- D. Develop written travel and local meal policies that are reasonable and will allow all officials and employees to know what expenses can be incurred.

AUDITEE'S RESPONSE

A, B

&D. *The Mayor, Board of Aldermen and City Staff concur with the observations contained in the aforementioned findings. While we are pleased that the State Auditor confirmed what the current administration discovered and corrected beginning in December, 2002, we find it extremely disconcerting that the Auditor has not clearly delineated their observations with regard to timeframes. The manner in which the Auditor has chosen to present their findings creates confusion rather than clarity. The history of the City's current written and adopted purchasing ordinance is as follows:*

- *The City Administrator began drafting a purchasing policy in December, 2002.*
- *The Director of Finance received a full draft of the purchasing policy in March, 2003.*
- *Department Heads began their review of the purchasing policy in summer, 2003.*
- *The Ways and Means Committee formally received and began to review a revised draft of the purchasing policy on January 17, 2004.*
- *On February 24, 2004, the Board of Aldermen conducted a work session to discuss the purchasing policy with incorporated revisions suggested by the Ways and Means Committee.*
- *The Board referred the matter to a committee of the Board and City Administrator to incorporate recommendations from the Board.*
- *The Board of Aldermen passed an ordinance adopting the policy on May 25, 2004.*

The City understands the Auditor's unwillingness to accept this policy prior to adoption by the Board of Aldermen; however, the examined record made available to the Auditor and discussed on numerous occasions reveals a distinct change in administrative policy that the Auditor has chosen to ignore.

- C.1. The City strongly disagrees with the State Auditor's opinion regarding the reassignment agreement entered into with the former City Administrator. The City believes that the State Auditor has failed to recognize this personnel matter and has rendered this opinion with insufficient information. In addition to consulting services outlined in the reassignment agreement, the City received additional consideration in the form of a full release of all claims or potential claims arising out of the former City Administrator's employment or separation thereof. The City's research has revealed no Missouri case, statutory or regulatory law prohibiting such an agreement. The Auditor should not substitute their opinion in place of those of the duly elected local authority.*
- C.2. The \$830 monthly stipend paid to the Chief of Police/City Administrator is part of his negotiated compensation package. The Chief of Police receives no additional compensation for assuming the responsibilities of City Administrator. The City realizes a savings in excess of \$135,000 annually in wages and benefits through this agreement. At present the Chief of Police/City Administrator's compensation is 85% of the standard wage scale for the one position of City Administrator in this region.*

It has been a long-standing policy of the City, as is common practice in the form of compensation, to provide a vehicle for the City Administrator, Chief of Police, Fire Chief, Director of Public Works and to a limited extent, the Director of Parks and Recreation. Rather than provide a vehicle and assume all costs associated with the vehicle, the City chose to provide the stipend to the Chief of Police/City Administrator. Even using the numbers (without concurring with their appropriateness or accuracy) presented by the State Auditor, the savings to the City by not providing two vehicles are obvious and this Board does not agree with the Auditor's finding, or the attempt to substitute the judgment of the Auditor over the duly elected Board of Aldermen in this matter.

The city issued a corrected W-2 to the Chief of Police/City Administrator in the amount of \$7230 for accumulated vacation paid out.

3. Policies and Procedures

The city did not have a written policy or procedures for the disposition of city property or for approval of severance packages.

- A. The city did not have a written policy or procedure for the disposition of real estate or surplus city property. City personnel indicated they obtain appraisals and advertise for bids for the sale of real estate, trade-in or sell city vehicles at auction, and dispose of other city assets if they are exhausted or store them for

future use if they still have value. As noted in MAR finding number 2, the Police Chief's fleet vehicle was not properly disposed.

To ensure the best possible price is obtained for all items sold and to ensure all interested parties are given equal opportunity to participate, the city should develop a written policy or procedure for all real estate and surplus property sales. This policy should address how the city will handle the sale including the soliciting of bids and a professional appraisal for all real estate sales.

- B. The city does not have written policies or procedures for the approval of severance packages paid to employees. The city gave the former city engineer a three month severance package totaling \$23,747, which was approved by the Board and done through a written agreement. However, the former finance officer was paid for six additional weeks totaling \$8,367 upon his resignation but there was no written agreement and no documentation of board approval. City officials indicated this was not part of a formal severance package, but the former finance officer was paid for the additional weeks so the city would be able to ask him questions that they might have concerning city finances; however, there was no documentation to show whether the city personnel asked him additional questions.

Without written policies and procedures the Board cannot readily ensure severance packages are reasonable and a prudent use of city monies. The Board should establish policies and procedures on severance packages establishing who should approve the severance package.

WE RECOMMEND the Board of Aldermen:

- A. Develop a written policy or procedure for real estate property sales which would include soliciting bids, obtaining a professional appraisal, and documenting board approval. A written policy needs to be developed for surplus property so that all employees understand how surplus property should be handled and procedures on how the city is to dispose of city property. The city should solicit bids for all city equipment sold. In addition, board approval should be obtained and documented for the disposal of city equipment.
- B. Develop policies and procedures on severance packages.

AUDITEE'S RESPONSE

- A. *The City's adopted purchasing policy addresses the issue of surplus property. The City will take into consideration the Auditor's recommendation with regard to developing a written policy for the disposition of real estate.*
- B. *The State Auditor has failed to draw the distinction between exempt employees (City Administrator and Department Heads) and those identified in the classified service (all*

other employees). Rules are specifically written for those in the classified service and exceptions to those rules are at the discretion of the Board of Aldermen, as was applied in the case of the former Finance Officer. The City disagrees with the State Auditor with regard to a formal written policy regarding exempt employees and believes that each of these rare circumstances requires specific and individual consideration by the Board.

Again, personnel matters are reviewed, considered and approved by the Board of Aldermen, and the State Auditor should not be substituting their judgment for that of the duly elected Board of Aldermen regarding these matters.

4. Parks and Recreation Department

The city did not adequately monitor the profit or loss of the aquatic center or the revenues of the Parks and Recreation Department.

- A. The city did not monitor the profit or loss of the aquatic center. The Parks and Recreation Department prepared reports of receipts generated from pool passes, daily admissions, concessions, etc. of the aquatic center based on the pool season, which would be the summer months of the year. The Finance Department did not generate any reports comparing the receipts and expenses of the aquatic center to monitor its profit or loss. The Parks and Recreation Department reported revenues of \$192,575 for the 2003 pool season and city records indicate \$299,138 in expenses for the same time period. The city should periodically prepare and file with the Board, a report comparing the receipts and expenses of the aquatic center to ensure the Board of Aldermen is adequately aware of the profit or loss of the center when approving the pool rates.
- B. The Finance Department did not adequately monitor receipts of the Parks and Recreation Department. The Parks and Recreation Department receives monies for pool passes, pool concessions, community center passes, recreation programs, and room and field rentals. Revenues from the Parks and Recreation Department were approximately \$586,000 and \$141,000 for the year ended June 30, 2003 and 2002, respectively. The Parks and Recreation Department deposits these monies into city accounts and then files reports and documentation concerning the deposits with the Finance Department. These reports are reviewed by the Finance Department, but adequate verification work is not performed to ensure all monies collected by the Parks and Recreation Department are deposited and that prices established are adequate. Passes to the aquatic center and community center are not prenumbered, thus the Finance Department cannot compare the number of passes sold to the receipts for the year. In addition, no one reviews the cost of goods sold for the aquatic center concessions. These types of reviews would allow the city to analytically review revenues received by the Parks and Recreation Department for reasonableness.

WE RECOMMEND the Board of Aldermen:

- A. Require reports on the profit or loss of the aquatic center to be prepared and filed with the board for their use in approving pool rates.
- B. Ensure procedures are established by the Finance Department to adequately monitor revenues received from the Parks and Recreation Department.

AUDITEE'S RESPONSE

The current administration has completely revised the manner in which all Parks and Recreation revenues and expenditures are monitored and recorded. This administration found the inappropriate "netting" of revenues against expenditures and the lack of expenditure control with regard to these systems. As the State Auditor has seen, these issues, together with appropriate monitoring of the aquatic center profit or loss, has been revised and implemented.

The City recognizes the recommendation of the State Auditor with regard to pre-numbering aquatic center and community center passes and will implement this recommendation in 2005.

5. Fixed Assets

The city had not adequately prepared and maintained permanent, detailed property records for general fixed assets. The city recently completed a general fixed asset listing for their fiscal year 2003 audit, but it had not been updated for purchases made in fiscal year 2004. In addition, the city's general fixed asset listing did not contain information on how items were disposed and the dates of the disposition. The city could not locate a general fixed asset listing prior to the one prepared during their fiscal year 2003 audit.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. The city should properly record all fixed asset transactions, and ensure the accuracy of the recorded fixed assets. Periodically, the city should take physical counts of its assets and compare to the detailed records.

WE RECOMMEND the Board of Aldermen require the city to maintain property records for general fixed assets that include all pertinent information for each asset, such as a tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed.

AUDITEE'S RESPONSE

Fixed asset purchases in 2004 have been added to the fixed asset listing and were available prior to the annual independent audit. These additions were completed manually due to limitations in the existing software which prevent the appropriate link between accounts payable and fixed

assets. The City acquired new software at the end of 2004 and this process will heretofore be automated. Annual spot-check inventories will be conducted in concert with the City's annual independent audit.

6. Accounting Procedures

The city had not properly enforced procedures for journal entry review and approval. In addition, the duties of maintaining the municipal court bank account were not adequately segregated.

- A. As documented in MAR finding number 1, previously the city did not have procedures for the documentation and approval of journal entries. The current City Administrator and Director of Finance have established procedures which require all journal entries be documented and approved; however, journal entries prepared by the accounts payable clerk were not being properly reviewed and approved in compliance with these procedures. The city needs to ensure all journal entries are properly documented and approved in compliance with city policy. To reduce the risk of loss, theft, or misuse of funds, all journal entries should be properly documented and reviewed for propriety.
- B. The duties of maintaining the municipal court bank account were not adequately segregated. The accounts payable clerk in the Finance Department receives the transmission of monies from the municipal court, makes deposits, performs the bank reconciliation, and makes disbursements. There is no documented supervisory review of the bank reconciliation.

Internal controls would be improved by segregating the duties of performing the bank reconciliation from the other duties of court transmissions and the disbursements. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations.

WE RECOMMEND the Board of Aldermen:

- A. Ensure all journal entries are properly documented and approved.
- B. Segregate the duties of performing the bank reconciliation from the other duties of court transmissions and disbursements.

AUDITEE'S RESPONSE

- A. *City Staff has implemented a policy that includes a hierarchy of approvals with proper segregation of duties with regard to journal entries. This policy, which was initiated in January, 2004, was fully implemented beginning March, 2004. The State Auditor has located accounts payable omissions occurring in March, 2004. The City will continue to monitor its policies and adherence thereto.*

- B. *The State Auditor was also informed that these internal controls were in the process of implementation in January, 2004, prior to the beginning of their fieldwork. The City does not understand the reason for this finding since the Auditor was made aware that these written policies and procedures were fully implemented in February 2004, which was several months prior to the completion of their fieldwork on May 19, 2004.*

7. Restricted Revenues

The city does not have adequate documentation for allocation of salaries between funds for the year ended June 30, 2003. In 2003, the city transferred \$150,000 from the Capital Improvement Sales Tax Fund to the General Fund for personnel costs. This transfer was to cover the cost of in-house engineering for the design and construction of street improvements. The city does not have any documentation, such as time studies, to support these allocations of salary for fiscal year 2003. A formal study on the allocation of salaries was performed by the city in 2004.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. In addition, generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities.

WE RECOMMEND the Board of Aldermen ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

The City concurs with the finding as stated. The new administration has established formulae and began implementation beginning with the budget for the fiscal year period beginning July 1, 2003 (fiscal year 2004) to identify overhead costs. These formulae have been reviewed and approved by the City's independent auditor as to form and rationale for overhead recapture from the Capital Improvements and Park and Stormwater Funds, and are reviewed annually by the Board of Aldermen as they consider adoption of the annual operating budget.

8. Transportation Development District

The city did not estimate the administrative costs to collect and deposit the sales tax revenues for the Transportation Development District prior to establishing the fee for these duties. In addition, city personnel indicated they had not planned to track the costs. In November 2003, the city entered into an intergovernmental agreement with the Crestwood Point Transportation Development District (TDD) to collect and deposit the TDD sales tax for a fee of 1% of the amount collected. Section 238.233, RSMo,

indicates the city "after deducting the cost of such collection but not to exceed one percent of the total amount collected" shall turn the funds collected over to the district.

A formal cost study should be conducted to document the costs of the service. The administrative fee charged to the TDD Sales Tax should be set at a level sufficient to cover the cost of the service and not exceed the actual administrative cost or 1% of the amount collected.

WE RECOMMEND the Board of Aldermen review the city's cost of administering the collection of TDD sales tax to ensure compliance with state law.

AUDITEE'S RESPONSE

The City not only disagrees with this finding, but questions why it is contained in the report. The City, Project Developer and TDD Board have entered into an industry standard formal agreement stating that a 1% administrative fee shall be charged against the taxes collected. This matter has been thoroughly researched by professional staff, corporate counsel and bond counsel, each of whom believes this is in conformance with, and not contrary to, Section 238.233, RSMo.

AUDITOR'S COMMENT

State law clearly indicates this fee is not to exceed the actual administrative costs.

9. Municipal Court Division

The duties of receiving, recording, and transmitting court receipts are not adequately segregated, receipt slips are not obtained by the municipal court for monies transmitted to the city, the municipal division does not always issue prenumbered receipt slips or account for the numerical sequence of receipt slips, and several concerns were noted regarding the handling of bonds. In addition, the municipal division's receivable report does not properly reflect the amount due on some cases, the police department does not maintain adequate records to account for parking ticket books assigned to officers, and the municipal division has not established procedures to follow-up on unpaid parking tickets.

- A. The duties of receiving, recording, and transmitting court receipts are not adequately segregated. The court clerks receive payments and perform all of the duties related to recording transactions and transmitting monies to the Finance Department. The Court Administrator indicated he performs a review of the cash custody and record-keeping functions, but there is no documentation of this review.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and

assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a documented supervisory review of reconciliations between receipts and transmittals to the city.

B. The following concerns were noted regarding fines and court costs:

- 1) Receipt slips are not obtained for court monies transmitted to the city. The court transmits fines and court costs collected to the city for deposit into the city treasury. To provide assurance all monies have been transmitted and allow reconciliation of municipal division transmittals to city records, a receipt slip should be obtained from the city for each transmittal of court monies.
- 2) The municipal division does not always issue prenumbered receipt slips immediately upon receipt and does not account for the numerical sequence of manual or computer generated receipt slips. The municipal division accepts cash, credit cards, and money orders for payment of fines and costs. Most collections are recorded directly into the court's computer system and a computer-generated receipt slip is issued to the payor. However, manual receipt slips are issued to walk-in payors when payments can not be recorded directly into the system. These manual receipt slips are not always prenumbered. Prenumbered receipt slips should be issued for all monies received and their numerical sequence accounted for properly to ensure monies are properly recorded and deposited.

C. The following concerns were noted regarding bonds:

- 1) As of March 19, 2004, the open items (liabilities) listing totaled \$525 less than the \$21,063 in the municipal division bond account. The municipal division handles the receipt and disbursement of bond monies. The court's computer system can generate a listing of open items; however, the listing is not generated on a regular basis and is not reconciled to the bond bank account. Monthly reconciliations of open items to the reconciled bank balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the court are sufficient to meet liabilities.

In addition, an attempt should be made to determine the proper disposition of these excess monies. For those monies which remain unclaimed, Section 447.595, RSMo, requires funds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- 2) Prenumbered bond forms issued by the police department serve as the receipt slip to the defendant. However, the original copies of voided bond forms are not retained. To account for all monies received, copies of voided bond forms should be retained. In addition, the numerical sequence of the bond forms should be accounted for properly.
 - 3) The police department accepts cash for bonds. The municipal division does not issue receipt slips for bond monies received from the police department. To document the monies have been transmitted, a receipt slip should be issued to the police department for each bond transmittal.
- D. The fines and costs receivable report does not properly reflect the balance due on some cases. The court allows defendants to make partial payments for fines and costs. The balances due for each case are maintained on the computer system; however, the computerized receivables report reflects the original fine and cost amount, not the current amount due after applying the partial payments. An accrued cost listing, which summarizes amounts paid, would allow the municipal division to more easily review the amounts owed to the court and take appropriate steps to follow up on initial billings to ensure all amounts owed are collected on a timely basis.
- E. The police department does not maintain adequate records to account for parking ticket books assigned to officers. Parking ticket books do not have a log to record the numerical sequence of these books as they are assigned to officers.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the police department and the municipal division cannot be assured all tickets issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets as well as their ultimate disposition.

- F. The municipal division has not established procedures to follow-up on unpaid parking tickets. Currently, the court files the unpaid parking tickets in no certain order, and no further action is taken. Parking tickets received from the Police Department are not entered into the court's computer system until the individual pays the fine. The court does not know how much there is in unpaid parking tickets and there are no procedures to follow-up on these unpaid tickets.

The court should institute procedures to collect amounts owed. In addition, the court needs better organization of the unpaid parking tickets which is necessary to facilitate monitoring of amounts due to the court, provide information to the Municipal Judge, and provide increased accountability over amounts due to the court. Also, the court should consider implementing procedures for writing off old un-collectible parking tickets.

- G. The municipal division does not retain all of the court dockets after dispositions are recorded. The municipal division was unable to produce many of the court

dockets requested. The court could not locate the court dockets for 13 of 18 applicable cases reviewed.

Supreme Court Rule 8 requires all municipal ordinance case files be maintained for three years after the date of filing and financial records be maintained for five years or upon completion of an audit.

WE RECOMMEND the city of Crestwood Municipal Court Division:

- A. Adequately segregate the duties of receiving, recording, and transmitting court monies. At a minimum, there should be a documented supervisory review of reconciliations between receipts and transmittals to the city.
- B.1. Obtain receipt slips for all monies transmitted to the city.
 - 2. Require prenumbered manual receipt slips to be issued for all monies received, and ensure the numerical sequence of all receipt slips is accounted for properly.
- C.1. Reconcile the open items listing to the reconciled bank balance monthly. In addition, the municipal division should attempt to identify to whom the \$525 belongs and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.
 - 2. Retain all copies of voided bond forms and account for the numerical sequence.
 - 3. Issue prenumbered receipt slips to the police department for all bond monies received from the police department.
- D. Ensure the fines and costs receivable report reflects the current amounts due on all cases.
- E. Work with the police department to ensure parking ticket books are assigned to officers in numerical order and records are maintained to account for the numerical sequence of all books assigned.
- F. Maintain parking ticket files, or a log, which would enable parking tickets to be located by parking ticket number. Establish adequate procedures to collect parking fines owed the court and write off uncollectible amounts.
- G. Ensure that all court records and documents are retained in accordance with Supreme Court rule.

AUDITEE'S RESPONSE

- A. *Beginning in October, 2003, the Court Administrator reviews all fines/costs and bond monies that were received by the court and transferred to the city for deposit and/or disbursement. This function is considered to be one of the primary responsibilities of the Court Administrator. To better document these reviews, beginning in May, 2004 the Court Administrator now initials the transaction receipts and daily balance sheets to indicate his review.*
- B.1. *In May, 2004, the court began requiring a receipt from the Finance Department for money received from the court, whether fines/costs or bond money. The court staff verifies the receipt against the deposit slip from the bank when the deposits are completed. The Court Administrator also reviews these transactions as stated in response #10A.*
- B.2. *Effective May, 2004, the Violations Bureau no longer issues hand receipts for walkup payments. Receipts are generated by IMDS, the court's computer system. On a monthly basis, the Court Administrator reviews the sequential numbering of the generated receipts from IMDS.*
- C.1. *In March, 2004, the Court began a comprehensive review of the bond account. It was determined that the REJIS court software program, IMDS, installed in October, 2000, was unable to balance against the existing bond account.*
- Court staff researched deposit records and found documentation that the Court account was opened on September 15, 1994, with a \$100.00 deposit. Since March, 2004, the monthly reconciliation of the bond account has carried the overage amount of \$525.00. Therefore, the Court will forward the amount of \$425.00 to the State Treasurer's Unclaimed Property Division in 2005, as required by law.*
- C.2. *The Police Department does maintain a database of all bond forms issued. The Police Department command staff, along with the Court Administrator, conducted refresher training with all personnel regarding the importance of retaining voided bond forms. The Police Records Clerk is responsible for maintaining voided materials, including bond forms.*
- C.3. *The Court is satisfied with the procedures currently in place regarding the transmittal of bond money from the Police Department to the Court. Numerous safeguards, including video and audio recording of bond transactions, the issuing of a bond receipt to the defendant, the issuing of a bond receipt to the court, and a copy of the bond receipt to the police file are part of current procedures.*
- D. *An accrued cost listing report was a function not supported by the court's computer system. In May, 2004, the Court Administrator requested and assisted in the development of a user-wide enhancement to IMDS. The new report captures all outstanding money owed to the court along with defendant names and case numbers. The report reflects the*

original amount owed and the current amount unpaid. The report accounts for partial payments received, and includes an aging report, i.e. 30, 60, 90, and 120 days.

- E. The procedure used to track the issuance of parking ticket books was changed to ensure the accountability of each book issued.*
- F. In October, 2003, no specific procedures were in place to account for unpaid parking tickets. In May, 2004, a comprehensive procedure was developed and implemented by the Court. The procedure requires the sequential filing of the violations by month and number, and 30-day notice letters and entry into IMDS for future adjudication by the Court. The Court staff entered and sent notices on all parking tickets issued after January 1, 2004 up to May, 2004. Tickets issued prior to January, 2004 will be submitted to the Municipal Judge to be deemed un-collectible.*
- G. As of October, 2003, the Court was in compliance with Supreme Court Rule 8 and makes readily available all court dockets, financial records and case files.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF CRESTWOOD, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Crestwood is located in St. Louis County. The city was incorporated in 1949 as a fourth class city. In 1995, the city became a Home Rule Charter city. The population of the city in 2000 was 11,863.

The city government consists of a mayor and eight member board of aldermen. The members are elected for three-year terms. The mayor is elected for a three-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials during the year ended June 30, 2003, are identified below. The Mayor is paid \$700 per month and Board of Aldermen members \$350 per month. The compensation of these officials is established by ordinance.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended June 30, 2003</u>
James E. Robertson, Mayor (1)	July 2002 – June 2003
Richard D. LaBore, Alderman	July 2002 – June 2003
Richard P. Breeding, Alderman (2)	July 2002 – June 2003
Timothy V. Trueblood, Alderman	July 2002 – June 2003
Gary L. Vincent, Alderman (3)	July 2002 – June 2003
Franklin D. Maddox, Alderman	July 2002 – June 2003
Bernice S. Alexander, Alderman (4)	July 2002 – June 2003
Thomas E. Fagan, Alderman (5)	July 2002 – June 2003
Patricia Duwe, Alderman (2)	July 2002 – June 2003

Other Principal Officials	Dates of Service During the Year Ended June 30, 2003	Compensation Paid for the Year Ended June 30, 2003
Donald E. Greer, City Administrator (6)	December 2002 to June 2003	\$ 0
D. Kent Leichliter, City Administrator (7)	July 2002 to December 2002	91,056
Diana Madrid, Director of Finance and Administration	March 2003 to June 2003	18,109
Robert Wuebbels, Finance Officer	July 2002 to January 2003	80,151
Donald E. Greer, Chief of Police(6)	July 2002 to June 2003	95,384
Karl Kestler, Chief of Fire Services	July 2002 to June 2003	75,712
Mark Payken, Director of Public Works (8)	July 2002 to June 2003	79,411
Lisa Blumer, Director of Parks and Recreation	July 2002 to June 2003	60,208
Carol Schneiderhahn, City Clerk	July 2002 to June 2003	63,746
Doug Mosby, Court Administrator (9)	October 2003 to June 2004	40,427
Cathy Roettering, Court Clerk	July 2002 to June 2003	36,237
John Newsham, Municipal Judge	July 2002 to June 2003	6,600
Rob Golterman, City Attorney	July 2002 to June 2003	95,666
Matthew Reh, Prosecuting Attorney	July 2002 to June 2003	6,870

- (1) Mr. Robertson resigned in January of 2004. Mr. Breeding was appointed Acting Mayor. Thomas Fagan was elected Mayor in August 2004.
- (2) Re-elected in April of 2004.
- (3) James Kelleher was elected in April of 2004.
- (4) Jerry Miguel was elected in April of 2004.
- (5) Mr. Fagan was elected Mayor in August 2004. Joseph P. O'Keefe was appointed to this position in August 2004.
- (6) In December of 2002, Mr. Greer was appointed as City Administrator and also remained Police Chief.
- (7) Mr. Leichliter was reassigned as Administrative Advisor in December 2002. Mr. Leichliter was paid \$43,076 as City Administrator and \$47,980 as Administrative Advisor.
- (8) Mr. Payken resigned in August of 2003. James Eckrich was appointed as interim Director in September of 2003.
- (9) This position was established in October 2003.

In addition to the officials identified above, the city employed 104 full-time employees on June 30, 2003.

All city employees, including elected officials, are covered by a \$100,000 blanket bond. The Director of Finance and the City Clerk also each have a \$50,000 bond.

Assessed valuations and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$	193,653,325
Personal property		35,854,675
Public utilities		<u>5,751,624</u>
Total	\$	<u>235,259,624</u>

TAX RATES PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General Fund	\$	.25

The city has the following sales taxes; the rates are per \$1 of retail sales:

		<u>Rate</u>
General	\$	.0100
Local Option		.0025
Capital Improvement		.0050
Park and Stormwater		.0050

The Capital Improvement sales tax will expire in 2023.



Claire McCaskill

Missouri State Auditor

March 2005

REVENUE

Efforts to Enforce Uninsured Motorist Law



Missouri's Uninsured Motorists Cost Insured Motorists Millions Every Year

State law requires all Missouri motorists to be insured. Insured motorists bear the costs of uninsured motorists through the required uninsured motorist coverage included in vehicle insurance policies. The average annual uninsured motorist premium is \$23 per vehicle and costs insured motorists about \$90 million a year. This audit analyzed how well the Department of Revenue ensures motorists obtain and keep insurance and found the state's monitoring system could be more effective. In general, the department's staff tests a sample of vehicles to determine insurance status, but auditors found the current system may drop too many vehicles out of the sample, which leaves these vehicles unmonitored, and possibly uninsured.

Data from insurance companies not always accurate

Department staff obtains data from insurance companies to evaluate vehicle owners insurance status. But auditors found this data is not always accurate and the mistakes unnecessarily cause vehicles to be dropped from the monitoring system. Auditors found some of these data mistakes could easily be resolved. Improved accuracy could increase the number of uninsured motorists monitored by the state. (See page 6)

Citizens are not required to prove insurance when tested by state

When the state sends letters to motorists to check insurance status, the motorist is not required to return proof of insurance, such as a copy of an insurance card. State law only requires the motorist to sign a form saying they are insured and provide a policy number and expiration date. The department's April 2004 response verification testing found 12 percent of the motorists reporting they were insured actually were not. (See page 9)

State law excludes a million registered vehicles from insurance monitoring

Insurance status of commercial, fleet or rental vehicles is not required to be reported to the state. As a result, even though there are 5 million registered vehicles in Missouri, only 3.9 million are reported to the state. (See page 11)

Reinstatement fee for uninsured motorists is lowest among 12 states

Missouri only charges \$20 to reinstate an uninsured motorist after their first offense, which is the lowest among 12 states contacted, including 6 states which charge more than \$100 for a first offense. Legislators dropped reinstatement rates in 1999 apparently to increase reinstatements, but annual reinstatements have instead dropped since the change. (See page 12)

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CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Trish Vincent, Director
Department of Revenue
Jefferson City, MO 65102

Uninsured drivers increase insurance premium costs for insured drivers an average of \$23 per vehicle per year resulting in millions of dollars in unnecessary costs for Missouri drivers. The state established a vehicle financial responsibility law to require vehicle owners to maintain financial responsibility for their vehicles. Our objective was to evaluate efforts by the Department of Revenue (DOR) to manage compliance with the law.

DOR's current oversight does not ensure all motorists comply with the vehicle financial responsibility law. A 2000 law allows DOR to sample from a pool of potentially uninsured motorists. We determined improvements are needed in DOR's sampling program because DOR has not ensured insurance companies reported required data, or the accuracy of data, and has not required supporting documentation from citizens answering program testing notices. In addition, DOR has not ensured accurate reporting of suspension rates, adequately enforced suspension laws, or monitored non-compliant motorists. State law also hinders program efforts because it excludes a significant portion of registered vehicles from the program. In addition, for its fiscal year 2006 budget request, DOR did not develop well-supported budget estimates needed to implement the state's full oversight program. We make recommendations to improve DOR's management and oversight of the motor vehicle financial responsibility law.

We conducted our work in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer, Director. Key contributors to this report were Jon Halwes, Tara Shah, Andria Hendricks, Robert Showers and Lori Melton.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

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Abbreviations

DOR	Department of Revenue
ESP	Enhanced Sampling Program
MIIDB	Motorist Insurance Identification Database
VIN	Vehicle Identification Number

Introduction

Insured motorists bear the costs of uninsured motorists through the required uninsured motorist coverage included in vehicle insurance policies. Missouri's insurance law¹ requires minimum uninsured motorist coverage of \$25,000 for bodily injury, per person, and \$50,000 for bodily injury, per accident. The average annual uninsured motorist premium is \$23 per vehicle and costs insured motorists about \$90 million a year.² In 2000, the Insurance Research Council³ reported an uninsured motorist rate of 13 percent for Missouri, based on 1995 to 1997 insurance claims data.

To address the uninsured motorists problem, the legislature enacted the Missouri Vehicle Financial Responsibility Law⁴ (uninsured motorist law) in 1987. The law requires owners of Missouri registered vehicles to maintain proof of financial responsibility for liability damage that may arise from ownership, maintenance or use of the vehicle. In 1999, the legislature established the Motorist Insurance Identification Database (MIIDB)⁵ to enhance oversight of the law. This database was to be used to verify compliance with motor vehicle responsibility laws for private passenger motorists. However, the MIIDB Fund⁶ has not been funded in accordance with state law⁷ since the legislature created the MIIDB. In lieu of funding the program, in 2000, the legislature gave the DOR Director authority to establish an uninsured motorist sampling program.⁸

Under the Enhanced Sampling Program (ESP), approximately 215 insurance companies report approximately 3.9 million records to DOR each month. These records, per state regulations,⁹ represent all active private passenger motor vehicle insurance policies as of the last day of each month. Vehicles found to have dropped insurance from one month to the next are monitored to determine if insurance is re-established on the vehicle in the next 2-month

¹ Section 379.203, RSMo 2000

² Auditors computed this cost based on the 3.9 million vehicles reported by insurance companies.

³ The Insurance Research Council was founded in 1977 and is an independent, nonprofit research organization supported by leading property and casualty insurance companies and associations to provide timely and reliable information based on extensive data collection and analyses, examining important public policy matters that affect insurers, customers, and the general public.

⁴ Chapter 303, RSMo 2000

⁵ Sections 303.400 to 303.415, RSMo 2000

⁶ Established by House Bill 1797 in 2000 effective July 1, 2002 to provide funding for the MIIDB program.

⁷ Section 303.406, RSMo 2000

⁸ Section 303.026, RSMo 2000

⁹ 12 CSR 10-25.150 (3)

period. Vehicles with no insurance for at least 60 consecutive days are put into the sampling pool. In July 2003, DOR implemented an edit to match the sampling pool against the department's vehicle General Registration System. The purpose of this match is to remove vehicles not valid to be sampled from potential testing which include vehicles that are not registered or with a junk or salvage title. In the suspect population for vehicles dropping insurance in February 2004, 42,887 vehicles were removed from the final pool as a result of the edit against the registration system. For the six month period ending May 2004, the average monthly pool sample size was about 32,000 records.

DOR randomly selects 300 records each week day¹⁰ from the pool for testing. For each test item, DOR sends the potential uninsured motorist a letter requesting a response if the vehicle has been insured or why the vehicle has not been insured on the sample date. The letter states the person has 15 days to respond. If no response has been received by the department within 30 days of the first notice, DOR sends a second notice. After 33 days (30 days plus a 3-day allowance for mail time), if no response has been provided and/or the individual failed to provide an appropriate explanation about the insurance status of the vehicle, DOR suspends the driver's license. Since the program's inception, an average of approximately 900 drivers have had their licenses suspended each month due to no proof of insurance. DOR tracks license suspension through the Missouri Drivers License system.

To implement an oversight program using the MIIDB, the department may contract with a vendor to monitor compliance with the motor vehicle financial responsibility requirements, except that the program shall not be implemented to notify owners of registered motor vehicles until the department certifies that the accuracy rate of the program exceeds 95 percent in correctly identifying owners of registered motor vehicles as having maintained or failed to maintain financial responsibility. After the department enters into a compliance contract, it is to convene a working group for the purpose of facilitating the implementation of the program. The contractor, using its own computer network, shall develop, deliver and maintain a computer database of all vehicle insurance policies in effect as provided by licensed insurance companies and all registered vehicles and owners from DOR. Once the database is operational, the contractor shall, at least monthly, update the database with information provided by insurers and DOR, and compare then-current motor vehicle registrations against the database. The MIIDB program would test all potential uninsured motorists while ESP only tests a sample.

¹⁰ Approximately 6,000 records a month.

Scope and Methodology

To evaluate DOR's vehicle financial responsibility duties under the law, we reviewed state statutes and regulations. When necessary, we obtained legal opinions from both DOR and our legal counsel to clarify the requirements of the law. We contacted other states (Colorado, Georgia, Illinois, Kansas, Maine, Nebraska, and Utah) to determine whether they had similar uninsured motorist monitoring programs and how those programs operated. We also contacted Colorado, Florida, Georgia, Illinois, Kansas, Maryland, Michigan, New York, North Carolina, Oklahoma, Texas, and Virginia regarding reinstatement fee rates.

We reviewed insurance vehicle policy files which are submitted to the department by insurance companies monthly. We could not verify the completeness of this data due to the statutory exclusion of certain vehicle types which do not have to be reported; however, this limitation did not hinder our ability to conduct our work. We spoke with DOR officials and staff concerning the operations of ESP. We obtained internal reports prepared by the department to document statistics of the program. We analyzed these statistics to evaluate their accuracy and validity.

We reviewed information related to uninsured motorists from various national sources including (1) Insurance Services Office, Inc., (2) Insurance Research Council, and (3) American Association of Motor Vehicle Administrators. We obtained information related to insurance companies and data related to claims and losses from the Missouri Department of Insurance.

We evaluated ESP sample items to determine how DOR processed them. We reviewed records which were bypassed from the ESP sampling pool as a result of the General Registration System edit. We reviewed records from DOR's April 2004 quarterly verification process to understand and evaluate its accuracy. The cumulative effect of errors identified was used to evaluate if potential uninsured motorists were being equitably handled under the program.

We surveyed 103 insurance companies licensed to sell private passenger auto policies, but had not been reporting any policies to DOR, to determine whether they had been actively selling policies and if so, why they had not reported required data to DOR.

We requested comments on a draft of our report from the Director of Revenue, and those comments are reprinted in Appendix I. We have incorporated those comments as appropriate. We performed our work between March and October 2004.

Missouri's Uninsured Motorist Law Can Be More Effectively Managed

Improvements are needed in DOR's efforts to identify and reduce the number of uninsured motorists. Improvements are needed in DOR's ESP because DOR has not ensured insurance companies reported required data or the accuracy of data. Inaccurate data allows vehicles to be excluded from testing under ESP; therefore, all motorists are not handled in an equitable manner with the same chance to be reviewed for compliance with the uninsured motorist law. DOR has not required supporting documentation from citizens answering ESP testing notices. In addition, DOR has not ensured accurate reporting of ESP suspension rates, adequately enforced suspension laws, or monitored non-compliant motorists. State law also hinders program efforts because it excludes a significant portion of registered vehicles from the program. As a result, DOR cannot ensure it has identified the maximum number of uninsured motorists under the current program.

DOR Has Not Ensured Required Data Is Reported or Accurate

Missouri law¹¹ requires all Missouri licensed insurance companies selling private passenger (noncommercial) motor vehicle insurance to report insurance policy information to DOR, unless excused from reporting. However, DOR has not established guidelines on how staff should track and follow up with licensed insurance companies regarding companies' reporting status. For example, we identified and surveyed 103 insurance companies not reporting required policy information to DOR, as of April 2004. Of the 95 responding to our questionnaire, we found 3 should have been reporting. DOR records listed two of the three companies as excused from ESP reporting requirements. We reported all three companies to DOR staff for corrective action. Per a department official, 2 of the 3 companies began reporting in fall 2004 and the other company is supposed to begin reporting in early 2005. The total policies reported for these companies are expected to be less than 100 per month.

DOR has maintained two sets of records documenting companies excused from the reporting process and the reason, according to DOR personnel. Our review disclosed inconsistencies in these records and DOR had not followed up with excused companies to determine whether the companies should continue to be excused from reporting. A program staff person explained the control clerk has primary responsibility for tracking all correspondence with these companies, but he has also maintained a record since they both correspond with the insurance companies. He also said no follow up had occurred with excused companies because he believed it is the responsibility of the insurance companies' compliance section to be keeping up with company legal requirements.

¹¹ Section 303.026.3, RSMo 2000

Data errors are not always corrected or reported to insurance companies

DOR reports data errors including those that can cause a vehicle to be excluded from ESP testing to insurance companies for correction, but does not track if the errors have been corrected. Errors that can cause a vehicle to be excluded from testing include (1) missing a vehicle identification number (VIN), (2) missing the make of the vehicle, (3) reporting an invalid birth date of the owner, and (4) reporting no driver's license number as well as no social security number. We determined 7,151 of 8,382¹² (85 percent) records reported to insurance companies with errors, in the September 2003 policy data, still had the same error 6 months later in the companies' February 2004 data. Of those errors, 79 percent were an error type which would cause the record to be excluded from testing if the vehicle were to drop insurance.

In addition, DOR has not reported records that can be bypassed to insurance companies for correction. DOR conducts edit checks against the initial population of vehicles dropping insurance each month in addition to the data error analysis. The edits include identifying records which have an invalid VIN and/or an invalid make, and those where the policyholder's licensing state is not Missouri and there is no social security number provided. Our analysis showed the February 2004 insurance company reported data had 271,575 records which met one of those error or edit criteria and would be bypassed if the vehicle were to drop insurance.

A DOR official said data validity problems were not a priority because the potential uninsured driver sampling pool was big enough for testing purposes and problems identified would be addressed when time and resources permitted.

Vehicle make error problem could be resolved

Lack of an adequate analysis of the vehicle-make abbreviation edit and coordination with insurance companies has resulted in a significant number of records bypassed from ESP testing. We found 93,344 (34 percent) of 271,575 February 2004 records met one of the bypass record criteria because of errors in vehicle-make abbreviations. DOR developed a master listing of 158 vehicle-make abbreviations in July 2002. If the vehicle-make abbreviation an insurance company submitted does not match one of the established abbreviations, the vehicle, once identified as dropping insurance, would be automatically bypassed from the sampling pool. A DOR staff person reviews the record count of vehicle-make abbreviations bypassed each month and nine abbreviations have been added to the master listing since DOR developed it. A program staff person said the decision to add

¹² There were actually 13,094 errors in the September 2003 data. However, 4,712 were non-recurring errors and would not be necessary to fix for subsequent submissions.

	<p>abbreviations to the master listing has been based on the number of bypassed records (100 or more) with the invalid make abbreviation. However, no review of invalid vehicle-make abbreviations in the overall insurance data submitted by insurance companies has been done by DOR. At least 190 make abbreviations in the February 2004 insurance data met the bypass review criteria to add the abbreviation to the master listing.</p>
DOR software could be used to verify VINs	<p>DOR has not verified the accuracy of insurance company reported VINs. Approximately 12,500 records were dropped from the July 2004 pool¹³ as a result of the insurance records VIN not matching to a VIN in the registration system. Of 25 records tested, which had been dropped from the sampling pool because the General Registration System edit showed the VIN did not match a registration record, 11 had been dropped because of a typographical error in the VIN field in the insurance companies' data. DOR uses licensed software to verify VINs in the registration system for vehicles upon registration, but does not use the software for ESP. A DOR official said VINs have not been verified because it is not statutorily required and it would take additional work for the insurance companies to verify the correct VIN. A DOR official said there would be no additional licensing cost to use the software to check the VINs for ESP purposes, only a slight initial cost to establish the programming.</p>
Insurance companies reporting policies for duplicate VINs	<p>Misreported VINs in the insurance companies' data may allow uninsured vehicles to be dropped from sampling. The vehicle's VIN in the insurance data must match to a DOR registration record or it is dropped from the sampling pool. Of the insurance data submitted for February 2004, there were 14,141 records submitted with duplicate VINs. For an example of this problem, if there were four vehicles reported with the same VIN and the VIN was correct for one of those vehicles, the edit of the General Registration System would drop the other three vehicles from the sampling pool. A DOR official said they have never reviewed the issue of duplicate VINs within the insurance companies' information and therefore have never addressed the issue with the insurance companies.</p>
Registration system match needs to be revised	<p>Records are dropped from the sampling pool if the last name of the policyholder does not match the owner of the vehicle on the registration system; however, the methodology used results in too many records being unnecessarily removed. In February 2004, there were 9,348 records dropped as a result of this system edit. Once a vehicle has been identified as being uninsured for 60 consecutive days, it is matched to the registration system and one criteria of this match is to ensure the last name of the policyholder</p>

¹³ Identified as a vehicle which dropped insurance in March 2004.

matches the owner of the vehicle. The match compares the first 10 characters of the last name in each data file. However, for 7 of 25 items (28 percent) typographical errors in the name field caused the record to be dropped. In addition, 1 of 25 items did not match because the vehicle had been leased and the registration system listed both the lessee and lessor. Once the system match drops these records, DOR staff said they do not evaluate these records any further.

Citizen Responses Are Not Supported

DOR has not required individuals to provide supporting documentation for responses to ESP testing notices. The form citizens submit is a self-certifying verification form in which, upon signing the form, the citizen has declared the information true and accurate and can be held liable under perjury laws, according to DOR officials. They also said there has been no legal requirement for the department to request supporting documentation from the individual. State law¹⁴ states the department shall request the owner to state whether the vehicle was insured on the sample date and the request shall include but not be limited to a statement of the names and addresses of insurers, policy numbers, and expiration date of insurance coverage. Supporting documentation could include copies of insurance cards, bills of sale, storage records, salvage titles, etc. Table 2.1 shows the average response rate by classification for the period of August 2002¹⁵ through March 2004.

Table 2.1: ESP Average Response Rates August 2002 to March 2004

Response classification	Percent
Insured	22
Vehicle sold	32
Not operable	23
Stored	2
Other	14
Unacceptable response	7

Source: DOR's system reports.

In 2002, to evaluate responses, DOR began performing a quarterly verification check on a sample of the citizens reporting they had insurance on the sample date. The department's verification of April 2004 test items showed 12 percent of the citizens claiming to be insured were not.

¹⁴ Section 303.026.8, RSMo 2000

¹⁵ Although ESP started January 2002, DOR did not break the responses into classifications until August 2002.

Weaknesses existed in verification of insured responses

Until June 2004, the sample of ESP responses tested had not been selected in an unbiased manner, formal verification procedures had not been established and no listing of the sample items verified had been maintained. On a quarterly basis, ESP staff is to review 10 percent of ESP responses where vehicle owners state they have insurance by contacting the insurance company and verifying the policy information provided. The staff said they primarily selected items from insurance companies they knew they could get responses from easily, but followed no particular selection methodology because one had not been established. All verification information is microfilmed, but there was no listing maintained of the verification items. The only way to identify verified items was to review the microfilmed documentation. DOR established formal verification procedures and tracking of test items effective June 2004.

Correctly verified test items not further analyzed

Correctly reported ESP responses where the vehicle owner had insurance on the sample date have not been further analyzed by DOR for possible insurance company reporting problems. In our verification test of 50 ESP test items, we determined 3 of 6 responses where the drivers claimed they were insured, related to one insurance company. A representative of the company said, after doing some research on these transactions, a change in how policies have been written for households with multiple vehicles created a problem in how the system program pulled records to be submitted to DOR. Therefore, these records and others had not been reported to DOR. The representative stated this problem had existed since the company started reporting to DOR in September 2001. In July 2004, the company reported 59,287 more vehicle records to DOR than in June 2004 (a 7 percent increase), the month we spoke with the representative about this issue.

Response classification not consistent

DOR's process to classify citizens' responses to ESP notices has allowed inconsistent classification of responses and reduced the benefit of any statistical data prepared for the program. Staff can post a citizen's response to six classifications; (1) vehicle properly insured, (2) vehicle sold, (3) vehicle not operational, (4) vehicle stored or not in use, (5) other acceptable compliance, and (6) unacceptable response. Staff has been provided manuals of what responses may be recorded under these classifications. However, some of the responses overlap classifications. For example, the manual states a vehicle which is salvaged is to be classified as "other," a total/wrecked car is to be classified as "not operable," and a total/ wrecked car sold to a salvage yard or insurance company is to be classified as "sold." This problem allows for inconsistency since the same type response could be classified differently depending on who did the classification or interpretation of the manual. As a result of this classification problem, 14 percent of responses had been classified as "other" as shown in Table 2.1. A DOR official agreed too many cases are being classified as "other."

DOR Has Not Accurately Reported ESP Suspension Rates, Adequately Enforced Suspension Laws, or Monitored Non-compliant Motorists

DOR's reported ESP suspension rate has not accurately portrayed program results. For example, the February 2004 suspension statistical summary showed the January 2002 suspension rate at 10 percent. However, DOR actually achieved a suspension rate of 6 percent for January 2002 test items. Program staff base reported suspension rates on historical statistics taken as of the 63rd day from the initial notice being sent out. DOR does not update the rate for changes which occur after it is calculated; therefore, it does not reflect the actual suspensions and compliances which have occurred. DOR officials said it is the department's philosophy to freeze/lock the monthly numbers rather than updating them or allowing them to "float."

DOR also has not suspended vehicle registrations when owners have not complied with the vehicle financial responsibility law, as statutorily required. State law¹⁶ states failure to provide proof of insurance on the verification date, when being sampled for ESP, shall result in the suspension of the vehicle's registration and the owner's or operator's driving privilege. DOR officials and legal counsel said registration suspensions have not been enforced for uninsured drivers identified by the ESP process because of the incompatibility of the driver's license system and the registration system.

We also found DOR has not adequately monitored individuals found to be non-compliant with insurance laws. DOR monitors their proof of insurance for three years after reinstatement, but does not use the monthly data received from insurance companies as part of the process. Within 20 days from each individual's policy expiration, the individual is to submit proof for the next policy period. If the individual drops insurance on the vehicle during the policy period, it could go undetected unless the person was tested again as part of the ESP sampling pool. A DOR official said the department had not considered using the reported insurance data for this purpose.

State Law Excludes a Significant Number of Registered Vehicles and Has Established Low Reinstatement Fees

There are approximately 5 million registered vehicles in Missouri but only approximately 3.9 million insured vehicles are reported to DOR monthly by the insurance companies. Commercial, fleet, and rental vehicles are not required by statute to be reported to DOR.¹⁷ These vehicles are not specifically identified in DOR's registration system. The discretion is left up to the insurance companies to determine which vehicles do not have to be reported because of these classifications. DOR cannot reconcile the registration system with the insurance data to determine the completeness of the insurance data received. Discussion with a former legislative official

¹⁶ Section 303.026.8, RSMo 2000

¹⁷ Section 303.026.3 (1), RSMo 2000

who supported this legislation did not allow us to determine a reason why commercial, fleet and rental vehicles had been excluded from reporting.

Reinstatement fees low compared to other states

The state's \$20 reinstatement fee for the first uninsured motorist offense is the lowest compared to 12 other states reviewed. The fees ranged from \$25 in Michigan and New York to \$150 in Florida with 6 of the 12 states having fees that exceeded \$100. A legislative change in 1999, effective January 2000, reduced the state's reinstatement fees for mandatory insurance suspensions from \$200, \$400, and \$800 for the 1st, 2nd, and subsequent offenses to \$20, \$200, and \$400, respectively. DOR officials believe the legislature made the change to increase the number of motorists reinstating licenses. Prior to the change, the annual reinstatement rate for suspended drivers related to uninsured motorist offenses ranged from 76 percent to 83 percent. After the change, the annual reinstatement rate has been no higher than 66 percent.

Conclusions

Effective procedures have not been developed for tracking companies required or not required to report insurance policies for ESP. In addition, insurance company reported data is not sufficiently evaluated for accuracy, errors identified are not always reported to the companies, and errors reported are not tracked for correction. As a result, all potential uninsured motorists are not evaluated in an equitable manner. Improved accuracy of insurance company reported data would increase the likelihood motorists tested under ESP are actually uninsured and more uninsured motorists would have the opportunity to be selected for compliance testing.

Program respondents are not required to provide documentation supporting responses which increases the risk of inaccurate information being reported. Lack of formal procedures to test ESP responses contributed to DOR staff using a biased selection process. Effective June 2004 this problem was fixed. Insurance company data is not evaluated for accuracy and necessary corrections when respondents correctly reported they were properly insured resulting in insured motorists being unnecessarily selected for testing under ESP. DOR staff has not consistently classified motorist responses reducing the benefit of response statistical data.

DOR's method of computing the ESP suspension rate has not accurately portrayed program results. DOR does not suspend vehicle registrations as required by state law for non-compliant motorists. Matching reinstated motorists against reported insurance company records would improve identification of motorists dropping insurance during the 3-year monitoring period.

The exclusion of commercial, fleet and rental vehicles from compliance with the motor vehicle responsibility law hinders DOR's ability to ensure insurance companies report all necessary records. The state's \$20 reinstatement fee for a first offense of not having a vehicle insured is the lowest compared to 12 other states reviewed. The legislature reduced the fee effective January 2000 with the apparent intent of increasing reinstatements; however, the lower fees have not created the intended result.

Recommendations

We recommend the Director of DOR:

- 2.1 Develop formal guidelines to track insurance companies registered to sell private passenger insurance policies in Missouri that are not reporting any policies sold. In addition, periodically follow-up with these companies to ensure they still are not selling such policies.
- 2.2 Develop a process to report all records with errors, which would cause a record to be dropped from possible testing, to the insurance companies and monitor those records to ensure insurance companies are fixing them. Improve the accuracy of insurance company reported data by:
 - Using the record count of invalid makes in the overall population of insurance data when making decisions to add vehicle makes to the accepted listing.
 - Using the VIN verification software currently used on the registration system to validate the VINs on insurance company submitted records.
 - Performing an edit check of duplicate reported VINs on insurance companies' records.
 - Modifying the criteria for the policyholder name match edit.
 - Evaluating data accuracy when program respondents report they were insured on the sample date.
- 2.3 Require motorists to provide documentation supporting responses made on compliance verification forms.
- 2.4 Clarify ESP response classifications to eliminate inconsistent classification by DOR staff.
- 2.5 Implement a more accurate computation for the program's suspension rate.
- 2.6 Suspend a vehicle's registration for vehicles of motorists found to be uninsured.

2.7 Use reported insurance data as a tool in monitoring citizen's insurance compliance during the 3-year monitoring period when they have been suspended through the program.

We recommend the General Assembly:

2.8 Revise compliance under the motor vehicle responsibility law to include commercial, fleet, and rental vehicles.

2.9 Evaluate increasing the 1st offense reinstatement fee.

Agency Comments

The agency generally agreed with the recommendations. DOR's comments and our evaluation are included in Appendix I.

DOR Has Not Adequately Justified Its Planned MIIDB Budget Request

For its fiscal year 2006 budget request, DOR did not develop well-supported budget estimates needed to operate the MIIDB. As a result, program costs may not be realistic and it is less likely the General Assembly will approve the request.

MIIDB Budget Request Not Supported

DOR developed a fiscal year 2006 line item funding request of \$8.2 million for establishing the MIIDB program. However, DOR personnel did not conduct an in-depth cost analysis to support estimated costs for contracted support and other costs. Instead, a DOR official told us the department based the fiscal year 2006 request on the fiscal year 2001 MIIDB program request with adjustments for minor changes.

The MIIDB legislation gives DOR the authority to hire an outside contractor to monitor compliance with motor vehicle financial responsibility laws. DOR officials stated department staff does not have the experience or the expertise to program nor manage the MIIDB; therefore, they plan on outsourcing the project.

Table 3.1 shows a breakdown of the \$8.2 million budget request:

Table 3.1: Fiscal Year 2006 MIIDB Budget Request

Expenditure area	In-house costs	Outside contractor	Amount
		costs	
Start up cost (one-time)	618,000	3,000,000	3,618,000
On-going operational	419,000	2,600,000	3,019,000
Salaries (62 employees)	1,542,000	0	1,542,000
Total	2,579,000	5,600,000	8,179,000

Source: DOR 2006 Budget Request.

DOR personnel over estimated the \$1.5 million for 62 employees because the estimate should have been based only on 50 new positions since 12 employees had already been assigned to ESP and are in DOR's core budget. The request also included \$2.6 million in annual costs for continued contractor assistance¹⁸ and associated costs in support of the program. However, other states have not had to spend that much on contractor support. For example, Colorado¹⁹ spends about \$1.2 million annually for contracted vehicle insurance database work, according to a Colorado motor

¹⁸ Includes obtaining information from the insurance companies and vehicle registration information from the department.

¹⁹ Colorado had 4.4 million registered vehicles, including commercial vehicles. That state's outside contractor maintains the database, administers the notices, and posts suspensions to the vehicle registration records.

	vehicle division manager. That contractor's work responsibilities were more extensive than what DOR plans for Missouri's potential contractor based on what a DOR official told us they planned to outsource to the contractor versus the duties Colorado officials said their contractor handled.
DOR has not determined operating costs for the ESP program	DOR officials have not determined the cost of ESP. Based on our analysis of DOR costs, we determined the department spent approximately \$575,000 in fiscal year 2004 to perform ESP testing. We also estimated the cost ²⁰ would be \$2.5 million for testing all suspected uninsured motorists, based on DOR's 32,000 average monthly sample pool total. Under the MIIDB program established by the legislature, DOR is to review all suspected uninsured vehicles rather than just a sample population.
Funding mechanism for MIIDB	According to Office of Administration budget and planning personnel, their staff analysis showed the fiscal year 2003 transfer to the MIIDB Fund would have been approximately \$3.1 million. This estimate is based on a funding mechanism established for the MIIDB by the legislature which became effective July 1, 2002. The mechanism allowed 6 percent of the net general revenue portion of insurance premium tax collections to go to the fund. DOR collected the 6 percent tax and placed the funds in the state's General Revenue Fund. However, the Office of Administration did not allow DOR to request a transfer of monies to the MIIDB Fund because of budget restrictions. The Office of Administration's former budget director said for fiscal years 2001 to 2005, agencies were directed to request only mandatory budget items from the General Revenue Fund and funding needed to implement this legislation had not been considered mandatory. The former budget director said for fiscal year 2006, departments have been allowed to request funding for high priority items.
Conclusions	DOR's fiscal year 2006 MIIDB program funding request does not provide a well-supported assessment of probable program costs leaving it questionable whether the legislature will approve the request. Established MIIDB funding has not been appropriated due to budget restrictions, but those restrictions have been relaxed.

²⁰ This cost does not include the one-time, up front cost for purchasing equipment and leasing office space.

Recommendation

We recommend the Director of DOR:

- 3.1 Evaluate the most cost-effective way to implement MIIDB and request funding based on the results of that evaluation.

Agency Comments

The agency generally agreed with the recommendation. DOR's comments and our evaluation are included in Appendix I.

Agency Comments and Our Evaluation

MATT BLUNT
GOVERNOR



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January 31, 2005

The Honorable Claire McCaskill
Auditor of the State of Missouri
State Capitol Building, Room 224
Jefferson City, MO 65101

Dear Auditor McCaskill:

Please find below the Department of Revenue's (DOR) response to your review of the Missouri Financial Responsibility Law.

As a starting point, I direct your attention to Section 303.026.3, RSMo 2000. It provides in key part: "[T]he director may utilize a variety of sampling techniques including but not limited to random samples of registrations subject to this section, uniform traffic tickets, insurance information provided to the director at the time of motor vehicle registration, and persons who during the preceding year have received a disposition of court-ordered supervision or suspension." It appears that there may be an assumption in the audit that random sampling is the *only* permissible sampling technique. If so, we respectfully disagree that the statute so limits the director's discretion to "utilize a variety of sampling techniques."

Recommendation 2.1 – We recommend the Director of DOR develop formal guidelines to track insurance companies registered to sell private passenger insurance policies in Missouri that are not reporting any policies sold. In addition, periodically follow-up with these companies to ensure they still are not selling such policies.

DOR Response - Department management agrees that formal guidelines would improve data completeness and accuracy. Guidelines establishing a single point for tracking insurance company reporting status will be implemented. Additionally, an annual letter will be sent to all insurance companies licensed to sell private passenger insurance policies in Missouri to request updated information. The anticipated implementation date is Fiscal Year 2006.

Recommendation 2.2 – We recommend the Director of DOR develop a process to report all records with errors, which would cause a record to be dropped from possible testing, to the insurance companies and monitor those records to ensure insurance companies are fixing them. Improve the accuracy of insurance company reported data by:

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Agency Comments and Our Evaluation

The Honorable Claire McCaskill
January 31, 2005
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- Using the record count of invalid makes in the overall population of insurance data when making decisions to add vehicle makes to the accepted listing.
- Using the VIN verification software currently used on the registration system to validate the VINs on insurance company submitted records.
- Performing an edit check of duplicate reported VINs on insurance companies' records.
- Modifying the criteria for the policyholder name match edit.
- Evaluating data accuracy when program respondents report they were insured on the sample date.

DOR Response: Department management agrees that errors should be reported to the insurance companies and tools should be implemented to ensure errors are resolved. A cost benefit analysis will be performed in Fiscal Year 2006 to determine the feasibility of improved monitoring tools.

Recommendation 2.3 – We recommend the Director of DOR require motorists to provide documentation supporting responses made on compliance verification forms.

DOR Response: Department management agrees to modify existing procedures by requiring citizens to submit a copy of their valid insurance identification card when contacted to verify proof of insurance. An anticipated implementation date cannot be provided due to computer programming modifications being required prior to making procedural changes.

Recommendation 2.4 – We recommend the Director of DOR clarify ESP response classifications to eliminate inconsistent classification by DOR staff.

DOR Response: Procedures were implemented in June 2004 addressing the State Auditor's recommendations.

Recommendation 2.5 – We recommend the Director of DOR implement a more accurate computation for the program's suspension rate.

DOR Response: Department management feels the current mechanism provides accurate information for internal reporting purposes. However, as an enhancement, the current reporting structure will be supplemented to include ongoing, updated information.

Recommendation 2.6 – We recommend the Director of DOR suspend a vehicle's registration for vehicles of motorists found to be uninsured.

DOR Response: Department management agrees that current statute provides that the department director may suspend the registration of an owner's motor vehicle if the owner or operator is determined to be uninsured. However, current system limitations prevent the cost effective suspension of vehicle registrations and therefore, an implementation date cannot be provided.

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Recommendation 2.7 – We recommend the Director of DOR use reported insurance data as a tool in monitoring citizen’s insurance compliance during the 3-year monitoring period when they have been suspended through the program.

DOR Response: Department management agrees that previously suspended uninsured motorists could be more effectively monitored if insurance cancellations were electronically compiled and tracked. A cost benefit analysis will be conducted in Fiscal Year 2006 to determine the feasibility of this recommendation.

Recommendation 3.1 – We recommend the Director of DOR evaluate the most cost-effective way to implement MIIDB and request funding based on the results of that evaluation.

DOR Response: Department management agrees that an uninsured motorist testing program should be operated in the most cost effective manner possible. The department will continue to evaluate uninsured motorist testing options to identify the most cost effective method in accordance with statutory requirements.

Please direct any questions you may have regarding the responses above to Kim Lauer, Internal Audit Administrator, at 751-8255 or Kim.Lauer@dor.mo.gov.

Sincerely,



Trish Vincent

TV:KL

c: Lowell Pearson
Kim Lauer

Appendix I

Agency Comments and Our Evaluation

Our Evaluation

This report does not assume that random sampling is the only or best method to enforce financial responsibility requirements for Missouri motorists. Absent a comprehensive compliance program, this report seeks to help ensure any uninsured Missouri motorist has an equal opportunity to be selected for enforcement action, and that more effective enforcement methods are implemented. Under a sampling enforcement process currently used by DOR, this report illustrates the importance of an accurate and complete potential uninsured motorist population, or pool; beginning with more accurate insurance company reported data.



Claire McCaskill

Missouri State Auditor

March 2005

Shelby County, Missouri

Years Ended

December 31, 2003 and 2002



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Shelby, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Shelby County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The former Sheriff authorized the payment of additional compensation totaling \$1,192 to five employees. Documentation to support these payments was not adequate and consisted only of statements signed by the former Sheriff that the payments were for "extra duty," but did not include any documentation of extra time worked beyond that recorded in applicable time sheets. These payments appear questionable and could represent additional compensation for services previously rendered, which is prohibited by the Missouri Constitution.
- The county is paying the medical insurance and providing other benefits, such as awarding holidays and leave time, to a part-time employee of the County Collector's office. While the County Commission and County Collector approved the payment of this employee's medical insurance, there is no documented approval to provide the other benefits. The county's personnel manual states that a part-time employee is not eligible for employee benefits unless specifically negotiated with the County Commission and the office holder for whom the employee works.
- The county should implement improvements to its computer systems used for assessment and property tax information and for budgetary and accounting information. The county should implement password and other procedures to limit access to the various programs and information and a security system to detect or prevent incorrect log-on attempts. In addition, backup disks of information should be prepared more frequently and should be stored at an off-site location.

The audit also includes recommendations regarding county road and bridge maintenance plans, general fixed assets, and schedule of expenditures of federal awards, as well as recommendations to improve accounting controls and procedures for the County Collector, Prosecuting Attorney, and Health Center.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

SHELBY COUNTY, MISSOURI

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SHELBY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Shelby County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Shelby County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 28, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Shelby County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 28, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
Audit Staff:	Christina Paradis, CPA
	Kate Petschonek
	Steven Re`, CPA
	Terese Summers, CPA



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Shelby County, Missouri

We have audited the financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Shelby County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Shelby County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Shelby County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

October 28, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

SHELBY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 323,189	916,303	983,438	256,054
Special Road and Bridge	369,338	1,050,335	1,056,060	363,613
Assessment	10,367	100,352	104,720	5,999
Emergency 911	186,621	221,593	221,621	186,593
Law Enforcement Training	7,303	1,570	4,207	4,666
Sheriff's Civil Fees	4,230	11,243	7,473	8,000
Prosecuting Attorney Training	182	372	14	540
Prosecuting Attorney Bad Check	29,336	3,035	4,824	27,547
Prosecuting Attorney Income Tax	1,213	19	0	1,232
Recorder's Records Preservation	10,302	3,849	1,285	12,866
Children's Trust/Domestic Violence	3,711	312	0	4,023
Chemical Emergency Preparedness	4,207	3,678	3,528	4,357
Hazardous Materials Emergency	0	2,886	0	2,886
Election Services	3,535	375	351	3,559
Sound Recording	2,454	389	0	2,843
Recorder's Tech	2,541	1,960	2,000	2,501
Associate Circuit Interest	2,587	179	1,876	890
Circuit Clerk Interest	18,425	1,112	3,376	16,161
Parent Education	1,285	560	1,845	0
Law Library	2,606	2,925	2,269	3,262
POST	0	874	874	0
DARE	546	0	374	172
Tax Maintenance	403	5,990	2,068	4,325
Health Center	140,870	433,741	445,128	129,483
Total	\$ 1,125,251	2,763,652	2,847,331	1,041,572

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SHELBY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 225,945	994,334	897,090	323,189
Special Road and Bridge	253,517	1,062,659	946,838	369,338
Assessment	12,314	102,245	104,192	10,367
Emergency 911	173,586	223,682	210,647	186,621
Law Enforcement Training	10,255	1,816	4,768	7,303
Sheriff's Civil Fees	13,165	10,638	19,573	4,230
Prosecuting Attorney Training	251	385	454	182
Prosecuting Attorney Bad Check	25,877	3,503	44	29,336
Prosecuting Attorney Income Tax	1,180	33	0	1,213
Recorder's Records Preservation	12,354	3,954	6,006	10,302
Children's Trust/Domestic Violence	3,344	367	0	3,711
Chemical Emergency Preparedness	4,054	153	0	4,207
Election Services	2,207	1,338	10	3,535
Sound Recording	1,862	592	0	2,454
Recorder's Tech	775	1,766	0	2,541
Associate Circuit Interest	2,583	244	240	2,587
Circuit Clerk Interest	18,325	951	851	18,425
Parent Education	925	1,120	760	1,285
Recorder's Local Records Grant	394	6,513	6,907	0
Law Library	3,220	2,765	3,379	2,606
POST	0	765	765	0
DARE	0	546	0	546
Tax Maintenance	0	403	0	403
Health Center	115,165	495,528	469,823	140,870
Total	\$ 881,298	2,916,300	2,672,347	1,125,251

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,017,722	2,763,652	(254,070)	2,828,338	2,915,351	87,013
DISBURSEMENTS	3,349,380	2,847,331	502,049	3,118,761	2,672,347	446,414
RECEIPTS OVER (UNDER) DISBURSEMENTS	(331,658)	(83,679)	247,979	(290,423)	243,004	533,427
CASH, JANUARY 1	1,125,358	1,125,251	(107)	881,298	881,298	0
CASH, DECEMBER 31	793,700	1,041,572	247,872	590,875	1,124,302	533,427
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	285,000	280,470	(4,530)	280,000	285,805	5,805
Sales taxes	370,000	371,353	1,353	380,000	364,316	(15,684)
Intergovernmental	218,243	91,880	(126,363)	108,224	198,915	90,691
Charges for services	71,500	70,049	(1,451)	62,500	61,030	(1,470)
Interest	5,500	2,770	(2,730)	15,000	5,180	(9,820)
Other	15,000	64,781	49,781	11,000	44,088	33,088
Transfers in	35,000	35,000	0	35,000	35,000	0
Total Receipts	1,000,243	916,303	(83,940)	891,724	994,334	102,610
DISBURSEMENTS						
County Commissior	76,445	75,143	1,302	73,320	72,468	852
County Clerk	67,375	61,346	6,029	63,809	58,844	4,965
Elections	12,200	7,207	4,993	25,700	20,442	5,258
Buildings and grounds	70,531	59,138	11,393	66,900	56,013	10,887
Employee fringe benefit	100,715	86,435	14,280	89,000	79,448	9,552
County Treasurer	38,000	36,613	1,387	30,000	28,617	1,383
County Collector	52,500	53,337	(837)	50,750	48,146	2,604
Ex Officio Recorder of Deed	41,803	31,905	9,898	41,290	39,668	1,622
Associate Circuit Court	10,500	8,227	2,273	7,850	4,338	3,512
Associate Circuit (Probate)	700	0	700	1,500	162	1,338
Court administration	8,750	490	8,260	6,175	3,622	2,553
Public Administrator	23,350	23,157	193	22,390	21,277	1,113
Sheriff	204,834	197,988	6,846	187,453	186,601	852
Jail	86,500	88,179	(1,679)	79,000	71,190	7,810
Prosecuting Attorney	86,955	74,543	12,412	88,176	75,976	12,200
Juvenile Office	50,069	76,419	(26,350)	58,129	43,467	14,662
County Coroner	12,750	10,997	1,753	13,300	11,017	2,283
University Extensor	27,500	27,500	0	25,000	25,000	0
Insurance and bonds	15,000	22,205	(7,205)	10,000	12,144	(2,144)
Other	21,700	17,109	4,591	17,800	14,473	3,327
Transfers out	25,500	25,500	0	24,177	24,177	0
Emergency Fund	30,000	0	30,000	27,000	0	27,000
Total Disbursements	1,063,677	983,438	80,239	1,008,719	897,090	111,629
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,434)	(67,135)	(3,701)	(116,995)	97,244	214,239
CASH, JANUARY 1	323,189	323,189	0	225,945	225,945	0
CASH, DECEMBER 31	259,755	256,054	(3,701)	108,950	323,189	214,239

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	200,000	191,842	(8,158)	185,000	199,155	14,155
Sales taxes	72,000	54,457	(17,543)	70,000	71,988	1,988
Intergovernmental	877,400	751,581	(125,819)	882,400	757,615	(124,785)
Charges for services	23,500	13,347	(10,153)	23,500	21,514	(1,986)
Interest	8,000	5,335	(2,665)	12,000	7,354	(4,646)
Other	6,800	33,773	26,973	2,600	5,033	2,433
Total Receipts	1,187,700	1,050,335	(137,365)	1,175,500	1,062,659	(112,841)
DISBURSEMENTS						
Salaries	250,000	253,461	(3,461)	247,500	229,995	17,505
Employee fringe benefit	67,386	62,031	5,355	59,000	55,985	3,015
Supplies	77,500	64,885	12,615	71,000	53,653	17,347
Insurance	15,000	16,874	(1,874)	14,000	11,760	2,240
Road and bridge materials	392,500	316,219	76,281	311,500	280,350	31,150
Equipment repairs	35,000	34,986	14	35,000	27,824	7,176
Rentals	1,000	373	627	1,000	851	149
Equipment purchases	125,000	91,513	33,487	100,000	94,123	5,877
Construction, repair, and maintenance	329,000	165,932	163,068	327,000	145,923	181,077
Distribution to special road district	10,000	11,815	(1,815)	10,000	9,816	184
Other	3,500	2,971	529	13,500	1,558	11,942
Transfers out	35,000	35,000	0	35,000	35,000	0
Total Disbursements	1,340,886	1,056,060	284,826	1,224,500	946,838	277,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(153,186)	(5,725)	147,461	(49,000)	115,821	164,821
CASH, JANUARY 1	369,338	369,338	0	253,517	253,517	0
CASH, DECEMBER 31	216,152	363,613	147,461	204,517	369,338	164,821
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	73,474	73,520	46	77,992	76,899	(1,093)
Interest	525	450	(75)	1,000	529	(471)
Other	0	882	882	350	640	290
Transfers in	25,023	25,500	477	24,177	24,177	0
Total Receipts	99,022	100,352	1,330	103,519	102,245	(1,274)
DISBURSEMENTS						
Assessor	108,600	104,720	3,880	108,850	104,192	4,658
Total Disbursements	108,600	104,720	3,880	108,850	104,192	4,658
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,578)	(4,368)	5,210	(5,331)	(1,947)	3,384
CASH, JANUARY 1	10,367	10,367	0	12,314	12,314	0
CASH, DECEMBER 31	789	5,999	5,210	6,983	10,367	3,384

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911</u>						
RECEIPTS						
Sales taxes	240,000	212,881	(27,119)	220,000	218,101	(1,899)
Interest	5,000	2,030	(2,970)	6,000	3,495	(2,505)
Other	36,000	6,682	(29,318)	350	2,086	1,736
Total Receipts	281,000	221,593	(59,407)	226,350	223,682	(2,668)
DISBURSEMENTS						
Salaries and fringe benefit:	188,353	185,550	2,803	182,042	172,166	9,876
Office expenditure:	20,000	15,987	4,013	22,500	17,507	4,993
Equipment	44,000	506	43,494	5,000	7,842	(2,842)
Mileage and training	7,000	9,161	(2,161)	7,000	3,952	3,048
Other	17,750	10,417	7,333	14,500	9,180	5,320
Total Disbursements	277,103	221,621	55,482	231,042	210,647	20,395
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,897	(28)	(3,925)	(4,692)	13,035	17,727
CASH, JANUARY 1	186,621	186,621	0	173,586	173,586	0
CASH, DECEMBER 31	190,518	186,593	(3,925)	168,894	186,621	17,727
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services:	2,000	1,474	(526)	2,000	1,550	(450)
Interest	270	96	(174)	700	266	(434)
Total Receipts	2,270	1,570	(700)	2,700	1,816	(884)
DISBURSEMENTS						
Sheriff	9,500	4,207	5,293	12,500	4,768	7,732
Total Disbursements	9,500	4,207	5,293	12,500	4,768	7,732
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,230)	(2,637)	4,593	(9,800)	(2,952)	6,848
CASH, JANUARY 1	7,303	7,303	0	10,255	10,255	0
CASH, DECEMBER 31	73	4,666	4,593	455	7,303	6,848
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	10,000	11,168	1,168	10,000	10,322	322
Interest	250	75	(175)	1,000	316	(684)
Total Receipts	10,250	11,243	993	11,000	10,638	(362)
DISBURSEMENTS						
Sheriff	13,050	7,473	5,577	24,000	19,573	4,427
Total Disbursements	13,050	7,473	5,577	24,000	19,573	4,427
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	3,770	6,570	(13,000)	(8,935)	4,065
CASH, JANUARY 1	4,230	4,230	0	13,165	13,165	0
CASH, DECEMBER 31	1,430	8,000	6,570	165	4,230	4,065

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	600	372	(228)	600	385	(215)
Total Receipts	600	372	(228)	600	385	(215)
DISBURSEMENTS						
Prosecuting Attorney	780	14	766	400	454	(54)
Total Disbursements	780	14	766	400	454	(54)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(180)	358	538	200	(69)	(269)
CASH, JANUARY 1	182	182	0	251	251	0
CASH, DECEMBER 31	2	540	538	451	182	(269)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	4,000	2,622	(1,378)	3,000	2,910	(90)
Interest	700	413	(287)	1,500	593	(907)
Total Receipts	4,700	3,035	(1,665)	4,500	3,503	(997)
DISBURSEMENTS						
Prosecuting Attorney	34,000	4,824	29,176	21,482	44	21,438
Total Disbursements	34,000	4,824	29,176	21,482	44	21,438
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,300)	(1,789)	27,511	(16,982)	3,459	20,441
CASH, JANUARY 1	29,336	29,336	0	25,877	25,877	0
CASH, DECEMBER 31	36	27,547	27,511	8,895	29,336	20,441
<u>PROSECUTING ATTORNEY INCOME TAX FUND</u>						
RECEIPTS						
Charges for service:	15	6	(9)	15	12	(3)
Interest	20	13	(7)	0	21	21
Total Receipts	35	19	(16)	15	33	18
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	35	19	(16)	15	33	18
CASH, JANUARY 1	1,213	1,213	0	1,180	1,180	0
CASH, DECEMBER 31	1,248	1,232	(16)	1,195	1,213	18
<u>RECORDER'S RECORDS PRESERVATION FUND</u>						
RECEIPTS						
Charges for service:	2,400	3,686	1,286	2,400	3,683	1,283
Interest	270	163	(107)	600	271	(329)
Total Receipts	2,670	3,849	1,179	3,000	3,954	954
DISBURSEMENTS						
Ex Officio Recorder of Deed	7,000	1,285	5,715	7,000	6,006	994
Total Disbursements	7,000	1,285	5,715	7,000	6,006	994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,330)	2,564	6,894	(4,000)	(2,052)	1,948
CASH, JANUARY 1	10,302	10,302	0	12,354	12,354	0
CASH, DECEMBER 31	5,972	12,866	6,894	8,354	10,302	1,948

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST/DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	340	270	(70)	200	214	14
Interest	160	42	(118)	300	153	(147)
Total Receipts	500	312	(188)	500	367	(133)
DISBURSEMENTS						
Domestic violence shelte	3,500	0	3,500	2,500	0	2,500
Total Disbursements	3,500	0	3,500	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	312	3,312	(2,000)	367	2,367
CASH, JANUARY 1	3,711	3,711	0	3,344	3,344	0
CASH, DECEMBER 31	711	4,023	3,312	1,344	3,711	2,367
<u>CHEMICAL EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	0	3,612	3,612	0	0	0
Interest	200	66	(134)	350	153	(197)
Total Receipts	200	3,678	3,478	350	153	(197)
DISBURSEMENTS						
Emergency preparednes	3,000	2,079	921	3,000	0	3,000
Transfers out	0	1,449	(1,449)			0
Total Disbursements	3,000	3,528	(528)	3,000	0	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	150	2,950	(2,650)	153	2,803
CASH, JANUARY 1	4,207	4,207	0	4,054	4,054	0
CASH, DECEMBER 31	1,407	4,357	2,950	1,404	4,207	2,803
<u>HAZARDOUS MATERIALS EMERGENCY FUND</u>						
RECEIPTS						
Intergovernmental	1,438	1,426	(12)			
Interest	11	11	0			
Transfers in	0	1,449	1,449			
Total Receipts	1,449	2,886	1,437			
DISBURSEMENTS						
Office supplies	200	0	200			
Mileage and training	500	0	500			
Other	737	0	737			
Total Disbursements	1,437	0	1,437			
RECEIPTS OVER (UNDER) DISBURSEMENTS	12	2,886	2,874			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	12	2,886	2,874			

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	400	337	(63)	1,600	1,294	(306)
Interest	50	38	(12)	100	44	(56)
Total Receipts	450	375	(75)	1,700	1,338	(362)
DISBURSEMENTS						
Election services	2,020	351	1,669	1,600	10	1,590
Total Disbursements	2,020	351	1,669	1,600	10	1,590
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,570)	24	1,594	100	1,328	1,228
CASH, JANUARY 1	3,535	3,535	0	2,207	2,207	0
CASH, DECEMBER 31	1,965	3,559	1,594	2,307	3,535	1,228
<u>SOUND RECORDING FUND</u>						
RECEIPTS						
Charges for services	350	362	12	400	555	155
Interest	36	27	(9)	50	37	(13)
Total Receipts	386	389	3	450	592	142
DISBURSEMENTS						
Sound recording	550	0	550	1,500	0	1,500
Total Disbursements	550	0	550	1,500	0	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(164)	389	553	(1,050)	592	1,642
CASH, JANUARY 1	2,454	2,454	0	1,862	1,862	0
CASH, DECEMBER 31	2,290	2,843	553	812	2,454	1,642
<u>RECORDER'S TECH FUND</u>						
RECEIPTS						
Charges for services	1,500	1,960	460	1,600	1,766	166
Total Receipts	1,500	1,960	460	1,600	1,766	166
DISBURSEMENTS						
Ex Officio Recorder of Deed	2,000	2,000	0	0	0	0
Total Disbursements	2,000	2,000	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(40)	460	1,600	1,766	166
CASH, JANUARY 1	2,541	2,541	0	775	775	0
CASH, DECEMBER 31	2,041	2,501	460	2,375	2,541	166
<u>ASSOCIATE CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	250	179	(71)	422	244	(178)
Total Receipts	250	179	(71)	422	244	(178)
DISBURSEMENTS						
Associate Circuit Court	1,100	1,876	(776)	0	240	(240)
Total Disbursements	1,100	1,876	(776)	0	240	(240)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	(1,697)	(847)	422	4	(418)
CASH, JANUARY 1	2,587	2,587	0	2,583	2,583	0
CASH, DECEMBER 31	1,737	890	(847)	3,005	2,587	(418)

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	584	1,112	528	1,000	951	(49)
Total Receipts	584	1,112	528	1,000	951	(49)
DISBURSEMENTS						
Circuit Clerk	7,000	3,376	3,624	5,000	851	4,149
Total Disbursements	7,000	3,376	3,624	5,000	851	4,149
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,416)	(2,264)	4,152	(4,000)	100	4,100
CASH, JANUARY 1	18,425	18,425	0	18,325	18,325	0
CASH, DECEMBER 31	12,009	16,161	4,152	14,325	18,425	4,100
<u>PARENT EDUCATION FUND</u>						
RECEIPTS						
Charges for service:	900	560	(340)	1,000	1,120	120
Total Receipts	900	560	(340)	1,000	1,120	120
DISBURSEMENTS						
Parent education	900	1,845	(945)	1,000	760	240
Total Disbursements	900	1,845	(945)	1,000	760	240
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,285)	(1,285)	0	360	360
CASH, JANUARY 1	1,285	1,285	0	925	925	0
CASH, DECEMBER 31	1,285	0	(1,285)	925	1,285	360
<u>RECORDER'S LOCAL RECORDS GRANT FUND</u>						
RECEIPTS						
Intergovernmental				7,007	6,513	(494)
Interest				15	0	(15)
Total Receipts				7,022	6,513	(509)
DISBURSEMENTS						
Ex Officio Recorder of Deed				7,397	6,907	490
Total Disbursements				7,397	6,907	490
RECEIPTS OVER (UNDER) DISBURSEMENTS				(375)	(394)	(19)
CASH, JANUARY 1				394	394	0
CASH, DECEMBER 31				19	0	(19)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,700	2,910	210	2,495	2,735	240
Interest	35	15	(20)	70	30	(40)
Total Receipts	2,735	2,925	190	2,565	2,765	200
DISBURSEMENTS						
Law Library	2,883	2,269	614	2,940	3,379	(439)
Total Disbursements	2,883	2,269	614	2,940	3,379	(439)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(148)	656	804	(375)	(614)	(239)
CASH, JANUARY 1	2,713	2,606	(107)	3,220	3,220	0
CASH, DECEMBER 31	2,565	3,262	697	2,845	2,606	(239)

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>POST FUND</u>						
RECEIPTS						
Intergovernmental	765	874	109	1,200	765	(435)
Total Receipts	765	874	109	1,200	765	(435)
DISBURSEMENTS						
Sheriff	765	874	(109)	1,200	765	435
Total Disbursements	765	874	(109)	1,200	765	435
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>DARE FUND</u>						
RECEIPTS						
Donations	0	0	0			
Interest	6	0	(6)			
Total Receipts	6	0	(6)			
DISBURSEMENTS						
Drug awareness programs	200	374	(174)			
Total Disbursements	200	374	(174)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(194)	(374)	(180)			
CASH, JANUARY 1	546	546	0			
CASH, DECEMBER 31	352	172	(180)			
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	5,500	5,990	490			
Total Receipts	5,500	5,990	490			
DISBURSEMENTS						
County Collector	5,500	2,068	3,432			
Total Disbursements	5,500	2,068	3,432			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,922	3,922			
CASH, JANUARY 1	403	403	0			
CASH, DECEMBER 31	403	4,325	3,922			

Exhibit B

SHELBY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	184,559	173,586	(10,973)	181,987	178,703	(3,284)
Intergovernmental	210,621	237,331	26,710	187,105	250,640	63,535
Charges for services	9,327	10,405	1,078	10,029	10,057	28
Interest	3,000	1,802	(1,198)	6,000	3,190	(2,810)
Reimbursement of architect expense	0	0	0	0	32,832	32,832
Other	6,500	10,617	4,117	6,500	20,106	13,606
Total Receipts	414,007	433,741	19,734	391,621	495,528	103,907
DISBURSEMENTS						
Salaries and fringe benefit:	300,929	285,185	15,744	292,131	286,103	6,028
Contracted labor	17,000	12,851	4,149	14,500	13,375	1,125
Office expenditures:	23,700	26,987	(3,287)	21,000	24,174	(3,174)
Equipment	3,500	7,506	(4,006)	6,000	5,067	933
Building furniture	0	0	0	0	32,832	(32,832)
Mileage and training	24,000	21,020	2,980	28,000	22,601	5,399
Building lease	69,300	69,130	170	70,000	60,860	9,140
Other	25,500	22,449	3,051	22,500	24,811	(2,311)
Total Disbursements	463,929	445,128	18,801	454,131	469,823	(15,692)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,922)	(11,387)	38,535	(62,510)	25,705	88,215
CASH, JANUARY 1	140,870	140,870	0	115,165	115,165	0
CASH, DECEMBER 31	\$ 90,948	129,483	38,535	52,655	140,870	88,215

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

SHELBY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the DARE Fund and Tax Maintenance Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2002
Chemical Emergency Preparedness Fund	2003
Associate Circuit Interest Fund	2003 and 2002
Parent Education Fund	2003
Law Library Fund	2002
POST Fund	2003
DARE Fund	2003
Health Center	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements for the years ended December 31, 2003 and 2002, did not include the Health Center Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the Health Center Board's custodial banks in the county's or the board's name.

3. Prior Period Adjustment

The Prosecuting Attorney Bad Check Fund's cash balance at January 1, 2002, as previously stated, has been decreased by \$1,180 to reflect the balance of the Prosecuting Attorney Income Tax Fund, which was previously reported together but is now reported separately.

Schedule

SHELBY COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2003 AND 2002

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SHELBY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shelby County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. The county did not adopt budgets for some funds.

Recommendation:

The county adopt a budget for all funds.

Status:

Implemented in 2003.

01-2. Warrants were issued in excess of approved budgets in some funds.

Recommendation:

Warrants not be issued in excess of budgeted funds.

Status:

Partially implemented. While some improvement has been made, actual disbursements exceeded budgeted disbursements for some smaller funds during 2003 and 2002. Although not repeated in the current report, the recommendation remains as stated above.

01-3. The county's published financial statements did not include some funds.

Recommendation:

The county include all funds in the published annual financial statements.

Status:

Partially implemented. All county funds, except for the Health Center Fund, are included in the published financial statements. See Management Advisory Report finding number 7.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

SHELBY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 28, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings. These MAR findings resulted from our audit of the financial statements of Shelby County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Payroll and Personnel Policies and Procedures

The County Commission has not documented its approval for fringe benefits provided to a part-time employee of the County Collector's office, and additional compensation was paid to some Sheriff's employees which was not properly documented.

- A. The county is paying the medical insurance and awarding holidays and leave time to a seasonal part-time employee of the County Collector's office. The county's personnel manual states a person employed on a limited basis is not eligible for employee benefits unless specifically negotiated with the County Commission and the office holder for whom they work. The County Commission and County Collector formally approved the payment of medical insurance for employee; however, there is no documentation that the County Commission and County Collector approved the awarding of holidays and leave time. The County Commission approved a one time payment of sick leave, and since then, the employee has earned vacation and sick leave.

To ensure compliance with the county's personnel manual and to help avoid misunderstandings, the County Commission and County Collector should document their approval of any benefits provided to the part-time employee.

- B. The former Sheriff authorized the payment of additional compensation totaling \$1,192 during the audit period to five employees. These payments were made from the Sheriff's Civil Fees Fund. Documentation to support these payments was not adequate and consisted of statements signed by the former Sheriff that the payments were for "extra duty", but did not include any documentation of extra time worked by these employees beyond that recorded on their time sheets. While payroll taxes were withheld and these payments were reported on W-2 forms, these payments appear questionable and could represent additional compensation for services previously rendered, which is prohibited by Article III, Section 39 of the Missouri Constitution.

WE RECOMMEND the County Commission:

- A. And the County Collector document their approval for benefits provided to the part-time employee, as required by the county's employee manual.
- B. And the Sheriff discontinue paying compensation to employees unless it is supported by time and attendance records.

AUDITEE'S RESPONSE

- A. *This situation has already been implemented. A new personnel manual has been written and put in place as of January 2005. Part-time employees will not receive benefits. Any future deviation from the personnel manual will be documented as recommended.*

- B. *As of February 2005, the Sheriff will supply time and attendance records for all employees to support all payroll expenses.*

2. Computer Controls

The offices of the County Assessor and County Collector use a network computer system to maintain assessed valuation and property tax information. In addition, the County Clerk uses a commercial accounting software on the computer system to maintain general ledger accounting, budgetary accounting and reporting, cash disbursements, cash receipts, and payroll functions. Passwords or other procedures are not used to limit access, a security system to prevent or detect incorrect log-on attempts has not been established, and backup disks are only prepared weekly and are not stored at an off-site location.

- A. Passwords and other procedures are not in place to limit access to the various data files and programs utilized by the county officials. Lack of such passwords and procedures provides potential for personnel to make undetected and unauthorized changes to information.

Since access to various information is not adequately restricted, unauthorized changes could be made to programs and/or data files without the changes being detected. For example, unauthorized changes could be made to assessed valuation amounts, payments of taxes, payroll check amounts, and receipts and disbursements by officials or employees in offices other than the one specifically responsible for such duties.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures should be used to properly restrict access to only those data files and programs individuals need to accomplish their jobs. A unique user ID and password should be assigned to each user to log onto the network. Passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- B. A security system is not in place to detect or prevent incorrect log-on-attempts. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to programs and data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts which should be reviewed periodically by an authorized official.
- C. Backup disks of information, which could be used to provide a means of recreating destroyed master file information, are only prepared weekly. As a result, damage to these computer systems could make it difficult to retrieve or recreate lost program modifications and or data.

In addition, backup disks are not stored at a secure off-site location. Failure to store the computer backup disks in a secure off-site location results in the backups being susceptible to the same damage as the original data on the computer. Preparation of backup disks, preferably on a daily basis or at least 2-3 times a week, along with off-site storage, would provide increased assurance that methods are available to restore any lost data or program modifications.

WE RECOMMEND the County Commission:

- A. Establish procedures to restrict access to computer files, including the use of unique passwords for the network and computer programs, to authorized individuals.
- B. Implement a security system to detect and report incorrect log-on attempts after a certain number of tries.
- C. Ensure backup disks are prepared more frequently and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *A procedure for passwords on network computers between the County Clerk and the County Treasurer has already been implemented. The County Clerk has contacted our computer service person regarding passwords between the County Collector, County Clerk, and County Assessor. We will work with him on implementing this.*
- B. *This will be reviewed by our computer service person and implemented.*
- C. *Backup disks are now being done three days a week for the County Clerk's office. Backups will be done more frequently for the assessment and property tax system. Copies will be stored in the bank vault across the street from the courthouse.*

3. Road and Bridge Maintenance Plan
--

A formal maintenance plan for county roads and bridges has not been prepared. A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more

effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a road and bridge maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year. In addition, the County Commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The County Commission will implement a written proposal regarding their plans for maintenance and road projects.

4. General Fixed Assets Records and Procedures

Procedures to account for county-owned property should be improved to ensure the applicable records are complete and accurate.

The County Commission or its designee is responsible for maintaining a complete, detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk is primarily responsible for maintaining fixed asset records; however, the County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records. Physical inventories were not being performed for assets assigned to some county officials, but this has recently been completed. In addition, the value of the county's buildings and grounds has not been included on the fixed asset listing.

In addition, the fixed asset records do not include information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal, and some assets are not numbered, tagged, or otherwise identified as county property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements and provide a basis for determining adequate insurance coverage on county property. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Similar conditions were noted in prior audit reports.

WE AGAIN RECOMMEND the County Commission establish written policies related to the handling and accounting for general fixed assets which include procedures to ensure compliance with state law. In addition, all fixed assets purchases and additions should be recorded as they occur, fixed asset purchases should be reconciled to additions on the inventory records, and all fixed assets should be tagged or identified as county-owned property.

AUDITEE'S RESPONSE

The County Commission will establish a policy regarding procedures for fixed assets.

5. County Collector's Controls and Procedures
--

The County Collector handles approximately \$4 million annually in property tax collections. Reports of changes made to the tax records are not prepared. Partial payments are not deposited until the taxes are paid in full, and procedures over additions and abatements to the property tax books should be improved.

- A. A change report, which reflects changes to tax records, is not generated by the County Collector. As a result, after a change is made to a tax record there is no record of the information previously in the file. This reduces control over the collection of taxes and could result in a misstatement of collections or delinquent taxes going undetected.
- B. Partial payments are retained in the County Collector's vault and are not deposited until full payment is received. As of August 26, 2004, the County Collector held over \$700 in cash for partial payments. The County Collector documents the monies received by keeping the payments in separate envelopes with the taxpayers' names written on the envelopes.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily or when accumulated receipts exceed \$100.

- C. Controls over property tax additions and abatements should be improved. The County Assessor prepares the documentation for all additions and abatements and the County Collector uses this documentation to make changes to the property tax system. At the end of the year, the County Collector presents total amounts by type of tax for additions and outlawed personal property taxes, as well as a detailed list of other abatements, to the County Commission for their review and approval.

Section 137.260, RSMo 2000, requires that the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax books and charges these amounts to the County Collector. Further, all changes to the tax books should be approved periodically (at least monthly) by the County Commission.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Collector:

- A. Review the possibility of generating periodic change reports. In addition, the change reports should be reviewed by an independent party and any unusual items investigated.
- B. Record all monies received for partial payments and deposit intact daily.
- C. And the County Commission ensure additions and abatements are prepared by the County Assessor, retained by the County Clerk, and periodically reconciled to property tax book charges and credits. The County Commission should review and approve all additions and abatements on a timely basis and the County Clerk should make the necessary changes to the tax books.

AUDITEE'S RESPONSE

- A. *I have spoken to my computer programmer and according to him, a change report is not feasible. Do to the age of the program, a change report would not give sufficient information as to changes made. No records are changed other than date paid. All changes are done as additions only. If a change is made, it is done by abating the old record and adding a new record reflecting the entire new amount. Both records are coded as to the action and remain in the system and backed up by hard copies of the transaction.*
- B. *Partial payments will no longer be retained.*
- C. *The County Collector indicated that additions and abatements are prepared by the County Assessor and are now given to the County Clerk.*

The County Commission indicated they will ensure that additions and abatements are made to the tax books and approved more frequently than is currently being done.

6. Prosecuting Attorney's Controls and Procedures
--

The Prosecuting Attorney received approximately \$12,000 in restitution and bad check fees in 2003. Accounting duties should be segregated, monies in an old bank account should be

identified and disbursed, and procedures for monitoring unpaid restitution should be improved.

- A. Accounting duties are not adequately segregated. One clerk is responsible for receiving and recording monies, preparing deposits and transmittals, preparing checks, and preparing bank reconciliations. The Prosecuting Attorney indicated that he reviews the clerk's work when he signs the checks and he periodically reviews deposits, check-book register, and bank reconciliations; however, he does not document his reviews.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, the Prosecuting Attorney should continue to periodically review the accounting records and document his reviews. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. The current Prosecuting Attorney has custody of a bank account in which restitution and bad check fees were deposited by the prior officeholder. This account has a balance of \$3,463 (as of September 30, 2004) which has not been identified to specific cases. The current Prosecuting Attorney indicated records were not available from the prior officeholder to properly identify the amounts comprising the account balance, and he has not been able to dispose of the monies in this account through research on cases to date. The Prosecuting Attorney should continue to attempt to identify the monies held in the account and close the account. Any monies which remain unclaimed or unidentified should be disposed of in accordance with state law.
- C. Summary listings of court-ordered restitution owed to the Prosecuting Attorney are not prepared, and monitoring procedures related to unpaid restitution should be improved. While a ledger sheet is prepared for each restitution case which includes the amounts owed, received, and paid out to the victim, a summary list would provide a better means to monitor all unpaid amounts. Upon our request, the Prosecuting Attorney prepared a listing as of October 2004 of all unpaid restitution, which totaled approximately \$55,000. Approximately \$29,000 of unpaid restitution pertained to cases which have had no payments since 2002. The Prosecuting Attorney indicated that some of this money is owed from defendants who are in correctional facilities, and therefore, the related amounts are uncollectible.

Complete and accurate listings of unpaid court-ordered restitution would allow the Prosecuting Attorney to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or perform and document reviews of the accounting records and bank reconciliations.
- B. Attempt to identify the monies held in the old bank account, dispose of unidentified and unclaimed monies in accordance with state law, and close the account.
- C. Periodically prepare listings of unpaid court-ordered restitution, and adopt procedures to periodically follow up on unpaid amounts. The Prosecuting Attorney should also consider reviewing unpaid amounts with the applicable judges and obtaining court approval to write off amounts deemed uncollectible.

AUDITEE'S RESPONSE

- A. *With one person as my clerical staff, there is no way to further segregate duties. Records are periodically reviewed by the Prosecuting Attorney already, and we will document that to help show controls that are already implemented.*
- B. *Efforts have been undertaken to identify the monies in the old bank account. We will continue this effort and dispose of the unclaimed monies in accordance with state law.*
- C. *Our office reviews unpaid restitution figures in connection with persons placed on probation. When the probation is revoked, or otherwise ended, the remaining amounts that are unpaid are considered uncollectible and we will close them out.*

7. Health Center's Controls and Procedures

The budgets do not include all available resources and financial statements are not published as required by state law.

- A. The Health Center's budgets do not include all available resources. The budgets include an amount in receipts classified as "carry over", which is a plugged amount to make budgeted receipts agree to budgeted disbursements. The "carry over" amounts do not include the entire balance of the Health Center's bank accounts, and therefore, the budgets do not reflect all resources available to the Health Center board. (The audited financial statements have been adjusted to include the actual balances of the bank accounts.)

To be of maximum assistance as a planning tool and to adequately inform the public, the budgets should include all beginning available resources and projected ending fund balances.

- B. The county's annual published financial statements do not include the financial activity of the Health Center Fund. Health Center personnel indicated they did not believe they were required to include the Health Center Fund in the published financial statements.

Sections 50.800 and 50.810, RSMo 2000, provide that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. The statutes also require detailed lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the Health Center's financial activities, all monies received and disbursed by the Health Center should be included.

WE RECOMMEND the Health Center Board:

- A. Include all beginning available resources and projected ending fund balances on the budgets.
- B. Ensure financial information for the Health Center Fund is properly reported in the annual published financial statements as required by state law.

AUDITEE'S RESPONSE

- A. *We are now using the budget forms supplied by the State Auditor which includes beginning and ending balances.*
- B. *We will comply with the recommendation and publish annual financial statements.*

8. Schedule of Expenditures of Federal Awards
--

Procedures to prepare schedules of expenditures of federal awards should be improved to ensure the accuracy of these schedules. Section .310(b) of Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The County Clerk's and Health Center Administrator's procedures to track federal financial assistance for preparation of the SEFA should be improved. The County Clerk and Health Center Administrator prepared SEFA's for the years ended December 31, 2003 and 2002; however, the county under-reported approximately \$28,049 in federal grant monies expended during the two years, and the Health Center under-reported approximately \$14,097 in federal grant monies expended in 2003. The county did not report disaster relief funds, grant funds received from Macon County, and the value of property received from surplus property. The Health Center Administrator did not report the value of vaccines received. Compilation of

the SEFA requires consulting county and health center financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the County Clerk and Health Center Administrator adopt procedures to ensure complete and accurate schedules of expenditures of federal awards are prepared and submitted to the State Auditor's Office as part of the annual budget.

AUDITEE'S REPOSE

The County Clerk will adopt a procedure to properly track federal awards that are received into Shelby County and report the information on the SEFA schedule. However, to completely implement this procedure, state and federal agencies need to properly identify and communicate that these monies are federal in order for a procedure to be effective.

The Health Center indicated they have not always received information from the state regarding vaccine values and have had to request this information from the state.

Follow-Up on Prior Audit Findings

SHELBY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shelby County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Procedures

- A. Bids were not always solicited, nor was bid documentation always retained for various purchases of used equipment made by the county.
- B. For projects to design the Emergency 911 office and the courthouse basement, the county did not document that at least three engineering firms were considered, had no contract documenting the rights and obligations of each party, and did not provide to the engineering firm estimates of the amount the county was able to spend on the projects.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Consider the amount the county can afford for construction and renovation projects prior to incurring expenditures related to the projects. In addition, the County Commission should enter into written agreements for all services which specify all duties to be performed and the compensation to be paid.

Status:

- A. Partially implemented. Improvements were noted in the county's bidding procedures. For most purchases reviewed, bids were received and bid awards were documented in the commission minutes; however, sole source procurements were not always documented and the county was unable to locate bids received for one purchase. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Implemented.

2. General Fixed Assets Records and Procedures

The county's general fixed asset records were not complete and the county did not have written policies regarding the handling and accounting for general fixed assets. In addition, tags were not affixed to some county property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition all general fixed assets should be tagged or identified as county-owned property.

Status:

Not implemented. See MAR finding number 4.

3. Public Administrator Controls and Procedures

- A. The Public Administrator did not maintain accurate records of transactions related to a promissory note receivable for one of his wards, which resulted in an annual settlement understatement of the receivable balance of approximately \$38,600.
- B. There was no written policy identifying the types of fees to be received by the Public Administrator or transactions which should be considered income. In addition, fees were inconsistently charged on various types of transactions and the calculation of some fees was not provided to the Probate Court.
- C. Investment ledgers were not maintained for the estates that had significant amounts of invested funds and, as a result, some annual settlements did not accurately present investment transactions or balances.
- D. One annual settlement presented multiple bank and CD balances as a total instead of reporting them separately. State law requires a detailed listing of all accounts on the annual settlement.

Recommendation:

The Public Administrator:

- A. Ensure the balance on the promissory note is accurately stated on the annual settlement. In addition, the balance due should be calculated based upon the terms provided in the promissory note.
- B. Work with the Associate Circuit Judge to develop written guidelines that identify receipts or transactions on which fees are to be paid. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Court for approval. In addition, the Associate Circuit Judge should evaluate the inconsistencies noted above and determine if reimbursement of fees is due from the Public Administrator to the estates.
- C. Maintain an investment ledger for estates having invested funds.
- D. Include on annual settlements a detailed listing of all bank accounts in which estate funds are held and their respective balances, as required by state law.

Status:

A, C,
& D. Implemented.

- B. Not implemented. While a written policy has not been established, the Probate Judge's approval is required for all fees. Although not repeated in the current MAR, our recommendation remains as stated above.

4. County Collector Controls and Procedures

- A. Change reports, which reflect changes to tax records, were not generated by the County Collector.
- B. Partial payments received by check were cashed and retained in the County Collector's vault until full payment was received. These payments were not recorded or logged, but were kept in separate envelopes with the taxpayers' names written on the envelopes.
- C. Additions and abatements of property taxes were not approved by the County Commission.

Recommendation:

The County Collector:

- A. And County Commission review the possibility of generating periodic change reports. In addition, the change reports should be reviewed by an independent party and any unusual items investigated.
- B. Record all monies received for partial payments and deposit intact daily. The record of partial payments could be used to identify the reconciled bank balance.
- C. And County Commission ensure addition and abatement court orders be prepared by the Assessor's office, retained by the County Clerk, and periodically reconciled to the property tax books. The County Commission should review and approve all additions and abatements on a timely basis and the County Clerk should make the necessary changes to the tax books.

Status:

A&B. Not implemented. See MAR finding number 5.

- C. Partially implemented. While the County Commission receives for their approval detailed listings of all property tax abatements and outlawed taxes and the total of all additions, these listings are provided only at the end of the tax year. See MAR finding number 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

SHELBY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1835, the county of Shelby was named after Isaac Shelby, a Governor of Kentucky and Revolutionary War soldier. Shelby County is a county-organized, third-class county and is part of the Forty-First Judicial Circuit. The county seat is Shelbyville.

Shelby County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 605 miles of county roads and 70 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 7,826 in 1980 and 6,799 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	47.6	46.4	45.4	43.2	34.9	20.4
Personal property		21.7	21.0	21.1	19.9	10.2	8.4
Railroad and utilities		6.2	6.8	6.7	7.2	7.0	3.4
Total	\$	75.5	74.2	73.2	70.3	52.1	32.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Shelby County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.3000	.3000	.3000	.3000
Special Road and Bridge Fund *		.3500	.3500	.3500	.3500
Health Center Fund		.2500	.2500	.2500	.2500

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
State of Missouri	\$	21,683	21,070	20,775	20,188
General Revenue Fund		219,898	214,028	211,541	205,881
County and special road districts		273,482	265,925	262,557	255,027
Assessment Fund		43,354	42,122	40,653	39,546
Health Center Fund		178,756	173,751	170,768	162,950
School districts		2,707,186	2,621,197	2,531,142	2,336,760
Ambulance district		179,447	174,401	171,910	166,935
Fire protection district		61,726	59,880	59,337	61,567
Nursing home districts		119,280	115,635	114,116	110,902
Surtax		81,813	82,368	75,252	79,860
Drainage district		2,090	1,992	2,151	2,004
Tax Maintenance Fund		6,129	2,774	0	0
Advertising		202	129	133	80
Cities		154,493	154,854	152,704	147,130
County Clerk		826	833	797	805
County Employees' Retirement		20,811	20,323	18,437	18,874
Commissions and fees:					
General Revenue Fund		64,932	62,581	60,246	59,332
Collector		34	31	35	98
Total	\$	4,136,142	4,013,894	3,892,554	3,667,939

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
Real estate		95.6	94.9	95.9	96.0 %
Personal property		92.8	92.3	91.9	93.1
Railroad and utilities		100.0	100.0	100.0	100.0

Shelby County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	none	50	%
General	.0050	none	0	
Emergency 911	.0050	none	0	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Charles R. (Chuck) Wood, Presiding Commissioner		24,440	24,440	24,440	19,585
Maurice Shuck, Associate Commissioner		22,440	22,440	22,440	
James K. Mettes, Associate Commissioner					17,585
Kerry McCarty, Associate Commissioner		22,440	22,440	22,440	
Jerry W. Conrad, Associate Commissioner					17,585
Tracy Smith, County Clerk		34,000			
Denice E. Mefford , County Clerk			34,000	34,000	29,345
James McConnell, Prosecuting Attorney		41,000			
Steven E. Raymond, Prosecuting Attorney			41,000	41,000	34,298
Art Cullifer, Sheriff		39,000	39,000	39,000	34,000
Carole Simpson Burton, County Treasurer		34,000	25,160	25,160	20,252
Ralph Eagan, County Coroner		9,500	9,500	9,500	
Glenn (Pete) Greening, County Coroner					5,500
Howard Platz, Public Administrator (1)		20,000	20,000	25,844	23,388
Tom Daniel, County Collector, year ended February 28 (29), (2)	34,034	34,031	34,035	30,634	
Billy E. Gibson, County Assessor, year ended August 31, (3)		34,900	34,900	34,900	34,900
Harold Crane, County Surveyor (4)					

- (1) Includes fees received from probate cases for 2000. Effective January 1, 2001, the Public Administrator elected to change from a fee basis to a salary basis. 2001 compensation includes \$5,844 fees which pertain to case settlements filed in 2000.
- (2) Includes \$34, \$31, \$35, and \$98, respectively, of commissions earned for collecting drainage districts taxes.
- (3) Includes \$900 annual compensation received from the state.
- (4) Compensation on a fee basis.

State-Paid Officials:

Rosalie (Rose) Shively, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Gary G. Wallace, Associate Circuit Judge	96,000	96,000	96,000	97,382

The Health Center Board in January 2001, organized Shelby County Health Promoters, Inc., a not-for-profit corporation for the purpose of obtaining debt related to the acquisition of land and services for a new health center location and building. In October 2001, the Health Center entered into a \$480,767 lease agreement with Shelby County Health Promoters, Inc., to purchase the land and finance the building of the new health center facility. This agreement was amended in August 2002, to include an increase of \$32,356 to the lease amount due to building changes. At December 31, 2003, the principal balance of the lease was \$404,292. The interest rate is 5.79% and payment of \$69,252 is required annually until 2006, and then payment of \$61,490 is required annually for the remaining five years. If the health center makes the minimum lease payments, the lease will be paid off in 2011.



Claire McCaskill

Missouri State Auditor

March 2005

Office of Governor

Period July 1, 2004 to
January 10, 2005, and
the Two Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following findings were noted as a result of an audit conducted by our office of the Office of Governor.

On January 8, 2001, Bob Holden was inaugurated as the state's fifty-third Governor. His term expired January 10, 2005. On that date, Matt Blunt was inaugurated as the state's fifty-fourth Governor.

The following report of the Office of the Governor reflects audited financial statements dating from July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF GOVERNOR

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden
and
Honorable Matt Blunt, Governor
Jefferson City, MO 65102

We have audited the accompanying Statements of Appropriations and Expenditures of the General Revenue Fund-State of the Office of Governor for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the state's legal budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the appropriations and expenditures of the General Revenue Fund-State of the Office of Governor for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 21, 2005, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 21, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Norma L. Payne
Audit Staff:	Zeb Tharp
	Ali Arabian



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Bob Holden
and
Honorable Matt Blunt, Governor
Jefferson City, MO 65102

We have audited the financial statements of the Office of Governor for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004, and have issued our report thereon dated January 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Governor, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Office of Governor are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Office of Governor and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 21, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
PERIOD JULY 1, 2004 TO JANUARY 10, 2005

		Appropriations	Expenditures	Encumbrances	Uncommitted Appropriations
GENERAL REVENUE FUND-STATE					
National Guard emergency	\$	150,001	116,252	0	33,749
Government Emergency Fund Commission		1	0	0	1
Mansion operating expenses		157,061	79,322	935	76,804
Governor's office		1,869,218	937,105	10,725	921,388
Association dues		150,150	142,950	0	7,200
Total General Revenue Fund-State	\$	2,326,431	1,275,629	11,660	1,039,142

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
National Guard emergency	\$ 4,806	4,805	1
Mansion Preservation Advisory Commission	3,000	0	3,000
Government Emergency Fund Commission	1	0	1
Special audits	50,000	41,969	8,031
Mansion operating expenses	169,070	147,573	21,497
Governor's office	1,824,818	1,698,424	126,394
Association dues	150,150	150,050	100
Total General Revenue Fund-State	\$ 2,201,845	2,042,821	159,024

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

OFFICE OF GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
National Guard emergency	\$ 112,000	96,061	15,939
Mansion Preservation Advisory Commission	3,000	0	3,000
Government Emergency Fund Commission	1	0	1
Special audits	30,000	30,000	0
Mansion operating expenses	181,815	140,561	41,254
Governor's office	2,004,166	1,699,204	304,962
Association dues	150,150	150,050	100
Total General Revenue Fund-State	\$ 2,481,132	2,115,876	365,256

The lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30, 2003
General Revenue Fund-State	
Mansion operating expense	\$ 18,182
Governor's office	188,408
Total	\$ 206,590

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF GOVERNOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Governor's office:					
Salaries and wages	\$ 1,512,081	1,463,525	1,360,435	1,545,926	1,580,997
Travel, in-state	53,789	75,208	76,061	106,019	79,167
Travel, out-of-state	2,680	9,503	10,262	9,918	19,826
Supplies	26,214	48,081	42,979	36,766	31,168
Professional development	2,500	2,995	2,127	2,320	8,746
Communication service and supplies	52,499	49,641	54,414	53,266	45,173
Services:					
Business	0	0	0	50,486	14,286
Professional	26,481	17,195	38,990	12,609	21,627
Maintenance and repair	17,183	16,740	22,289	0	0
Equipment maintenance and repair	0	0	0	25,408	24,702
Transportation maintenance and repair	0	0	0	494	0
Computer equipment	1,462	12,751	444	5,149	21,488
Electronic and photographic equipment	0	0	0	1,272	1,485
Motorized equipment	592	0	0	0	0
Office equipment	814	435	939	108	1,032
Other equipment	0	65	623	0	0
Specific use equipment	0	0	0	0	147
Real property rentals and leases	0	0	65	0	0
Equipment rentals and leases	769	1,699	2,166	0	0
Building and equipment rentals	0	0	0	723	1,558
Relocation costs/employee	0	0	3,480	0	6,982
Agency provided food	1,141	1,266	1,951	2,954	4,956
Miscellaneous expenses	219	100	450	18,364	1,625
Total office expenditures	<u>1,698,424</u>	<u>1,699,204</u>	<u>1,617,675</u>	<u>1,871,782</u>	<u>1,864,965</u>

Schedule 1

OFFICE OF GOVERNOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Mansion operating:					
Salaries and wages	91,279	90,588	91,841	89,284	99,180
Travel, in-state	0	18	0	0	553
Supplies	9,956	8,150	8,002	9,595	11,567
Professional development	0	0	0	755	2,617
Communication service and supplies	5,539	4,656	5,976	3,891	6,862
Services:					
Business	0	0	0	5,460	3,734
Professional	5,393	4,928	4,095	368	1,875
Maintenance and repair	2,898	3,796	1,615	0	0
Equipment maintenance and repair	0	0	0	422	675
Computer equipment	50	0	0	20	0
Motorized equipment	0	0	0	0	1,406
Office equipment	0	0	144	0	1,956
Other equipment	0	0	126	0	0
Specific use equipment	0	0	0	275	362
Equipment rentals and leases	0	0	135	0	0
Building and equipment rentals	0	0	0	36	2,060
Agency provided food	31,995	28,297	28,513	47,712	56,083
Miscellaneous expenses	463	128	320	206	167
Total mansion expenditures	<u>147,573</u>	<u>140,561</u>	<u>140,767</u>	<u>158,024</u>	<u>189,097</u>
National Guard emergency	4,805	96,061	51,520	19,696	14,265
Special audits	41,969	30,000	58,125	8,980	51,225
Association dues	150,050	150,050	144,650	139,450	133,250
Total	<u>\$ 2,042,821</u>	<u>2,115,876</u>	<u>2,012,737</u>	<u>2,197,932</u>	<u>2,252,802</u>

Note: Certain classifications of expenditures changed during the five-year period which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF GOVERNOR
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

	<u>Furniture and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Office:			
Balance, July 1, 2002	\$ 394,706	1,500	396,206
Additions	5,947	0	5,947
Dispositions	0	0	0
Balance, June 30, 2003	<u>400,653</u>	<u>1,500</u>	<u>402,153</u>
Additions	1,058	592	1,650
Dispositions	<u>(77,657)</u>	<u>(1,500)</u>	<u>(79,157)</u>
Balance, June 30, 2004	<u>324,054</u>	<u>592</u>	<u>324,646</u>
Additions	0	0	0
Dispositions	<u>(1,968)</u>	<u>0</u>	<u>(1,968)</u>
Balance, January 10, 2005	<u>322,086</u>	<u>592</u>	<u>322,678</u>
Mansion:			
Balance, July 1, 2002	175,926	0	175,926
Additions	0	0	0
Dispositions	0	0	0
Balance, June 30, 2003	<u>175,926</u>	<u>0</u>	<u>175,926</u>
Additions	500	0	500
Dispositions	<u>(16,022)</u>	<u>0</u>	<u>(16,022)</u>
Balance, June 30, 2004	<u>160,404</u>	<u>0</u>	<u>160,404</u>
Additions	0	0	0
Dispositions	<u>0</u>	<u>0</u>	<u>0</u>
Balance, January 10, 2005	<u>160,404</u>	<u>0</u>	<u>160,404</u>
Total General Capital Assets	\$ <u>482,490</u>	<u>592</u>	<u>483,082</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF GOVERNOR
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for the General Revenue Fund-State of the Office of Governor.

Appropriations, presented in the Exhibits, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Appropriations and Expenditures, Exhibit A, are presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations. For the period ended January 10, 2005, expenditures include amounts payable at January 10, 2005, including payroll earned through December 31, 2004, for all employees, plus the final payroll and accrued annual leave amounts payable to all employees terminating on January 10, 2005. Encumbered amounts are reported as encumbrances.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the General Revenue Fund-State. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office and mansion, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit A.

2. Program Specific

The Office of Governor is appropriated funds to pay for Missouri's share in various national and regional programs. The office makes a lump sum payment annually to the National Governor's Association and the Southern Governor's Association. These payments are for Missouri's share of the expense of program operations.

3. Uncommitted Appropriations—Fiscal Year 2005

The amounts presented as uncommitted appropriations represent appropriations not yet spent or committed at January 10, 2005.

Note to the Supplementary Data:

4. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at January 10, 2005, June 30, 2004, and June 30, 2003 was approximately \$315,000, \$313,800 and \$382,600, respectively.

General capital assets for the mansion are not reported on the SAM II; therefore, are not depreciated. The Office of Administration, Division of Facilities Management purchases capital assets for the mansion in addition to those purchased through the Governor's appropriation. These assets are included on the property records of that division and total over \$10,000 at June 30, 2004.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

OFFICE OF THE GOVERNOR
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Governor, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2002. Although unimplemented recommendations are not repeated, the office should consider implementing those recommendations.

1. Operating Costs from Other Appropriations

- A. Various employees were budgeted to and paid from appropriations of other state agencies. Some individuals were fully paid from appropriations of the Office of Administration (OA), while other individuals were paid partially by other state agencies, with the remainder being paid by the Governor's office. These employees were physically located in and supervised by the Governor's office, and performed duties attendant to programs and functions of the Office of Governor.
- B. The costs of some of the Governor's plane flights were supplemented by appropriations of other state agencies. From January to May, 2001, the Governor's office paid 95 percent of the flight costs, and two other state agencies paid the remaining costs. From June to December 2001, the Governor's office paid 59 percent of the flight costs, and 12 other state agencies either fully paid the costs or split the costs.

Recommendation:

The Office of Governor discontinue the practice of using other state agencies' appropriations to pay operating costs of the office. The Office of Governor should request funding levels sufficient to pay all operating costs of the office from its own appropriations.

Status:

Partially implemented. Effective September 2003, the office discontinued splitting the salaries of employees with other state agencies. However, OA continued to pay the salaries of seven employees in fiscal years 2005 and 2004, and nine employees in fiscal year 2003. The payroll costs paid by OA totaled approximately \$174,000 and \$180,000 in fiscal years 2004 and 2003, respectively. In addition, for the period July 2002 to October 2004, there were 166 flights, costing over \$126,000, taken by the Governor's office. The costs of 5 flights were split with other state agencies. These agencies paid approximately \$3,300 for their share of the flights. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Fixed Assets

- A. Office personnel did not always observe all fixed assets during physical inventories.
- B. An annual statement of changes in fixed assets was not prepared. In addition, a complete list of all additions and dispositions was not maintained, and fixed asset purchases were not reconciled to property additions on a periodic basis.
- C. Fixed asset records did not always include complete descriptions, accurate locations, and model and serial numbers where applicable.
- D. A physical inventory of the mansion's fixed assets was not conducted since December 2000.

Recommendations:

The Office of Governor:

- A. Observe all fixed assets during the annual physical inventory and investigate significant discrepancies between the fixed asset records and the physical inventory.
- B. Prepare an annual statement of changes in fixed assets and account for all acquisitions and dispositions. In addition, fixed asset purchases should be reconciled to the fixed asset records on a periodic basis.
- C. Record accurate and complete descriptions of assets on the property records.
- D. Require annual inventory be conducted for the mansion's fixed assets, and reconciled to the property records. In addition, documentation of the physical inventories should be retained to show compliance with state regulations.

Status:

Implemented.

3. Mansion Expenditures

The mansion's calendar of events and other documentation did not include sufficient information to determine the purpose or the source of funding for the various functions.

Recommendation:

The Office of Governor ensure that a complete record of all mansion functions is maintained, including the purpose and funding of each function, to provide accountability and assurance that taxpayer monies are spent appropriately.

Status:

Partially implemented. Currently, the purpose and source of funding for each mansion function is recorded on the mansion's electronic calendar of events. However, the total cost is not accumulated for each event. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF GOVERNOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The supreme executive power of the state is vested in the governor. Unless otherwise provided by law, he appoints members of all boards, commissions, and state government department heads as well as those of several other entities in the state and all vacancies in public offices. He commissions all officers of the state unless otherwise provided by law. Through his capacity as commander-in-chief of the militia, he is the conservator of peace throughout the state.

Providing the state's principal financial administration, the governor presents to the General Assembly a proposed budget for each appropriation period, passes approval on appropriation bills presented to him by the General Assembly, and subsequent to the passage of such bills, may control the rate at which appropriations are expended. He may reduce the appropriations when actual revenues are below the estimated revenues upon which the appropriations were based.

All bills passed by both houses are presented to and considered by the governor where they are signed into law or disapproved and returned to the originating house.

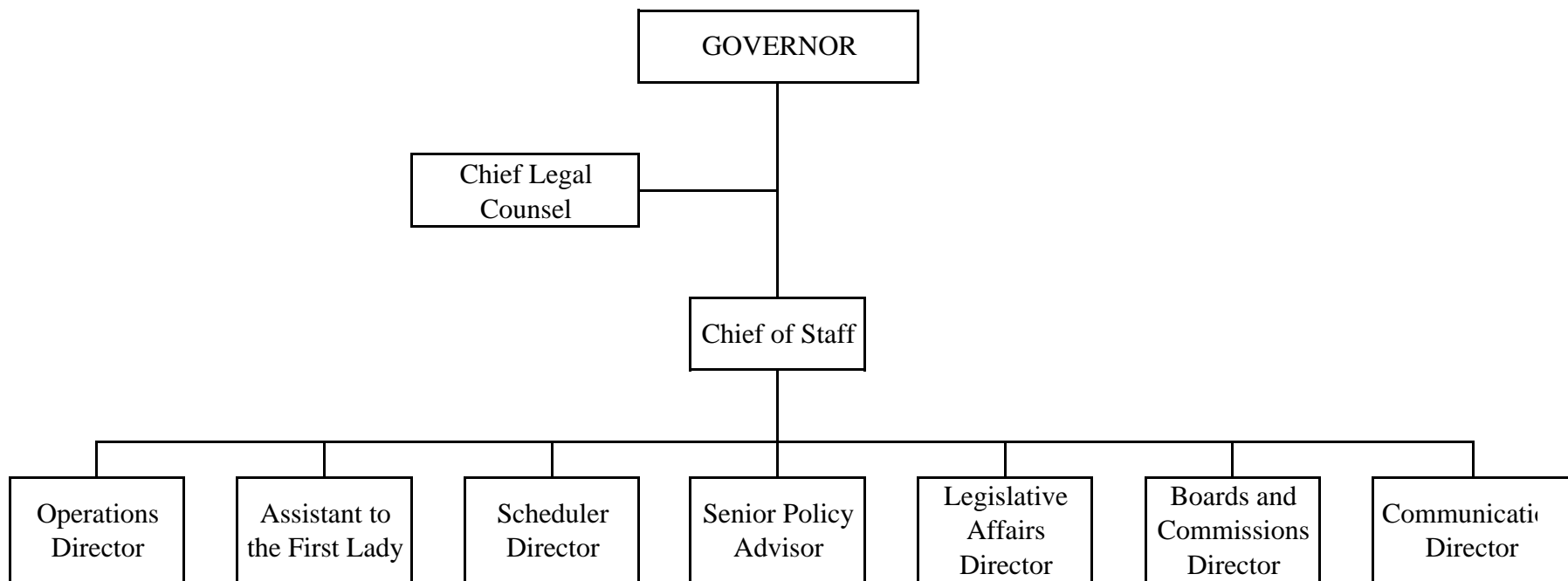
In addition to the duties which are specifically assigned to the governor in the constitution, he has many other duties assigned to him by statute and by custom. The governor is also a member of the Board of Public Buildings and the State Board of Fund Commissioners.

The governor is required to be at least thirty years of age and must have been a citizen of the United States for at least fifteen years and a resident of this state at least ten years prior to election. The governor is elected at the presidential election for a four year term and is subject to re-election. No person may hold the office for more than two terms.

On January 8, 2001, Bob Holden was inaugurated as the state's fifty-third governor. His term expired on January 10, 2005. On that date, Matt Blunt was inaugurated as the state's fifty-fourth Governor.

At January 10, 2005, the office employed twenty-six personnel. An organization chart for the office follows.

OFFICE OF GOVERNOR
ORGANIZATION CHART
JANUARY 10, 2005





Claire McCaskill

Missouri State Auditor

March 2005

REVENUE

Division of Taxation and Collection

Sales and Use Tax

Two Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following areas of concern were discovered as a result of an audit conducted by our office of the Department of Revenue, Division of Taxation and Collection, Sales and Use Tax.

- The Department of Revenue (DOR) does not track information regarding all 117 sales and use tax exemptions currently provided by state law and, as a result, cannot determine the effects on state revenue related to each of the exemptions. DOR records indicate adjustments to gross sales receipts totaling approximately \$120 billion and \$110 billion in fiscal years 2004 and 2003, respectively. Detailed information of what is included in the adjustments total reported on the sales and use tax returns is not required. In addition, according to DOR personnel, only taxable sales are reported on some sales and use tax returns and gross sales receipt or adjustment amounts are not included. Because exemption information is not reported and tracked for most exemptions, the cost in terms of reduced state sales and use tax revenue for each exemption cannot be determined, which reduces the general assembly's ability to make informed decisions regarding the propriety of current and possible future exemptions.

This concern was noted in the prior report. The DOR agreed that tracking exemptions is a laudable goal; however, disagreed with the recommendation stating the cost of implementation would outweigh the benefit derived and would substantially increase the complexity of the forms.

- State law does not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a windfall for the vendor. During fiscal years 2004 and 2003, the DOR disbursed sales and use tax refunds, including interest, of approximately \$60 million and \$61 million, respectively. In addition to refunds, an undetermined amount of credits were applied to under payments of taxes. It should be noted that some refunds are the result of errors, quarter-monthly filer estimates or other circumstances in which sales and use taxes were not collected from a purchaser, and as a result, should be retained by the vendor.

We addressed this issue in previous reports and the DOR agreed with the recommendation to support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser; however, such legislation has not been successful.

(over)

YELLOW SHEET

- The state's General Revenue Fund – State (GRF-S) does not receive reimbursement from local funds for their proportionate share of interest paid on refunds of sales and use taxes. Based upon the percentage of distributions to state and local funds to total distributions to local funds, interest payments of approximately \$2.9 and \$3 million should have been allocated to local funds during the years ended June 30, 2004 and 2003, respectively, and is due to the GRF-S from local funds.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

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B-1	June 30, 200410
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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Matt Blunt, Governor
and
Trish Vincent, Director
Department of Revenue
and
Stan Farmer, Director
Division of Taxation and Collection
Jefferson City MO, 65102

We have audited the accompanying Combined Statements of Receipts and Distributions – State Funds; Combined Statements of Receipts, Distributions, and Changes in Cash and Investments – Local Funds; and Combined Statements of Additions, Deductions, and Changes in Cash and Investments – Custodial Accounts of the various funds of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts of and disbursements to the various state funds; the receipts, and distributions, and changes in cash and investments of the various local funds; and the additions and deductions, and changes in cash and investments of the various custodial accounts as of and for the years ended June 30, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 12, 2004, on our consideration of the agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

November 12, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	Kelly Petree, CPA
	Lamine Bah
	Matt Ericson



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Matt Blunt, Governor
and
Trish Vincent, Director
Department of Revenue
and
Stan Farmer, Director
Division of Taxation and Collection
Jefferson City, MO 65102

We have audited the financial statements of the sales and use tax collections of the Department of Revenue, Division of Taxation as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated November 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Department of Revenue, Division of Taxation and Collection are free of material misstatement, we performed tests of the agency's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection, we considered the agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on

the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Department of Revenue, Division of Taxation and Collection and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 12, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED STATEMENT OF RECEIPTS AND DISTRIBUTIONS - STATE FUNDS
 YEAR ENDED JUNE 30, 2004

	General Revenue Fund - State	Aviation Trust Fund	Conservation Commission Fund	Department of Revenue Information Fund	Highway Department Fund	Parks Sales Tax Fund	School District Trust Fund	Soil and Water Sales Tax Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
RECEIPTS											
Highway use tax	\$ 0	0	1,815,332	0	44,550,949	724,188	0	724,190	10,895,061	0	58,709,720
Marine and ATV sales and use tax	8,758,543	0	361,041	0	0	144,424	2,892,140	144,426	0	0	12,300,574
Motor vehicle sales tax	119,276,896	0	9,712,610	48,640	0	3,884,983	38,838,407	3,884,985	114,961,685	1,553,537	292,161,743
Sales and use tax	1,766,233,072	2,235,389	81,599,156	859	0	32,638,375	649,980,643	32,638,376	8,303,454	112,210	2,573,741,534
Total Receipts	<u>1,894,268,511</u>	<u>2,235,389</u>	<u>93,488,139</u>	<u>49,499</u>	<u>44,550,949</u>	<u>37,391,970</u>	<u>691,711,190</u>	<u>37,391,977</u>	<u>134,160,200</u>	<u>1,665,747</u>	<u>2,936,913,571</u>
DISTRIBUTIONS											
Transmitted to State Treasurer	1,894,268,511	2,235,389	93,488,139	49,499	44,550,949	37,391,970	691,711,190	37,391,977	134,160,200	1,665,747	2,936,913,571
Total Distributions	<u>1,894,268,511</u>	<u>2,235,389</u>	<u>93,488,139</u>	<u>49,499</u>	<u>44,550,949</u>	<u>37,391,970</u>	<u>691,711,190</u>	<u>37,391,977</u>	<u>134,160,200</u>	<u>1,665,747</u>	<u>2,936,913,571</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF RECEIPTS AND DISTRIBUTIONS - STATE FUNDS
YEAR ENDED JUNE 30, 2003

	General Revenue Fund - State	Aviation Trust Fund	Conservation Commission Fund	Department of Revenue Information Fund	Highway Department Fund	Parks Sales Tax Fund	School District Trust Fund	Schools of the Future Fund	Soil and Water Sales Tax Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
RECEIPTS												
Highway use tax	\$ 0	0	1,665,318	0	40,835,868	666,131	0	0	666,132	9,991,807	0	53,825,256
Marine and ATV sales and use tax	8,052,335	0	333,165	0	0	133,266	2,656,691	33,119	133,267	0	0	11,341,843
Motor vehicle sales tax	115,496,957	0	9,434,307	42,411	0	3,773,761	37,602,208	523,764	3,773,762	111,690,119	1,509,326	283,846,615
Sales and use tax	<u>1,673,793,932</u>	<u>3,197,590</u>	<u>78,422,538</u>	<u>1,266</u>	<u>0</u>	<u>31,366,704</u>	<u>620,224,354</u>	<u>15,624,884</u>	<u>31,366,704</u>	<u>9,537,147</u>	<u>128,880</u>	<u>2,463,663,999</u>
Total Receipts	<u>1,797,343,224</u>	<u>3,197,590</u>	<u>89,855,328</u>	<u>43,677</u>	<u>40,835,868</u>	<u>35,939,862</u>	<u>660,483,253</u>	<u>16,181,767</u>	<u>35,939,865</u>	<u>131,219,073</u>	<u>1,638,206</u>	<u>2,812,677,713</u>
DISTRIBUTIONS												
Transmitted to State Treasurer	<u>1,797,343,224</u>	<u>3,197,590</u>	<u>89,855,328</u>	<u>43,677</u>	<u>40,835,868</u>	<u>35,939,862</u>	<u>660,483,253</u>	<u>16,181,767</u>	<u>35,939,865</u>	<u>131,219,073</u>	<u>1,638,206</u>	<u>2,812,677,713</u>
Total Distributions	<u>1,797,343,224</u>	<u>3,197,590</u>	<u>89,855,328</u>	<u>43,677</u>	<u>40,835,868</u>	<u>35,939,862</u>	<u>660,483,253</u>	<u>16,181,767</u>	<u>35,939,865</u>	<u>131,219,073</u>	<u>1,638,206</u>	<u>2,812,677,713</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS \$	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

COMBINED STATEMENT OF RECEIPTS, DISTRIBUTIONS, AND CHANGES IN CASH AND INVESTMENTS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2004

	Local Fuel Tax Trust Fund	Local Sales Tax Trust Fund	Local Use Tax Trust Fund	Local Option Use Tax Trust Fund	Total (Memorandum Only)
RECEIPTS					
Motor vehicle sales tax, use tax, and fees	\$ 70,375,379	0	0	0	70,375,379
Sales tax	0	1,563,986,229	0	0	1,563,986,229
Use tax	0	0	(5,088)	74,146,495	74,141,407
Interest income	39,203	581,478	1,036	20,095	641,812
Transfers in	194,845,922	204,443,045	0	8,852	399,297,819
Total Receipts	<u>265,260,504</u>	<u>1,769,010,752</u>	<u>(4,052)</u>	<u>74,175,442</u>	<u>2,108,442,646</u>
DISTRIBUTIONS					
Political subdivisions	265,449,339	1,741,773,507	0	72,826,340	2,080,049,186
General Revenue Fund - State	0	17,593,353	0	735,620	18,328,973
Total Distributions	<u>265,449,339</u>	<u>1,759,366,860</u>	<u>0</u>	<u>73,561,960</u>	<u>2,098,378,159</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	(188,835)	9,643,892	(4,052)	613,482	10,064,487
CASH AND INVESTMENTS, JULY 1	6,505,999	141,226,619	154,783	3,973,887	151,861,288
CASH AND INVESTMENTS, JUNE 30	<u>\$ 6,317,164</u>	<u>150,870,511</u>	<u>150,731</u>	<u>4,587,369</u>	<u>161,925,775</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

COMBINED STATEMENT OF RECEIPTS, DISTRIBUTIONS, AND CHANGES IN CASH AND INVESTMENTS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	Local Fuel Tax Trust Fund	Local Sales Tax Trust Fund	Local Use Tax Trust Fund	Local Option Use Tax Trust Fund	Total (Memorandum Only)
RECEIPTS					
Motor vehicle sales tax, use tax, and fees	\$ 67,478,883	0	0	0	67,478,883
Sales tax	0	1,474,160,751	0	0	1,474,160,751
Use tax	0	0	(23,085)	67,307,774	67,284,689
Interest income	81,527	975,882	1,923	34,473	1,093,805
Transfers in	187,998,023	196,473,786	0	10,882	384,482,691
Total Receipts	<u>255,558,433</u>	<u>1,671,610,419</u>	<u>(21,162)</u>	<u>67,353,129</u>	<u>1,994,500,819</u>
DISTRIBUTIONS					
Political subdivisions	255,190,913	1,657,518,647	0	66,867,518	1,979,577,078
General Revenue Fund - State	44,096	16,741,656	0	675,429	17,461,181
Total Distributions	<u>255,235,009</u>	<u>1,674,260,303</u>	<u>0</u>	<u>67,542,947</u>	<u>1,997,038,259</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	323,424	(2,649,884)	(21,162)	(189,818)	(2,537,440)
CASH AND INVESTMENTS, JULY 1	<u>6,182,575</u>	<u>143,876,503</u>	<u>175,945</u>	<u>4,163,705</u>	<u>154,398,728</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 6,505,999</u>	<u>141,226,619</u>	<u>154,783</u>	<u>3,973,887</u>	<u>151,861,288</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS - CUSTODIAL ACCOUNTS
YEAR ENDED JUNE 30, 2004

	Cabaret Sales Tax Account (2)	Compliance Clearing Account (2)	Motor Vehicle Clearing Account (2)	Motor Vehicle Protest Account (2)	Protested Sales Tax General Revenue Account (1)	Protested Sales Tax Miscellaneous Account (2)	Sales Tax Bond Account (1)	Sales Tax Electronic Filing Holding Account (2)	St. Louis Special Escrow Account (2)	Suspense Holding (Sales Tax) Account (2)	Total (Memorandum Only)
ADDITIONS											
Miscellaneous tax collections	\$ 45,789	31,354,405	842,574,401	0	0	0	0	682,531,429	724	1,078,805,058	2,635,311,806
Protested tax collections	0	0	0	5,339	6,034,772	3,225,847	0	0	0	0	9,265,958
Bond collections	0	0	0	0	0	0	6,631,305	0	0	0	6,631,305
Interest	10	62,491	(222)	37	43,390	32,366	0	22,624	642	(8,907)	152,431
Total Additions	<u>45,799</u>	<u>31,416,896</u>	<u>842,574,179</u>	<u>5,376</u>	<u>6,078,162</u>	<u>3,258,213</u>	<u>6,631,305</u>	<u>682,554,053</u>	<u>1,366</u>	<u>1,078,796,151</u>	<u>2,651,361,500</u>
DEDUCTIONS											
Miscellaneous taxes and interest	46,071	33,022,915	839,768,205	0	0	0	0	679,418,844	0	1,085,144,023	2,637,400,058
Protested taxes and interest	0	0	0	1,911	2,044,750	2,364,476	0	0	0	0	4,411,137
Bonds and interest	0	0	0	0	0	0	3,559,618	0	0	0	3,559,618
Total Deductions	<u>46,071</u>	<u>33,022,915</u>	<u>839,768,205</u>	<u>1,911</u>	<u>2,044,750</u>	<u>2,364,476</u>	<u>3,559,618</u>	<u>679,418,844</u>	<u>0</u>	<u>1,085,144,023</u>	<u>2,645,370,813</u>
ADDITIONS OVER (UNDER) DEDUCTIONS	(272)	(1,606,019)	2,805,974	3,465	4,033,412	893,737	3,071,687	3,135,209	1,366	(6,347,872)	5,990,687
CASH AND INVESTMENTS, JULY 1	<u>3,865</u>	<u>5,344,713</u>	<u>4,880,267</u>	<u>7,000</u>	<u>4,109,671</u>	<u>4,459,339</u>	<u>34,178,914</u>	<u>4,433</u>	<u>99,330</u>	<u>7,716,521</u>	<u>60,804,053</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 3,593</u>	<u>3,738,694</u>	<u>7,686,241</u>	<u>10,465</u>	<u>8,143,083</u>	<u>5,353,076</u>	<u>37,250,601</u>	<u>3,139,642</u>	<u>100,696</u>	<u>1,368,649</u>	<u>66,794,740</u>

FOOTNOTES:

- (1) Held by the state treasurer in trust.
(2) Held by the department in trust.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS - CUSTODIAL ACCOUNTS
YEAR ENDED JUNE 30, 2003

	Cabaret Sales Tax Account (2)	Compliance Clearing Account (2)	Motor Vehicle Clearing Account (2)	Motor Vehicle Protest Account (2)	Protested Sales Tax General Revenue Account (1)	Protested Sales Tax Miscellaneous Account (2)	Sales Tax Bond Account (1)	Sales Tax Electronic Filing Holding Account (2)	St. Louis Special Escrow Account (2)	Suspense Holding (Sales Tax) Account (2)	Total (Memorandum Only)
ADDITIONS											
Miscellaneous tax collections	\$ 26,501	26,488,267	813,748,684	0	0	0	0	60,657	4,612	1,053,813,370	1,894,142,091
Protested tax collections	0	0	0	6,448	304,293	348,391	0	0	0	0	659,132
Bond collections	0	0	0	0	0	0	5,595,871	0	0	0	5,595,871
Interest	3	112,638	6,919	8	99,427	57,068	0	3	1,043	28,367	305,476
Total Additions	<u>26,504</u>	<u>26,600,905</u>	<u>813,755,603</u>	<u>6,456</u>	<u>403,720</u>	<u>405,459</u>	<u>5,595,871</u>	<u>60,660</u>	<u>5,655</u>	<u>1,053,841,737</u>	<u>1,900,702,570</u>
DEDUCTIONS											
Miscellaneous taxes and interest	22,822	28,561,241	811,167,729	0	0	0	0	56,258	3,850	1,047,821,380	1,887,633,280
Protested taxes and interest	0	0	0	0	199,720	130,429	0	0	0	0	330,149
Bonds and interest	0	0	0	0	0	0	3,461,949	0	0	0	3,461,949
Total Deductions	<u>22,822</u>	<u>28,561,241</u>	<u>811,167,729</u>	<u>0</u>	<u>199,720</u>	<u>130,429</u>	<u>3,461,949</u>	<u>56,258</u>	<u>3,850</u>	<u>1,047,821,380</u>	<u>1,891,425,378</u>
ADDITIONS OVER (UNDER) DEDUCTIONS	3,682	(1,960,336)	2,587,874	6,456	204,000	275,030	2,133,922	4,402	1,805	6,020,357	9,277,192
CASH AND INVESTMENTS, JULY 1	183	7,305,049	2,292,393	544	3,905,671	4,184,309	32,044,992	31	97,525	1,696,164	51,526,861
CASH AND INVESTMENTS, JUNE 30	<u>\$ 3,865</u>	<u>5,344,713</u>	<u>4,880,267</u>	<u>7,000</u>	<u>4,109,671</u>	<u>4,459,339</u>	<u>34,178,914</u>	<u>4,433</u>	<u>99,330</u>	<u>7,716,521</u>	<u>60,804,053</u>

FOOTNOTES:

- (1) Held by the state treasurer in trust.
(2) Held by the department in trust.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1-A

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2004

		City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:										
Adrian	\$	137,614	77,683	47,878	0	0	0	0	0	263,175
Advance		153,105	148,829	0	18,164	0	0	0	0	320,098
Airport Drive		164,107	79,872	0	0	0	0	0	0	243,979
Alba		12,370	0	0	0	0	0	0	0	12,370
Albany		141,602	70,751	0	0	0	0	0	0	212,353
Alexandria		11,009	0	0	0	0	0	0	0	11,009
Allendale		4,712	0	0	0	0	0	0	0	4,712
Alton		98,606	95,225	0	0	0	0	0	0	193,831
Amsterdam		12,853	0	0	0	0	0	0	0	12,853
Anderson		174,513	0	81,319	0	0	0	0	0	255,832
Annapolis		18,308	9,154	9,154	0	0	0	0	0	36,616
Appleton City		147,827	22,325	0	0	0	0	0	0	170,152
Arbyrd		29,774	0	0	0	0	0	0	0	29,774
Arcadia		63,601	0	0	0	0	0	0	0	63,601
Archie		44,992	0	9,335	0	0	0	0	0	54,327
Argyle		7,531	0	0	0	0	0	0	0	7,531
Arnold		4,071,301	1,007,806	0	0	0	0	0	0	5,079,107
Arrow Rock		14,769	3,692	0	0	0	0	0	0	18,461
Asbury		19,688	0	0	0	0	0	0	0	19,688
Ash Grove		121,699	55,961	0	7,887	0	0	0	0	185,547

Schedule 1-A

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Ashland	221,781	102,867	0	0	0	0	0	0	324,648
Atlanta	18,159	0	0	0	0	0	0	0	18,159
Augusta	47,796	23,894	0	0	0	0	0	0	71,690
Aurora	901,893	36,771	429,408	0	0	0	0	0	1,368,072
Auxvasse	60,690	0	27,530	0	0	0	0	0	88,220
Ava	256,146	511,085	0	61,591	0	0	0	0	828,822
Avondale	16,278	0	0	0	0	0	0	0	16,278
Bagnell	9,651	0	0	0	0	0	0	0	9,651
Bakersfield	11,640	0	0	0	0	0	0	0	11,640
Ballwin	0	3,432,492	0	0	0	0	0	0	3,432,492
Bates City	64,777	32,389	0	12,414	0	0	0	0	109,580
Battlefield	53,785	0	44,275	0	0	0	0	0	98,060
Bel-Nor	0	90,036	0	10,438	0	0	0	0	100,474
Bel-Ridge	0	218,280	0	0	0	0	0	0	218,280
Bella Villa	0	38,708	0	4,487	0	0	0	0	43,195
Bellefontaine Neighbors	0	624,731	0	0	0	0	0	0	624,731
Bell City	12,070	0	0	0	0	0	0	0	12,070
Belle	119,973	59,790	54,220	0	0	0	0	0	233,983
Bellflower	12,664	5,126	5,126	0	0	0	0	0	22,916
Belton	2,250,639	2,250,336	1,125,320	0	0	0	0	0	5,626,295
Benton	47,833	0	0	0	0	0	0	0	47,833
Berger	4,105	0	0	0	0	0	0	0	4,105
Berkeley	0	584,792	0	0	0	0	0	0	584,792
Bernie	95,863	47,932	0	0	0	0	0	0	143,795
Bethany	529,311	275,915	0	0	0	0	0	0	805,226
Beverly Hills	0	57,961	0	0	0	0	0	0	57,961
Bevier	46,412	0	18,487	0	0	0	0	0	64,899
Biehle	4,679	0	0	0	0	0	0	0	4,679
Billings	61,301	0	0	0	0	0	0	0	61,301
Birch Tree	48,028	18,261	22,794	0	0	0	0	0	89,083
Birmingham	9,120	0	0	0	0	0	0	0	9,120
Bismarck	89,144	0	39,713	0	0	0	0	0	128,857
Black Jack	0	382,682	0	44,364	0	0	0	0	427,046

Schedule 1-A

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Blackburn	5,942	0	0	0	0	0	0	0	5,942
Blackwater	9,149	4,574	0	0	0	0	0	0	13,723
Blairstown	7,214	0	0	0	0	0	0	0	7,214
Bland	27,682	25,363	0	0	0	0	0	0	53,045
Bloomfield	108,056	13,968	0	22,015	0	0	0	0	144,039
Bloomsdale	73,919	0	0	0	0	0	0	0	73,919
Blue Springs	6,015,068	0	2,839,479	0	0	0	0	0	8,854,547
Bolivar	1,609,889	804,895	774,138	0	0	0	0	0	3,188,922
Bonne Terre	390,776	184,978	184,987	0	0	0	0	0	760,741
Boonville	875,323	413,931	0	0	0	0	0	0	1,289,254
Bourbon	155,119	0	74,451	0	0	0	0	0	229,570
Bowling Green	434,927	99,664	199,392	0	0	0	0	0	733,983
Branson	8,228,527	0	4,091,377	0	0	0	0	0	12,319,904
Branson West	744,794	372,397	372,299	0	0	0	0	0	1,489,490
Braymer	56,528	0	0	0	0	0	0	0	56,528
Breckenridge Hills	0	176,638	0	31,464	0	0	0	0	208,102
Breckenridge	11,485	0	0	0	0	0	0	0	11,485
Brentwood	0	5,272,138	0	0	0	0	0	0	5,272,138
Bridgeton	0	3,503,448	0	0	0	0	0	0	3,503,448
Brookfield	690,196	172,235	326,816	57,799	0	0	0	0	1,247,046
Brookline Station	16,886	0	0	0	0	0	0	0	16,886
Browning	10,796	0	0	1,206	0	0	0	0	12,002
Brumley	7,197	0	0	0	0	0	0	0	7,197
Brunswick	110,588	0	3	0	0	0	0	0	110,591
Bucklin	30,222	0	0	5,891	0	0	0	0	36,113
Buckner	175,017	87,494	0	14,880	0	0	0	0	277,391
Buffalo	644,000	0	303,038	0	0	0	0	0	947,038
Bull Creek Village	8,067	0	0	0	0	0	0	0	8,067
Bunker	16,767	0	0	0	0	0	0	0	16,767
Butler	580,431	289,864	290,488	0	0	0	0	0	1,160,783
Bynes Mill	111,485	0	0	0	0	0	0	0	111,485
Cabool	285,703	141,159	0	0	0	0	0	0	426,862
Caledonia	13,115	0	0	0	0	0	0	0	13,115

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Calhoun	8,983	3,136	0	0	0	0	0	0	12,119
California	432,763	0	0	0	0	0	0	0	432,763
Callao	6,192	0	0	0	0	0	0	0	6,192
Calverton Park	0	74,485	0	0	0	0	0	0	74,485
Camdenton	1,142,831	571,366	558,482	0	0	0	0	0	2,272,679
Cameron	1,220,658	610,318	0	0	0	0	0	0	1,830,976
Campbell	118,062	0	0	0	0	0	0	0	118,062
Canton	180,738	67,777	0	0	0	0	0	0	248,515
Cape Girardeau	7,944,597	3,970,813	3,862,871	0	0	0	0	0	15,778,281
Cardwell	14,494	0	0	0	0	0	0	0	14,494
Carl Junction	234,602	0	96,715	0	0	0	0	0	331,317
Carrollton	365,550	0	182,756	0	0	0	0	0	548,306
Cartersville	63,613	31,807	25,258	10,513	0	0	0	0	131,191
Carthage	1,740,399	830,670	830,698	0	0	0	0	0	3,401,767
Caruthersville	474,505	237,252	0	0	0	0	0	0	711,757
Cassville	554,425	553,428	0	0	0	0	0	0	1,107,853
Center	43,883	0	0	0	0	0	0	0	43,883
Centertown	28,500	0	0	0	0	0	0	0	28,500
Centerville	10,158	0	0	0	0	0	0	0	10,158
Centralia	309,666	154,693	154,660	0	0	0	0	0	619,019
Chaffee	152,695	76,348	0	0	0	0	0	0	229,043
Chamais	23,241	0	0	0	0	0	0	0	23,241
Charlack	0	80,627	0	0	0	0	0	0	80,627
Charleston	436,559	0	205,721	0	0	0	0	0	642,280
Chesterfield	0	4,895,592	0	0	0	0	0	0	4,895,592
Chilhowee	14,751	0	0	0	0	0	0	0	14,751
Chillicothe	1,378,761	840,587	653,791	0	0	0	0	0	2,873,139
Clarence	67,326	0	0	0	0	0	0	0	67,326
Clarksburg	6,591	0	0	0	0	0	0	0	6,591
Clarksville	33,577	0	0	0	0	0	0	0	33,577
Clarkton	52,372	0	0	0	0	0	0	0	52,372
Claycomo	0	6,544	0	0	0	0	0	0	6,544
Clayton	0	2,535,923	0	0	0	0	0	0	2,535,923
Cleveland	37,950	0	0	0	0	0	0	0	37,950

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Clever	52,814	26,418	0	0	0	0	0	0	79,232
Climax Springs	2,546	0	0	0	0	0	0	0	2,546
Clinton	1,657,107	1,223,581	790,159	210,701	0	0	0	0	3,881,548
Cole Camp	96,647	0	40,098	0	0	0	0	0	136,745
Collins	48,063	0	0	1,928	0	0	0	0	49,991
Columbia	16,737,281	8,089,041	8,091,755	0	0	0	0	0	32,918,077
Cool Valley	0	74,599	0	0	0	0	0	0	74,599
Concordia	296,235	288,022	69,807	0	0	0	0	0	654,064
Conway	62,897	31,449	0	0	0	0	0	0	94,346
Corder	8,567	4,283	0	6,217	0	0	0	0	19,067
Cottleville	286,802	0	0	0	0	0	0	0	286,802
Country Club Hills	0	77,810	0	0	0	0	0	0	77,810
Country Club Village	32,323	0	0	0	0	0	0	0	32,323
Craig	15,412	0	0	0	0	0	0	0	15,412
Crane	117,839	0	55,267	20,394	0	0	0	0	193,500
Creighton	17,607	0	0	0	0	0	0	0	17,607
Crestwood	0	3,861,497	0	0	0	0	0	0	3,861,497
Creve Coeur	0	1,924,724	0	0	0	0	0	0	1,924,724
Crocker	106,492	0	46,966	0	0	0	0	0	153,458
Crystal City	774,763	371,076	0	0	0	0	0	0	1,145,839
Crystal Lake	5,358	0	0	0	0	0	0	0	5,358
Crystal Lake Park	0	25,749	0	0	0	0	0	0	25,749
Cuba	587,271	0	293,591	0	0	0	0	0	880,862
Curryville	6,371	0	0	0	0	0	0	0	6,371
Dardenne Prairie	0	116,732	0	0	0	0	0	0	116,732
De Soto	827,914	396,647	0	0	0	0	0	0	1,224,561
Dearborn	26,655	0	0	0	0	0	0	0	26,655
Deepwater	12,152	0	0	0	0	0	0	0	12,152
Dellwood	0	493,163	0	0	0	0	0	0	493,163
Delta	26,794	11,995	0	0	0	0	0	0	38,789
Des Peres	0	4,944,789	0	207,238	0	0	0	0	5,152,027
Desloge	847,484	407,760	407,760	0	0	0	0	0	1,663,004
Dexter	1,091,782	1,182,046	0	0	0	0	0	0	2,273,828

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 YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Diamond	37,597	0	1,260	0	0	0	0	0	38,857
Diggins	17,307	0	0	0	0	0	0	0	17,307
Dixon	139,479	0	62,769	0	0	0	0	0	202,248
Doniphan	401,614	0	189,284	0	0	0	0	0	590,898
Doolittle	32,579	0	0	0	0	0	0	0	32,579
Drexel	90,229	45,115	0	0	0	0	0	0	135,344
Dudley	41,920	0	0	0	0	0	0	0	41,920
Duenweg	76,529	38,255	0	0	0	0	0	0	114,784
Duquesne	261,467	0	0	0	0	0	0	0	261,467
Dutchtown	9,090	0	0	0	0	0	0	0	9,090
Eagleville	77,334	48,334	19,334	0	0	0	0	0	145,002
East Lynne	8,624	4,312	0	0	0	0	0	0	12,936
East Prairie	218,818	96,371	0	0	0	0	0	0	315,189
Easton	7,064	0	0	0	0	0	0	0	7,064
Edgar Springs	17,435	0	0	0	0	0	0	0	17,435
Edgerton	23,398	0	0	0	0	0	0	0	23,398
Edina	128,653	0	0	0	0	0	0	0	128,653
Edmundson	0	337,018	0	5,957	0	0	0	0	342,975
El Dorado Springs	414,076	323,507	0	0	0	0	0	0	737,583
Eldon	806,838	489,241	299,103	0	0	0	0	0	1,595,182
Ellington	254,746	66,611	0	0	0	0	0	0	321,357
Ellisville	0	1,551,226	0	0	0	0	0	0	1,551,226
Ellsinore	37,049	17,810	0	0	0	0	0	0	54,859
Elsberry	160,902	0	70,488	8,099	0	0	0	0	239,489
Eminence	70,917	34,137	34,037	0	0	0	0	0	139,091
Emma	11,752	0	0	0	0	0	0	0	11,752
Eolia	25,354	0	0	0	0	0	0	0	25,354
Essex	15,003	0	0	50	0	0	0	0	15,053
Eureka	0	2,067,464	0	0	0	0	0	0	2,067,464
Everton	14,170	0	0	0	0	0	0	0	14,170
Ewing	24,252	0	0	0	0	0	0	0	24,252
Excelsior Springs	1,300,738	651,977	616,810	130,276	0	0	0	0	2,699,801
Exeter	19,733	0	0	0	0	0	0	0	19,733

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COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Fair Grove	112,554	56,287	56,287	0	0	0	0	0	225,128
Fair Play	10,491	10,471	10,470	0	0	0	0	0	31,432
Fairfax	36,688	0	0	0	0	0	0	0	36,688
Fairview	10,901	0	0	0	0	0	0	0	10,901
Farber	12,227	0	0	0	0	0	0	0	12,227
Farmington	2,906,067	1,452,658	0	0	0	0	0	0	4,358,725
Fayette	192,530	21,650	0	0	0	0	0	0	214,180
Fenton	0	3,365,538	0	0	0	0	0	0	3,365,538
Ferguson	0	1,376,447	0	0	0	0	0	0	1,376,447
Ferrelview	17,050	0	0	0	0	0	0	0	17,050
Festus	2,630,861	642,853	1,285,433	0	0	0	0	0	4,559,147
Fisk	28,199	12,992	0	0	0	0	0	0	41,191
Flat River	3	0	2	0	0	0	0	0	5
Flint Hill	95,772	0	0	0	0	0	0	0	95,772
Flordell Hills	0	52,455	0	6,081	0	0	0	0	58,536
Florissant	0	4,553,216	0	0	0	0	0	0	4,553,216
Foley	14,739	0	0	0	0	0	0	0	14,739
Fordland	39,605	0	0	0	0	0	0	0	39,605
Forest City	10,776	0	0	0	0	0	0	0	10,776
Foristell	169,223	84,611	0	25,575	0	0	0	0	279,409
Forsyth	273,933	266,159	0	0	0	0	0	0	540,092
Frankford	8,848	0	0	0	0	0	0	0	8,848
Franklin	5,521	2,761	2,761	0	0	0	0	0	11,043
Fredericktown	476,103	0	224,023	0	0	0	0	0	700,126
Freeburg	132,588	33,147	0	0	0	0	0	0	165,735
Freeman	36,840	0	0	0	0	0	0	0	36,840
Fremont Hills	30,189	0	0	2,266	0	0	0	0	32,455
Frontenac	0	1,170,968	0	0	0	0	0	0	1,170,968
Fulton	1,290,257	645,110	645,114	0	0	0	0	0	2,580,481
Gainesville	166,544	0	0	0	0	0	0	0	166,544
Galena	30,108	0	0	0	0	0	0	0	30,108
Gallatin	125,525	0	0	9,325	0	0	0	0	134,850
Garden City	100,249	0	44,509	0	0	0	0	0	144,758
Gasconade	3,483	0	0	0	0	0	0	0	3,483

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Gerald	123,219	0	58,657	0	0	0	0	0	181,876
Gerster	274	0	0	0	0	0	0	0	274
Gideon	34,099	0	0	0	0	0	0	0	34,099
Gilliam	3,763	470	0	0	0	0	0	0	4,233
Gilman City	17,882	0	0	0	0	0	0	0	17,882
Gladstone	3,141,722	2,221,816	1,478,479	277,361	0	0	0	0	7,119,378
Glasgow	101,061	25,247	46,828	0	0	0	0	0	173,136
Glendale	0	451,025	0	37,669	0	0	0	0	488,694
Golden City	35,414	20,072	20,236	0	0	0	0	0	75,722
Goodman	60,048	0	0	0	0	0	0	0	60,048
Gower	80,509	20,051	0	11,639	0	0	0	0	112,199
Grain Valley	512,388	229,709	229,718	0	0	0	0	0	971,815
Granby	193,283	36,238	0	0	0	0	0	0	229,521
Grandin	7,216	0	0	0	0	0	0	0	7,216
Grandview	2,849,014	2,777,399	1,340,868	0	0	0	0	0	6,967,281
Grant City	141,474	0	0	0	0	0	0	0	141,474
Grantwood	0	49,751	0	5,768	0	0	0	0	55,519
Gravois Mills	33,620	0	0	0	0	0	0	0	33,620
Green City	51,171	25,585	0	0	0	0	0	0	76,756
Green Park	0	400,428	0	0	0	0	0	0	400,428
Green Ridge	31,212	0	0	0	0	0	0	0	31,212
Greendale	0	7,812	0	0	0	0	0	0	7,812
Greenfield	123,630	0	0	0	0	0	0	0	123,630
Greentop	20,107	0	0	0	0	0	0	0	20,107
Greenville	40,077	37,628	0	0	0	0	0	0	77,705
Greenwood	260,293	113,927	113,950	0	0	0	0	0	488,170
Hale	24,622	12,311	12,311	0	0	0	0	0	49,244
Hallsville	74,048	0	0	0	0	0	0	0	74,048
Hamilton	116,454	0	58,227	0	0	0	0	0	174,681
Hannibal	2,409,258	3,010,579	0	0	0	0	0	0	5,419,837
Hardin	20,360	0	0	0	0	0	0	0	20,360
Harrisburg	20,762	0	0	0	0	0	0	0	20,762
Harrisonville	1,793,562	861,945	0	0	0	0	0	0	2,655,507

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Hartsburg	4,783	0	0	0	0	0	0	0	4,783
Hartville	68,774	34,368	0	0	0	0	0	0	103,142
Hawk Point	32,944	0	0	0	0	0	0	0	32,944
Hayti	282,665	207,296	131,985	0	0	0	0	0	621,946
Hayti Heights	11,416	4,419	0	0	0	0	0	0	15,835
Hazelwood	0	3,142,629	0	954,619	0	0	0	0	4,097,248
Henrietta	33,908	0	0	0	0	0	0	0	33,908
Herculaneum	575,868	0	0	0	0	0	0	0	575,868
Hermann	411,435	98,656	197,319	0	0	0	0	0	707,410
Hermitage	128,528	63,256	0	6,978	0	0	0	0	198,762
Higbee	19,000	0	9,500	0	0	0	0	0	28,500
Higginsville	517,981	250,898	243,978	0	0	0	0	0	1,012,857
High Hill	11,619	0	0	0	0	0	0	0	11,619
Highlandville	31,833	0	0	0	0	0	0	0	31,833
Hillsboro	257,141	96,427	0	0	0	0	0	0	353,568
Hillsdale	0	83,219	0	0	0	0	0	0	83,219
Holcomb	32,124	0	0	0	0	0	0	0	32,124
Holden	254,052	0	116,843	21,573	0	0	0	0	392,468
Hollister	913,807	456,903	444,397	0	0	0	0	0	1,815,107
Holt	47,951	46,348	22,234	0	0	0	0	0	116,533
Holts Summit	491,901	118,547	118,547	57,657	0	0	0	0	786,652
Homestown	2,343	0	0	0	0	0	0	0	2,343
Hornersville	26,421	0	0	0	0	0	0	0	26,421
Houston	541,500	131,032	131,114	0	0	0	0	0	803,646
Howardville	2,760	0	0	650	0	0	0	0	3,410
Humansville	53,517	32,964	1,962	0	0	0	0	0	88,443
Hunnewell	4,423	0	0	0	0	0	0	0	4,423
Huntsville	57,771	0	28,886	0	0	0	0	0	86,657
Hurley	4,618	0	0	0	0	0	0	0	4,618
Iberia	94,197	92,472	0	0	0	0	0	0	186,669
Illmo-Scott City	69	0	0	0	0	0	0	0	69
Independence	17,136,953	11,199,766	1,929,010	0	0	0	0	0	30,265,729
Indian Point (Village of)	139,747	69,873	0	0	0	0	0	0	209,620

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Innsbrook (Village of)	33,824	0	0	0	0	0	0	0	33,824
Ironton Mountain Lake	5,179	0	0	0	0	0	0	0	5,179
Ironton	220,568	102,389	102,587	0	0	0	0	0	425,544
Jackson	1,888,841	0	900,871	0	0	0	0	0	2,789,712
Jamesport	55,622	0	0	0	0	0	0	0	55,622
Jasper	58,889	29,445	26,093	0	0	0	0	0	114,427
Jefferson City	8,628,124	4,194,186	8	0	0	0	0	0	12,822,318
Jennings	0	1,073,020	0	0	0	0	0	0	1,073,020
Jonesburg	59,357	27,534	0	0	0	0	0	0	86,891
Joplin	10,698,378	2,679,628	5,349,059	0	0	0	0	0	18,727,065
Josephville	4,767	0	0	0	0	0	0	0	4,767
Kahoka	208,628	0	0	0	0	0	0	0	208,628
Kansas City	62,510,615	31,091,562	33,187,493	24,933,562	0	0	0	0	151,723,232
Kearney	803,420	375,753	375,754	0	0	0	0	0	1,554,927
Kelso	52,131	0	0	0	0	0	0	0	52,131
Kennett	1,239,241	209,189	0	0	0	0	0	0	1,448,430
Kidder	35,921	0	0	0	0	0	0	0	35,921
Kimberling City	327,516	314,443	0	52,026	0	0	0	0	693,985
Kimmswick	45,371	0	22,686	0	0	0	0	0	68,057
King City	93,419	0	0	0	0	0	0	0	93,419
Kingdom City	244,955	122,477	0	0	0	0	0	0	367,432
Kinloch	0	25,298	0	0	0	0	0	0	25,298
Kirksville	2,226,377	1,600,920	1,067,840	0	0	0	0	0	4,895,137
Kirkwood	0	4,526,923	0	178,476	0	0	0	0	4,705,399
Knob Noster	172,577	79,463	79,463	29,348	0	0	0	0	360,851
Koshkonong	10,372	5,298	0	0	0	0	0	0	15,670
La Belle	40,943	0	0	0	0	0	0	0	40,943
La Grange	37,882	0	0	0	0	0	0	0	37,882
La Monte	78,225	0	0	0	0	0	0	0	78,225
La Plata	78,915	0	0	0	0	0	0	0	78,915
Laclede	0	126	0	0	0	0	0	0	126
Laddonia	0	11,465	11,465	0	0	0	0	0	22,930
Ladue	0	1,352,368	0	0	0	0	0	0	1,352,368
Lake Ozark	483,876	236,685	236,684	0	0	0	0	0	957,245

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Lake St. Louis	599,444	0	299,722	0	0	0	0	0	899,166
Lakeside	432	0	0	0	0	0	0	0	432
Lamar	524,174	262,060	262,059	0	0	0	0	0	1,048,293
Lanagan	17,396	0	0	0	0	0	0	0	17,396
Lancaster	87,469	0	0	0	0	0	0	0	87,469
Lathrop	116,169	58,078	0	0	0	0	0	0	174,247
Laurie	411,107	205,497	201,585	0	0	0	0	0	818,189
Lawson	202,929	101,464	0	0	0	0	0	0	304,393
Leadington	179,229	162,110	89,615	23,663	0	0	0	0	454,617
Leadwood	29,692	0	0	0	0	0	0	0	29,692
Lebanon	2,778,673	1,356,116	1,356,117	0	0	0	0	0	5,490,906
Lee's Summit	11,124,843	9,564,422	5,337,876	0	0	0	0	0	26,027,141
Leeton	27,051	13,526	0	0	0	0	0	0	40,577
Levasy	5,289	0	0	0	0	0	0	0	5,289
Lexington	379,331	360,809	0	0	0	0	0	0	740,140
Liberal	33,216	0	0	0	0	0	0	0	33,216
Liberty	2,960,204	2,778,575	697,468	0	0	0	0	0	6,436,247
Licking	204,055	102,028	0	0	0	0	0	0	306,083
Lilbourn	55,354	0	0	1,156	0	0	0	0	56,510
Lincoln	77,488	36,506	0	26,448	0	0	0	0	140,442
Linn	224,168	0	0	0	0	0	0	0	224,168
Linn Creek	91,308	68,345	22,690	22,923	0	0	0	0	205,266
Lockwood	78,795	0	0	4,181					82,976
Loma Linda	24,068	0	0	0	0	0	0	0	24,068
Lone Jack	46,012	9,631	0	0	0	0	0	0	55,643
Louisiana	674,394	0	0	62,813	0	0	0	0	737,207
Lowry City	51,867	0	0	2,264	0	0	0	0	54,131
Lutesville	26	0	0	0	0	0	0	0	26
Macks Creek	10,639	0	0	0	0	0	0	0	10,639
Macon	798,707	396,853	0	0	0	0	0	0	1,195,560
Madison	26,090	0	0	0	0	0	0	0	26,090
Malden	518,006	123,374	0	0	0	0	0	0	641,380
Malta Bend	6,305	0	0	0	0	0	0	0	6,305

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 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Manchester	0	1,994,457	0	0	0	0	0	0	1,994,457
Mansfield	120,998	69,143	0	0	0	0	0	0	190,141
Maplewood	0	1,131,417		47,289	0	0	0	0	1,178,706
Marble Hill	225,595	112,798	0	0	0	0	0	0	338,393
Marceline	200,288	0	90,279	0	0	0	0	0	290,567
Marionville	144,036	71,775	72,018	0	0	0	0	0	287,829
Marlborough	0	17,672	0	0	0	0	0	0	17,672
Marquand	8,563	0	0	0	0	0	0	0	8,563
Marshall	1,340,646	668,809	0	0	0	0	0	0	2,009,455
Marshfield	905,457	452,706	0	0	0	0	0	0	1,358,163
Marsden	55,683	27,842	0	11,216	0	0	0	0	94,741
Marthasville	0	38,711	38,710	5,139	0	0	0	0	82,560
Martinsburg	32,139	0	0	0	0	0	0	0	32,139
Maryland Heights	0	3,801,052	0	0	0	0	0	0	3,801,052
Maryville	1,548,014	1,147,729	0	0	0	0	0	0	2,695,743
Matthews	112,214	56,109	0	0	0	0	0	0	168,323
Maysville	63,166	15,786	31,582	0	0	0	0	0	110,534
Memphis	256,896	0	0	0	0	0	0	0	256,896
Merriam Woods	20,451	0	0	0	0	0	0	0	20,451
Meta	7,170	0	0	0	0	0	0	0	7,170
Mexico	1,341,345	637,031	0	0	0	0	0	0	1,978,376
Middletown	14,542	0	0	0	0	0	0	0	14,542
Milan	186,424	0	0	0	0	0	0	0	186,424
Miller	38,024	0	17,041	0	0	0	0	0	55,065
Miner	469,675	463,241	0	16,318	0	0	0	0	949,234
Moberly	1,981,398	1,889,976	945,136	0	0	0	0	0	4,816,510
Mokane	9,546	0	0	0	0	0	0	0	9,546
Monett	1,666,475	832,883	0	0	0	0	0	0	2,499,358
Monroe City	305,384	142,427	0	0	0	0	0	0	447,811
Montgomery City	308,645	0	143,249	0	0	0	0	0	451,894
Montrose	24,036	12,018	0	0	0	0	0	0	36,054
Morehouse	29,170	0	0	0	0	0	0	0	29,170
Morley	12,935	0	0	0	0	0	0	0	12,935

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SALES AND USE TAX
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YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Morrison	6,564	0	0	0	0	0	0	0	6,564
Mosby	109,677	0	0	0	0	0	0	0	109,677
Moscow Mills	313,098	0	151,563	0	0	0	0	0	464,661
Mound City	58,939	58,940	0	0	0	0	0	0	117,879
Mount Vernon	476,092	256,801	0	0	0	0	0	0	732,893
Mountain Grove	867,136	433,457	0	0	0	0	0	0	1,300,593
Mountain View	419,904	0	203,456	0	0	0	0	0	623,360
Naylor	20,604	8,717	8,717	0	0	0	0	0	38,038
Neelyville	10,333	0	0	0	0	0	0	0	10,333
Neosho	1,864,350	1,349,647	674,997	0	0	0	0	0	3,888,994
Nevada	1,342,056	1,340,977	670,903	0	0	0	0	0	3,353,936
New Bloomfield	25,315	0	0	0	0	0	0	0	25,315
New Cambria	11,674	0	0	0	0	0	0	0	11,674
New Florence	102,838	49,252	49,251	0	0	0	0	0	201,341
New Franklin	39,075	19,538	15,743	0	0	0	0	0	74,356
New Haven	190,721	0	90,346	0	0	0	0	0	281,067
New London	80,740	0	23,303	0	0	0	0	0	104,043
New Madrid	181,378	90,502	0	39,193	0	0	0	0	311,073
New Melle	41,816	10,790	10,790	3,752	0	0	0	0	67,148
Newburg	17,140	7,565	7,565	0	0	0	0	0	32,270
Niangua	16,443	0	8,218	0	0	0	0	0	24,661
Nixa	1,772,228	0	886,115	0	0	0	0	0	2,658,343
Noel	112,226	68,082	51,977	0	0	0	0	0	232,285
Norborne	38,627	0	0	0	0	0	0	0	38,627
Normandy	0	76,086	0	0	0	0	0	0	76,086
North Kansas City	2,836,461	0	1,404,012	0	0	0	0	0	4,240,473
Northmoor	164,235	0	0	0	0	0	0	0	164,235
Northwoods	0	386,069	0	0	0	0	0	0	386,069
Norwood	29,881	14,936	0	0	0	0	0	0	44,817
O'Fallon	9,552,717	0	4,592,874	0	0	0	0	0	14,145,591
Oak Grove	1,019,087	463,439	463,471	0	0	0	0	0	1,945,997
Oakland	0	86,768	0	0	0	0	0	0	86,768
Oakview	63,722	29,453	0	4,914	0	0	0	0	98,089
Odessa	525,482	328,425	262,751	0	0	0	0	0	1,116,658

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Old Monroe	37,645	9,039	9,039	0	0	0	0	0	55,723
Olivette	0	1,316,141	0	144,944	0	0	0	0	1,461,085
Oran	53,340	26,669	0	0	0	0	0	0	80,009
Oronogo	36,965	0	0	0	0	0	0	0	36,965
Orrick	44,884	0	19,629	0	0	0	0	0	64,513
Osage Beach	4,041,969	1,998,926	1,999,724	0	0	0	0	0	8,040,619
Osceola	77,187	44,102	0	0	0	0	0	0	121,289
Otterville	27,534	0	0	0	0	0	0	0	27,534
Overland	0	311,616	0	0	0	0	0	0	311,616
Owensville	500,152	242,867	242,867	0	0	0	0	0	985,886
Ozark	1,543,785	771,585	0	0	0	0	0	0	2,315,370
Pacific	719,670	373,079	0	0	0	0	0	0	1,092,749
Pagedale	0	319,109	0	0	0	0	0	0	319,109
Palmyra	363,469	175,671	0	0	0	0	0	0	539,140
Paris	119,256	51,945	51,945	0	0	0	0	0	223,146
Park Hills	561,436	521,327	259,582	0	0	0	0	0	1,342,345
Parkville	689,159	0	327,259	0	0	0	0	0	1,016,418
Parkway	17,494	0	0	0	0	0	0	0	17,494
Parma	25,715	0	0	1,954	0	0	0	0	27,669
Pasadena Hills	0	64,625	0	7,492	0	0	0	0	72,117
Pasadena Park	0	27,552	0	0	0	0	0	0	27,552
Pattonsburg	25,909	0	0	3,762	0	0	0	0	29,671
Peculiar	242,930	230,316	109,066	74,179	0	0	0	0	656,491
Perry	80,268	0	37,353	0	0	0	0	0	117,621
Perryville	1,387,076	520,025	693,539	0	0	0	0	0	2,600,640
Pevely	469,428	0	224,874	0	0	0	0	0	694,302
Piedmont	391,959	185,535	185,535	0	0	0	0	0	763,029
Pierce City	38,606	21,980	22,060	0	0	0	0	0	82,646
Pilot Grove	38,528	0	19,264	9,817	0	0	0	0	67,609
Pilot Knob	57,051	28,626	26,749	0	0	0	0	0	112,426
Pine Lawn	0	279,478	0	0	0	0	0	0	279,478
Pineville	95,092	47,546	0	596,234	0	0	0	0	738,872
Plato	9,103	0	0	0	0	0	0	0	9,103

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Platte City	570,115	570,114	0	0	0	0	0	0	1,140,229
Platte Woods	76,327	0	38,164	0	0	0	0	0	114,491
Plattsburg	190,809	189,931	0	0	0	0	0	0	380,740
Pleasant Hill	566,117	283,003	256,351	0	0	0	0	0	1,105,471
Pleasant Hope	40,038	9,215	9,215	3,094	0	0	0	0	61,562
Pleasant Valley	228,304	285,113	57,046	0	0	0	0	0	570,463
Polo	26,781	25,438	25,483	0	0	0	0	0	77,702
Poplar Bluff	3,727,184	2,745,308	0	0	0	0	0	0	6,472,492
Portage Des Sioux	11,356	0	0	0	0	0	0	0	11,356
Portageville	285,336	133,127	0	0	0	0	0	0	418,463
Potosi	700,116	0	0	0	0	0	0	0	700,116
Preston	18,798	0	0	0	0	0	0	0	18,798
Princeton	98,153	0	0	0	0	0	0	0	98,153
Purdy	42,066	0	0	0	0	0	0	0	42,066
Puxico	109,033	0	0	0	0	0	0	0	109,033
Queen City	33,026	14,407	14,407	0	0	0	0	0	61,840
Qulin	29,778	14,887	0	0	0	0	0	0	44,665
Randolph	61,318	30,656	0	0	0	0	0	0	91,974
Raymore	1,436,810	1,345,470	672,720	0	0	0	0	0	3,455,000
Raytown	2,719,667	987,690	1,234,219	0	0	0	0	0	4,941,576
Redings Mill	2,726	0	0	0	0	0	0	0	2,726
Reeds Spring	77,011	38,405	0	0	0	0	0	0	115,416
Republic	1,114,995	583,682	557,498	0	0	0	0	0	2,256,175
Rich Hill	73,588	0	0	0	0	0	0	0	73,588
Richland	139,941	62,816	62,840	0	0	0	0	0	265,597
Richmond	964,221	0	451,613	0	0	0	0	0	1,415,834
Richmond Heights	0	4,576,498	0	0	0	0	0	0	4,576,498
Ridgeway	27,467	0	0	0	0	0	0	0	27,467
Risco	16,411	0	0	0	0	0	0	0	16,411
River Bend	14,664	0	0	0	0	0	0	0	14,664
Riverside	970,545	0	0	350,546	0	0	0	0	1,321,091
Riverview	0	177,255	0	20,549	0	0	0	0	197,804
Rochepot	22,268	11,134	0	0	0	0	0	0	33,402

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Rock Hill	0	977,383	0	0	0	0	0	0	977,383
Rock Port	171,377	85,688	0	29,349	0	0	0	0	286,414
Rockaway Beach	41,573	19,206	19,192	0	0	0	0	0	79,971
Rockville	9,210	0	0	0	0	0	0	0	9,210
Rogersville	205,011	100,890	93,403	0	0	0	0	0	399,304
Rolla	3,396,765	3,397,058	1,698,355	0	0	0	0	0	8,492,178
Rosebud	29,722	0	14,004	0	0	0	0	0	43,726
Russellville	43,971	0	0	0	0	0	0	0	43,971
Rutledge	10,480	0	0	0	0	0	0	0	10,480
Saginaw	18,991	0	0	0	0	0	0	0	18,991
Salem	887,201	367,970	0	0	0	0	0	0	1,255,171
Salisbury	162,893	0	0	0	0	0	0	0	162,893
Sarcoxi	96,994	42,128	42,345	0	0	0	0	0	181,467
Savannah	574,451	0	0	0	0	0	0	0	574,451
Scotsdale	0	2,888	0	0	0	0	0	0	2,888
Scott City	348,820	80,526	161,053	0	0	0	0	0	590,399
Sedalia	3,855,313	3,282,313	1,854,933	0	0	0	0	0	8,992,559
Seligman	69,335	34,668	2,749	0	0	0	0	0	106,752
Senath	53,396	0	0	0	0	0	0	0	53,396
Seneca	154,267	70,485	70,485	0	0	0	0	0	295,237
Seymour	170,384	0	0	0	0	0	0	0	170,384
Shelbina	205,474	51,357	0	0	0	0	0	0	256,831
Shelbyville	32,754	0	0	0	0	0	0	0	32,754
Sheldon	21,232	0	0	0	0	0	0	0	21,232
Shrewsbury	0	985,214	0	0	0	0	0	0	985,214
Sikeston	2,804,555	1,401,855	1,402,042	0	0	0	0	0	5,608,452
Silex	33,473	0	0	4,219	0	0	0	0	37,692
Silver Creek	20,407	0	0	0	0	0	0	0	20,407
Slater	104,056	52,029	52,028	0	0	0	0	0	208,113
Smithton	13,388	0	0	0	0	0	0	0	13,388
Smithville	719,888	0	339,449	78,920	0	0	0	0	1,138,257
Southwest City	94,705	22,449	45,265	34,379	0	0	0	0	196,798
Sparta	86,580	0	0	0	0	0	0	0	86,580
Spickard	3,482	0	0	0	0	0	0	0	3,482

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Springfield	35,078,463	8,544,554	4,274,243	3,550,928	0	0	0	0	51,448,188
St. Ann	0	2,182,436	0	0	0	0	0	0	2,182,436
St. Charles	10,024,992	4,847,621	0	0	0	0	0	0	14,872,613
St. Clair	523,303	261,629	0	0	0	0	0	0	784,932
St. Elizabeth	25,513	0	0	0	0	0	0	0	25,513
St. James	455,245	0	227,240	0	0	0	0	0	682,485
St. John	0	495,436	0	0	0	0	0	0	495,436
St. Joseph	14,670,765	4,881,870	1,464,540	0	0	0	0	0	21,017,175
St. Louis	46,529,873	55,645,685	25,381,546	25,100,175	0	0	0	0	152,657,279
St. Martins	37,524	0	0	0	0	0	0	0	37,524
St. Mary	21,221	0	10,611	0	0	0	0	0	31,832
St. Peters	11,562,786	1,156,760	5,781,347	0	0	0	0	0	18,500,893
St. Robert	1,528,302	764,063	748,869	0	0	0	0	0	3,041,234
St. Thomas	11,182	0	0	0	0	0	0	0	11,182
Stanberry	0	50,138	0	0	0	0	0	0	50,138
Ste. Genevieve	552,901	261,350	261,154	65,262	0	0	0	0	1,140,667
Steele	132,673	66,312	0	0	0	0	0	0	198,985
Steelville	213,328	106,552	0	0	0	0	0	0	319,880
Stella	3,492	0	0	0	0	0	0	0	3,492
Stewartsville	34,006	17,016	0	0	0	0	0	0	51,022
Stockton	206,513	103,257	103,257	35,476	0	0	0	0	448,503
Stoutland	5,442	0	0	0	0	0	0	0	5,442
Stover	97,121	0	45,367	0	0	0	0	0	142,488
Strafford	231,486	115,743	0	0	0	0	0	0	347,229
Surgeon	48,734	0	21,494	0	0	0	0	0	70,228
Sugar Creek	326,232	0	0	25,683	0	0	0	0	351,915
Sullivan	1,373,534	686,187	0	0	0	0	0	0	2,059,721
Summersville	51,849	0	24,650	0	0	0	0	0	76,499
Sunrise Beach	165,592	0	82,742	27,133	0	0	0	0	275,467
Sunset Hills	0	1,165,685	0	0	0	0	0	0	1,165,685
Sweet Springs	148,059	46,004	46,005	0	0	0	0	0	240,068
Table Rock Townsite	10,666	0	0	0	0	0	0	0	10,666
Taneyville	11,973	0	0	0	0	0	0	0	11,973

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Taos	21,117	0	0	0	0	0	0	0	21,117
Tarkio	196,608	0	0	0	0	0	0	0	196,608
Thayer	374,230	0	0	0	0	0	0	0	374,230
Theodosia	47,767	0	0	0	0	0	0	0	47,767
Tipton	173,869	0	0	0	0	0	0	0	173,869
Town and Country	0	2,471,615	0	0	0	0	0	0	2,471,615
Tracy	20,343	0	0	0	0	0	0	0	20,343
Trenton	698,123	529,632	0	0	0	0	0	0	1,227,755
Trimble	8,646	0	0	0	0	0	0	0	8,646
Troy	1,951,796	0	953,406	0	0	0	0	0	2,905,202
Truesdale	44,329	0	0	0	0	0	0	0	44,329
Tuscumbia	9,472	0	0	0	0	0	0	0	9,472
Twin Oaks	0	238,252	0	0	0	0	0	0	238,252
Union	1,412,425	353,127	706,200	0	0	0	0	0	2,471,752
Unionville	172,386	0	0	0	0	0	0	0	172,386
University City	0	4,000,029	0	245,603	0	0	0	0	4,245,632
Uplands Park	0	25,918	0	3,005	0	0	0	0	28,923
Urbana	42,211	0	21,046	0	0	0	0	0	63,257
Urich	54,404	27,169	14,248	0	0	0	0	0	95,821
Valley Park	0	731,440	0	0	0	0	0	0	731,440
Van Buren	131,407	61,766	0	0	0	0	0	0	193,173
Vandalia	282,079	140,843	0	0	0	0	0	0	422,922
Vandiver	104,871	0	0	0	0	0	0	0	104,871
Velda	0	91,050	0	0	0	0	0	0	91,050
Velda Village Hills	0	61,414	0	0	0	0	0	0	61,414
Verona	26,025	0	0	0	0	0	0	0	26,025
Versailles	434,920	425,805	0	0	0	0	0	0	860,725
Viburnum	55,346	0	0	0	0	0	0	0	55,346
Vienna	86,568	0	42,147	0	0	0	0	0	128,715
Village of Four Seasons	229,551	114,775	0	0	0	0	0	0	344,326
Vinita Park	0	229,976	0	2,674	0	0	0	0	232,650
Vinita Terrace	0	16,452	0	0	0	0	0	0	16,452
Walnut Grove	35,655	0	0	0	0	0	0	0	35,655

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Wardell	11,281	1,776	0	0	0	0	0	0	13,057
Wardsville	31,072	0	0	0	0	0	0	0	31,072
Warrensburg	2,298,678	1,222,154	0	205,550	0	0	0	0	3,726,382
Warrenton	1,171,417	292,849	585,708	0	0	0	0	0	2,049,974
Warsaw	586,566	293,264	283,378	0	0	0	0	0	1,163,208
Warson Woods	0	199,094	0	0	0	0	0	0	199,094
Washburn	23,092	11,546	11,546	0	0	0	0	0	46,184
Washington	3,071,617	1,535,787	0	242,065	0	0	0	0	4,849,469
Waverly	47,247	0	20,679	0	0	0	0	0	67,926
Wayland	12,702	0	0	0	0	0	0	0	12,702
Waynesville	328,652	241,948	155,259	0	0	0	0	0	725,859
Weaubleau	33,002	16,335	0	0	0	0	0	0	49,337
Webb City	1,272,478	753,802	603,448	0	0	0	0	0	2,629,728
Webster Groves	0	2,266,247	0	0	0	0	0	0	2,266,247
Weldon Spring	201,151	0	0	0	0	0	0	0	201,151
Wellsville	62,058	17,656	31,029	0	0	0	0	0	110,743
Wellston	0	138,604	0	0	0	0	0	0	138,604
Wentzville	2,826,655	1,368,449	1,359,959	668,804	0	0	0	0	6,223,867
West Plains	2,500,570	1,250,858	1,203,038	0	0	0	0	0	4,954,466
West Sullivan	4,091	1,023	0	0	0	0	0	0	5,114
Weston	150,596	0	75,244	22,098	0	0	0	0	247,938
Westphalia	35,879	0	0	6,665	0	0	0	0	42,544
Wheatland	16,874	0	7,293	0	0	0	0	0	24,167
Wheaton	53,606	0	0	0	0	0	0	0	53,606
Wilbur Park	0	26,763	0	0	0	0	0	0	26,763
Wildwood	0	1,852,783	0	0	0	0	0	0	1,852,783
Willard	302,433	290,974	0	26,741	0	0	0	0	620,148
Williamsville	22,065	7,599	0	0	0	0	0	0	29,664
Willow Springs	248,924	181,818	0	0	0	0	0	0	430,742
Windsor	209,229	92,087	0	0	0	0	0	0	301,316
Winfield	99,993	0	47,311	0	0	0	0	0	147,304
Winona	92,527	43,965	43,966	0	0	0	0	0	180,458
Woods Heights	32,683	0	0	498	0	0	0	0	33,181
Woodson Terrace	0	641,796	0	27,362	0	0	0	0	669,158

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Wright City	209,642	47,047	94,095	0	0	0	0	0	350,784
Wyaconda	7,605	0	0	0	0	0	0	0	7,605
Wyatt	12,096	0	0	0	0	0	0	0	12,096
COUNTIES:									
Adair	0	0	0	5	1,301,937	1,301,524	0	0	2,603,466
Andrew	0	0	0	118,581	458,252	916,504	0	0	1,493,337
Atchison	0	0	0	49,992	0	761,654	0	0	811,646
Audrain	0	0	0	0	1,025,582	2,050,690	0	0	3,076,272
Barry	0	0	0	0	1,611,634	1,611,636	0	0	3,223,270
Barton	0	0	0	0	464,527	464,503	0	0	929,030
Bates	0	0	0	62,865	0	1,081,863	0	0	1,144,728
Benton	0	0	0	0	676,886	1,292,937	0	0	1,969,823
Bollinger	0	0	0	0	281,358	447,536	0	0	728,894
Boone	0	0	0	0	10,018,353	12,501,068	0	0	22,519,421
Buchanan	0	0	0	0	5,181,915	6,217,947	0	0	11,399,862
Butler	0	0	0	0	2,548,002	2,548,536	0	0	5,096,538
Caldwell	0	0	0	72,207	203,821	812,522	0	0	1,088,550
Callaway	0	0	0	0	0	1,591,291	0	0	1,591,291
Camden	0	0	0	0	4,007,288	4,007,020	0	0	8,014,308
Cape Girardeau	0	0	0	0	5,638,079	6	0	0	5,638,085
Carroll	0	0	0	87,179	290,251	721,179	0	0	1,098,609
Carter	0	0	0	0	182,717	182,719	0	0	365,436
Cass	0	0	0	0	4,538,321	4,537,608	0	0	9,075,929
Cedar	0	0	0	0	471,223	507,085	0	0	978,308
Chariton	0	0	0	86,192	244,057	732,106	0	0	1,062,355
Christian	0	0	0	0	2,522,597	5,041,921	0	0	7,564,518
Clark	0	0	0	0	216,980	435,863	0	0	652,843
Clay	0	0	0	2,800,839	13,570,338	10,155,847	0	0	26,527,024
Clinton	0	0	0	78,226	525,054	525,055	0	0	1,128,335
Cole	0	0	0	387,773	0	4,846,039	0	0	5,233,812
Cooper	0	0	0	0	690,668	1,725,777	0	0	2,416,445
Crawford	0	0	0	0	900,020	2,067,518	0	0	2,967,538
Dade	0	0	0	65,540	246,981	573,036	0	0	885,557

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SALES AND USE TAX
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YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Dallas	0	0	0	0	572,974	1,668,605	0	0	2,241,579
Daviess	0	0	0	41,383	0	683,420	0	0	724,803
Dekalb	0	0	0	0	608,324	608,323	0	0	1,216,647
Dent	0	0	0	0	653,392	350,236	0	0	1,003,628
Douglas	0	0	0	0	381,650	381,653	0	0	763,303
Dunklin	0	0	0	0	0	1,718,690	0	0	1,718,690
Franklin	0	0	0	0	4,971,276	7,456,895	0	0	12,428,171
Gasconade	0	0	0	0	726,078	726,082	0	0	1,452,160
Gentry	0	0	0	19,307	0	432,015	0	0	451,322
Greene	0	0	0	0	20,483,579	20,100,187	0	0	40,583,766
Grundy	0	0	0	0	415,842	415,873	0	0	831,715
Harrison	0	0	0	0	0	1,056,172	0	0	1,056,172
Henry	0	0	0	73,826	1,134,249	0	0	0	1,208,075
Hickory	0	0	0	0	268,452	536,905	0	0	805,357
Holt	0	0	0	99,179	154,632	540,883	0	0	794,694
Howard	0	0	0	0	273,727	1,016,266	0	0	1,289,993
Howell	0	0	0	0	1,919,865	959,955	0	0	2,879,820
Iron	0	0	0	0	313,344	0	0	0	313,344
Jackson	0	0	0	0	41,036,365	20,541,585	0	0	61,577,950
Jasper	0	0	0	0	5,331,079	4,975,046	0	0	10,306,125
Jefferson	0	0	0	0	9,413,041	18,826,029	0	0	28,239,070
Johnson	0	0	0	352,159	1,933,157	3,732,457	0	0	6,017,773
Knox	0	0	0	0	130,471	391,324	0	0	521,795
Laclede	0	0	0	0	1,763,609	1,763,600	0	0	3,527,209
Lafayette	0	0	0	0	1,161,425	2,317,544	0	0	3,478,969
Lawrence	0	0	0	108,254	1,206,752	1,206,759	0	0	2,521,765
Lewis	0	0	0	183,732	254,504	782,433	0	0	1,220,669
Lincoln	0	0	0	0	1,969,359	5,287,583	0	0	7,256,942
Linn	0	0	0	94,516	567,350	567,348	0	0	1,229,214
Livingston	0	0	0	0	754,707	217,399	0	0	972,106
Macon	0	0	0	0	617,666	1,389,118	0	0	2,006,784
Madison	0	0	0	0	410,303	410,812	0	0	821,115
Maries	0	0	0	16,965	230,872	461,156	0	0	708,993

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DEPARTMENT OF REVENUE
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SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Marion	0	0	0	0	1,564,287	1,508,967	0	0	3,073,254
McDonald	0	0	0	0	707,750	2,062,379	0	0	2,770,129
Mercer	0	0	0	0	140,902	208,774	0	0	349,676
Miller	0	0	0	143,066	1,228,336	1,227,247	0	0	2,598,649
Mississippi	0	0	0	0	407,406	1,018,271	0	0	1,425,677
Moniteau	0	0	0	0	461,749	879,479	0	0	1,341,228
Monroe	0	0	0	62,521	255,859	255,835	0	0	574,215
Montgomery	0	0	0	0	399,403	1,001,837	0	0	1,401,240
Morgan	0	0	0	0	883,460	950,122	0	0	1,833,582
New Madrid	0	0	0	0	1,391,070	0	0	0	1,391,070
Newton	0	0	0	0	2,063,346	2,751,071	0	0	4,814,417
Nodaway	0	0	0	0	951,666	1,507,638	0	0	2,459,304
Oregon	0	0	0	0	378,588	378,591	0	0	757,179
Osage	0	0	0	0	447,696	484,076	0	0	931,772
Ozark	0	0	0	0	246,679	525,859	0	0	772,538
Pemiscot	0	0	0	0	609,913	914,889	0	0	1,524,802
Perry	0	0	0	0	1,066,012	1,001,446	0	0	2,067,458
Pettis	0	0	0	307,436	2,322,743	2,321,523	0	0	4,951,702
Phelps	0	0	0	0	2,311,444	1,733,207	0	0	4,044,651
Pike	0	0	0	0	612,456	1,968,946	0	0	2,581,402
Platte	0	0	0	3,009,007	5,538,432	7,833,377	0	0	16,380,816
Polk	0	0	0	0	0	2,533,940	0	0	2,533,940
Pulaski	0	0	0	0	1,572,759	462,035	0	0	2,034,794
Putnam	0	0	0	0	0	612,152	0	0	612,152
Ralls	0	0	0	0	407,221	811,621	0	0	1,218,842
Randolph	0	0	0	0	1,176,299	1,173,126	0	0	2,349,425
Reynolds	0	0	0	0	182,923	0	0	0	182,923
Ray	0	0	0	68,647	779,480	1,558,910	0	0	2,407,037
Ripley	0	0	0	0	0	411,431	0	0	411,431
Saline	0	0	0	0	910,888	910,873	0	0	1,821,761
Schuyler	0	0	0	0	131,977	263,953	0	0	395,930
Scotland	0	0	0	0	0	426,296	0	0	426,296
Scott	0	0	0	0	1,556,461	1,555,467	0	0	3,111,928
Shannon	0	0	0	0	213,231	212,498	0	0	425,729

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2004

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Shelby	0	0	0	38,248	219,820	439,349	0	0	697,417
St. Charles	0	0	0	4,376,062	19,951,778	43,392,674	0	0	67,720,514
St. Clair	0	0	0	0	260,481	0	0	0	260,481
St. Francois	0	0	0	0	3,051,992	3,764,576	0	0	6,816,568
St. Louis	0	0	116,807,944	0	0	13,784,421	155,852,532	0	286,444,897
Ste. Genevieve	0	0	0	0	680,098	680,773	0	0	1,360,871
Stoddard	0	0	0	0	1,131,346	1,118,312	0	0	2,249,658
Stone	0	0	0	464,688	1,781,034	4,607,745	0	0	6,853,467
Sullivan	0	0	0	0	187,357	566,136	0	0	753,493
Taney	0	0	0	0	5,571,888	13,876,196	0	0	19,448,084
Texas	0	0	0	0	804,834	0	0	0	804,834
Vernon	0	0	0	0	874,059	0	0	0	874,059
Warren	0	0	0	0	1,121,902	3,212,007	0	0	4,333,909
Washington	0	0	0	161,167	680,617	2,659,777	0	0	3,501,561
Wayne	0	0	0	0	421,137	421,135	0	0	842,272
Webster	0	0	0	0	1,114,096	1,559,726	0	0	2,673,822
Worth	0	0	0	5,803	63,048	96,187	0	0	165,038
Wright	0	0	0	0	753,765	732,149	0	0	1,485,914
DISTRICTS:									
Barton County Ambulance District	0	0	0	0	0	0	0	247,291	247,291
Maries Osage Ambulance District	0	0	0	0	0	0	0	9,162	9,162
Noel T. Adams Ambulance District	0	0	0	0	0	0	0	361,068	361,068
Orrick Fire Protection District	0	0	0	0	0	0	0	48,853	48,853
Performing Arts Community Development District	0	0	0	0	0	0	0	12,759	12,759
Rock Township Ambulance District	0	0	0	0	0	0	0	825,931	825,931
Smithville Area Fire Protection District	0	0	0	0	0	0	0	412,279	412,279
SNI Valley Fire Protection District	0	0	0	0	0	0	0	661,452	661,452
Southern Stone Fire District	0	0	0	0	0	0	0	695,351	695,351
Warsaw Lincoln Ambulance District	0	0	0	0	0	0	0	40,104	40,104
3 Trails Community Improvement District	0	0	0	0	0	0	0	206,224	206,224
39th Street Community Development District	0	0	0	0	0	0	0	9,118	9,118
TOTALS	\$ 454,618,800	323,630,998	273,518,670	72,826,340	227,064,573	303,558,342	155,852,532	3,529,592	1,814,599,847

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Adrian	\$ 136,796	76,562	48,475	0	0	0	0	0	261,833
Advance	153,268	148,510	0	12,349	0	0	0	0	314,127
Airport Drive	151,082	73,266	0	0	0	0	0	0	224,348
Alba	19,265	0	0	0	0	0	0	0	19,265
Albany	143,435	71,717	0	0	0	0	0	0	215,152
Alexandria	11,064	0	0	0	0	0	0	0	11,064
Allendale	1,848	0	0	0	0	0	0	0	1,848
Alton	98,594	95,370	0	0	0	0	0	0	193,964
Amsterdam	11,403	0	0	0	0	0	0	0	11,403
Anderson	169,910	0	80,365	0	0	0	0	0	250,275
Annapolis	15,740	7,699	7,700	0	0	0	0	0	31,139
Appleton City	136,095	0	0	0	0	0	0	0	136,095
Arbyrd	26,698	0	0	0	0	0	0	0	26,698
Arcadia	59,584	0	0	0	0	0	0	0	59,584
Archie	43,327	0	922	0	0	0	0	0	44,249
Argyle	7,324	0	0	0	0	0	0	0	7,324
Arnold	4,156,966	759,775	0	0	0	0	0	0	4,916,741
Arrow Rock	16,282	4,081	0	0	0	0	0	0	20,363
Asbury	8,971	0	0	0	0	0	0	0	8,971

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Ash Grove	115,936	52,782	0	7,893	0	0	0	0	176,611
Ashland	186,906	85,714	0	0	0	0	0	0	272,620
Atlanta	14,621	0	0	0	0	0	0	0	14,621
Augusta	44,838	22,420	0	0	0	0	0	0	67,258
Aurora	847,206	0	399,925	0	0	0	0	0	1,247,131
Auxvasse	59,543	0	26,851	0	0	0	0	0	86,394
Ava	237,346	472,435	0	24,326	0	0	0	0	734,107
Avondale	15,583	0	0	0	0	0	0	0	15,583
Bagnell	9,828	0	0	0	0	0	0	0	9,828
Bakersfield	10,150	0	0	0	0	0	0	0	10,150
Ballwin	0	3,352,790	0	0	0	0	0	0	3,352,790
Bates City	76,615	38,306	0	11,513	0	0	0	0	126,434
Battlefield	47,120	0	35,811	0	0	0	0	0	82,931
Bel-Nor	0	87,291	0	8,732	0	0	0	0	96,023
Bel-Ridge	0	217,823	0	0	0	0	0	0	217,823
Bella Villa	0	37,528	0	3,754	0	0	0	0	41,282
Bellefontaine Neighbors	0	605,690	0	0	0	0	0	0	605,690
Bell City	11,747	0	0	0	0	0	0	0	11,747
Belle	114,147	56,955	51,559	0	0	0	0	0	222,661
Bellflower	14,077	5,665	5,665	0	0	0	0	0	25,407
Belton	1,999,364	1,999,828	999,682	0	0	0	0	0	4,998,874
Benton	47,225	0	0	0	0	0	0	0	47,225
Berger	5,093	0	0	0	0	0	0	0	5,093
Berkeley	0	563,531	0	0	0	0	0	0	563,531
Bernie	96,194	48,097	0	0	0	0	0	0	144,291
Bethany	528,750	302,147	0	0	0	0	0	0	830,897
Beverly Hills	0	60,075	0	0	0	0	0	0	60,075
Bevier	45,504	0	18,515	0	0	0	0	0	64,019
Biehle	6,267	0	0	0	0	0	0	0	6,267
Billings	60,911	0	0	0	0	0	0	0	60,911
Birch Tree	45,668	10,165	21,458	0	0	0	0	0	77,291
Birmingham	7,677	0	0	0	0	0	0	0	7,677

Schedule 1-B

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Bismarck	89,417	0	39,940	0	0	0	0	0	129,357
Black Jack	0	371,016	0	37,112	0	0	0	0	408,128
Blackburn	6,941	0	0	0	0	0	0	0	6,941
Blackwater	8,781	4,390	0	0	0	0	0	0	13,171
Blairstown	8,519	0	0	0	0	0	0	0	8,519
Bland	28,948	26,659	0	0	0	0	0	0	55,607
Bloomfield	104,221	13,414	0	1,801	0	0	0	0	119,436
Bloomsdale	72,510	0	0	0	0	0	0	0	72,510
Blue Springs	5,787,967	0	2,736,192	0	0	0	0	0	8,524,159
Bolivar	1,524,360	761,940	731,192	0	0	0	0	0	3,017,492
Bonne Terre	410,406	174,054	193,584	0	0	0	0	0	778,044
Boonville	857,846	405,014	0	0	0	0	0	0	1,262,860
Bourbon	144,323	0	69,092	0	0	0	0	0	213,415
Bowling Green	444,112	95,383	190,621	0	0	0	0	0	730,116
Branson	8,097,927	0	4,027,422	0	0	0	0	0	12,125,349
Branson West	718,394	359,196	358,209	0	0	0	0	0	1,435,799
Braymer	54,786	0	0	0	0	0	0	0	54,786
Breckenridge Hills	0	198,609	0	26,320	0	0	0	0	224,929
Breckenridge	13,700	0	0	0	0	0	0	0	13,700
Brentwood	0	4,241,369	0	0	0	0	0	0	4,241,369
Bridgeton	0	3,551,156	0	0	0	0	0	0	3,551,156
Brookfield	690,654	172,536	328,644	63,448	0	0	0	0	1,255,282
Brookline Station	20,658	0	0	0	0	0	0	0	20,658
Browning	12,164	0	0	1,306	0	0	0	0	13,470
Brumley	7,182	0	0	0	0	0	0	0	7,182
Brunswick	110,555	0	120	0	0	0	0	0	110,675
Bucklin	29,921	0	0	23,705	0	0	0	0	53,626
Buckner	164,223	82,096	0	11,401	0	0	0	0	257,720
Buffalo	579,602	0	273,452	0	0	0	0	0	853,054
Bull Creek Village	4,686	0	0	0	0	0	0	0	4,686
Bunker	15,514	0	0	0	0	0	0	0	15,514
Butler	581,002	289,855	290,385	0	0	0	0	0	1,161,242

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Bynes Mill	107,340	0	0	0	0	0	0	0	107,340
Cabool	244,601	122,171	0	0	0	0	0	0	366,772
Caledonia	12,916	0	0	0	0	0	0	0	12,916
Calhoun	8,633	2,999	0	0	0	0	0	0	11,632
California	425,107	0	0	0	0	0	0	0	425,107
Callao	10,599	0	0	0	0	0	0	0	10,599
Calverton Park	0	46,812	0	0	0	0	0	0	46,812
Camdenton	1,095,492	547,693	536,369	0	0	0	0	0	2,179,554
Cameron	1,158,613	579,278	0	0	0	0	0	0	1,737,891
Campbell	111,720	0	0	0	0	0	0	0	111,720
Canton	178,690	66,023	0	0	0	0	0	0	244,713
Cape Girardeau	7,729,133	3,862,189	3,751,265	0	0	0	0	0	15,342,587
Cardwell	15,390	0	0	0	0	0	0	0	15,390
Carl Junction	218,190	0	88,098	0	0	0	0	0	306,288
Carrollton	372,116	0	185,952	0	0	0	0	0	558,068
Carterville	64,737	32,368	26,482	4,024	0	0	0	0	127,611
Carthage	1,706,920	816,771	816,783	0	0	0	0	0	3,340,474
Caruthersville	470,540	235,262	0	0	0	0	0	0	705,802
Cassville	531,505	531,091	0	0	0	0	0	0	1,062,596
Center	46,456	0	0	0	0	0	0	0	46,456
Centertown	23,481	0	0	0	0	0	0	0	23,481
Centerville	9,795	0	0	0	0	0	0	0	9,795
Centralia	304,904	152,620	152,372	0	0	0	0	0	609,896
Chaffee	146,629	73,175	0	0	0	0	0	0	219,804
Chamois	23,189	0	0	0	0	0	0	0	23,189
Charlack	0	78,169	0	0	0	0	0	0	78,169
Charleston	428,497	0	206,396	0	0	0	0	0	634,893
Chesterfield	0	4,628,130	0	0	0	0	0	0	4,628,130
Chilhowee	14,456	0	0	0	0	0	0	0	14,456
Chillicothe	1,423,918	678,894	679,227	0	0	0	0	0	2,782,039
Clarence	65,785	0	0	0	0	0	0	0	65,785
Clarksburg	5,325	0	0	0	0	0	0	0	5,325

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Clarksville	33,128	0	0	0	0	0	0	0	33,128
Clarkton	51,478	0	0	0	0	0	0	0	51,478
Clayton	0	2,669,630	0	0	0	0	0	0	2,669,630
Cleveland	32,026	0	0	0	0	0	0	0	32,026
Clever	55,280	27,619	0	0	0	0	0	0	82,899
Climax Springs	2,789	0	0	0	0	0	0	0	2,789
Clinton	1,594,393	1,176,712	759,168	169,938	0	0	0	0	3,700,211
Cole Camp	88,999	0	36,912	0	0	0	0	0	125,911
Collins	52,174	0	0	2,118	0	0	0	0	54,292
Columbia	15,912,770	7,667,536	7,676,546	0	0	0	0	0	31,256,852
Cool Valley	0	46,901	0	0	0	0	0	0	46,901
Concordia	282,881	274,028	66,499	0	0	0	0	0	623,408
Conway	60,063	30,031	0	0	0	0	0	0	90,094
Corder	10,121	5,061	0	2,779	0	0	0	0	17,961
Cottleville	234,731	0	0	0	0	0	0	0	234,731
Country Club Hills	0	75,438	0	0	0	0	0	0	75,438
Country Club Village	32,661	0	0	0	0	0	0	0	32,661
Craig	11,914	0	0	0	0	0	0	0	11,914
Crane	114,927	0	53,873	13,071	0	0	0	0	181,871
Creighton	18,433	0	0	0	0	0	0	0	18,433
Crestwood	0	3,820,477	0	0	0	0	0	0	3,820,477
Creve Coeur	0	2,126,775	0	0	0	0	0	0	2,126,775
Crocker	93,408	0	22,029	0	0	0	0	0	115,437
Crystal City	723,789	344,460	0	0	0	0	0	0	1,068,249
Crystal Lake	2,177	0	0	0	0	0	0	0	2,177
Crystal Lake Park	0	24,964	0	0	0	0	0	0	24,964
Cuba	536,528	0	269,450	0	0	0	0	0	805,978
Curryville	6,435	0	0	0	0	0	0	0	6,435
Dardeene Prairie	0	41,720	0	0	0	0	0	0	41,720
De Soto	816,440	389,723	0	0	0	0	0	0	1,206,163
Dearborn	22,684	0	0	0	0	0	0	0	22,684
Deepwater	11,366	0	0	0	0	0	0	0	11,366

Schedule 1-B

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Dellwood	0	491,916	0	0	0	0	0	0	491,916
Delta	25,161	10,935	0	0	0	0	0	0	36,096
Des Peres	0	3,977,643	0	382,302	0	0	0	0	4,359,945
Desloge	654,285	310,300	310,300	0	0	0	0	0	1,274,885
Dexter	1,038,839	1,125,923	0	0	0	0	0	0	2,164,762
Diamond	40,986	0	0	0	0	0	0	0	40,986
Diggins	14,294	0	0	0	0	0	0	0	14,294
Dixon	132,786	0	59,085	0	0	0	0	0	191,871
Doniphan	389,475	0	185,918	0	0	0	0	0	575,393
Doolittle	28,833	0	0	0	0	0	0	0	28,833
Drexel	91,242	45,621	0	0	0	0	0	0	136,863
Dudley	33,144	0	0	0	0	0	0	0	33,144
Duenweg	74,624	37,310	0	0	0	0	0	0	111,934
Duquesne	141,050	0	0	0	0	0	0	0	141,050
Dutchtown	8,138	0	0	0	0	0	0	0	8,138
Eagleville	75,254	47,022	18,813	0	0	0	0	0	141,089
East Lynne	9,783	4,891	0	0	0	0	0	0	14,674
East Prairie	204,196	50,642	0	0	0	0	0	0	254,838
Easton	6,573	0	0	0	0	0	0	0	6,573
Edgar Springs	12,391	0	0	0	0	0	0	0	12,391
Edgerton	26,016	0	0	0	0	0	0	0	26,016
Edina	124,961	0	0	0	0	0	0	0	124,961
Edmundson	0	352,533	0	9,712	0	0	0	0	362,245
El Dorado Springs	385,905	192,941	0	0	0	0	0	0	578,846
Eldon	818,853	476,563	306,546	0	0	0	0	0	1,601,962
Ellington	242,129	58,979	0	0	0	0	0	0	301,108
Ellisville	0	1,556,846	0	0	0	0	0	0	1,556,846
Ellsinore	32,982	15,703	0	0	0	0	0	0	48,685
Elsberry	160,304	0	70,058	10,656	0	0	0	0	241,018
Elvins	0	0	0	0	0	0	0	0	0
Eminence	65,758	31,503	31,473	0	0	0	0	0	128,734
Emma	10,821	0	0	0	0	0	0	0	10,821

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Eolia	23,991	0	0	0	0	0	0	0	23,991
Essex	16,489	0	0	0	0	0	0	0	16,489
Esther	0	0	0	0	0	0	0	0	0
Eureka	0	2,030,930	0	0	0	0	0	0	2,030,930
Everton	12,685	0	0	0	0	0	0	0	12,685
Ewing	26,019	0	0	0	0	0	0	0	26,019
Excelsior Springs	1,344,220	671,717	639,808	125,556	0	0	0	0	2,781,301
Exeter	16,182	0	0	0	0	0	0	0	16,182
Fair Grove	100,281	50,131	50,132	0	0	0	0	0	200,544
Fair Play	10,254	10,257	10,257	0	0	0	0	0	30,768
Fairfax	38,331	0	0	0	0	0	0	0	38,331
Fairview	13,874	0	0	0	0	0	0	0	13,874
Farber	10,871	0	0	0	0	0	0	0	10,871
Farmington	2,799,308	1,399,653	0	0	0	0	0	0	4,198,961
Fayette	178,455	19,840	0	0	0	0	0	0	198,295
Fenton	0	3,134,452	0	0	0	0	0	0	3,134,452
Ferguson	0	1,397,601	0	0	0	0	0	0	1,397,601
Ferrelview	18,575	0	0	0	0	0	0	0	18,575
Festus	2,503,595	610,885	1,222,020	0	0	0	0	0	4,336,500
Fisk	30,813	14,268	0	0	0	0	0	0	45,081
Flat River	0	0	0	0	0	0	0	0	0
Flint Hill	88,539	0	0	0	0	0	0	0	88,539
Flordell Hills	0	50,856	0	5,087	0	0	0	0	55,943
Florissant	0	4,335,982	0	0	0	0	0	0	4,335,982
Foley	9,186	0	0	0	0	0	0	0	9,186
Fordland	34,601	0	0	0	0	0	0	0	34,601
Forest City	11,208	0	0	0	0	0	0	0	11,208
Foristell	152,246	76,123	0	33,327	0	0	0	0	261,696
Forsyth	250,515	241,705	0	0	0	0	0	0	492,220
Frankford	10,106	0	0	0	0	0	0	0	10,106
Franklin	4,361	2,180	2,180	0	0	0	0	0	8,721
Fredericktown	477,095	0	224,119	0	0	0	0	0	701,214

Schedule 1-B

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Freeburg	119,566	29,892	0	0	0	0	0	0	149,458
Freeman	37,157	0	0	0	0	0	0	0	37,157
Fremont Hills	25,029	0	0	1,456	0	0	0	0	26,485
Frontenac	0	1,005,601	0	0	0	0	0	0	1,005,601
Fulton	1,286,350	643,168	643,176	0	0	0	0	0	2,572,694
Gainesville	151,291	0	0	0	0	0	0	0	151,291
Galena	18,621	0	0	0	0	0	0	0	18,621
Gallatin	122,369	0	0	6,218	0	0	0	0	128,587
Garden City	101,499	0	45,650	0	0	0	0	0	147,149
Gasconade	5,457	0	0	0	0	0	0	0	5,457
Gerald	112,580	0	53,317	0	0	0	0	0	165,897
Gerster	775	0	0	0	0	0	0	0	775
Gideon	36,746	0	0	0	0	0	0	0	36,746
Gilliam	3,914	489	0	0	0	0	0	0	4,403
Gilman City	14,514	0	0	0	0	0	0	0	14,514
Gladstone	3,216,595	2,278,820	1,520,018	8,880	0	0	0	0	7,024,313
Glasgow	93,359	23,324	43,055	0	0	0	0	0	159,738
Glendale	0	440,287	0	31,511	0	0	0	0	471,798
Golden City	30,970	17,695	17,695	0	0	0	0	0	66,360
Goodman	57,306	0	0	0	0	0	0	0	57,306
Gower	74,866	18,740	0	13,228	0	0	0	0	106,834
Grain Valley	462,538	208,687	208,768	0	0	0	0	0	879,993
Granby	196,322	36,804	0	0	0	0	0	0	233,126
Grandin	6,132	0	0	0	0	0	0	0	6,132
Grandview	3,001,498	2,892,708	1,418,394	0	0	0	0	0	7,312,600
Grant City	120,734	0	0	0	0	0	0	0	120,734
Grantwood	0	48,234	0	4,825	0	0	0	0	53,059
Gravois Mills	37,900	0	0	0	0	0	0	0	37,900
Green City	49,504	24,733	0	0	0	0	0	0	74,237
Green Park	0	396,724	0	0	0	0	0	0	396,724
Green Ridge	30,772	0	0	0	0	0	0	0	30,772
Greenfield	119,645	0	0	0	0	0	0	0	119,645

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Greentop	19,766	0	0	0	0	0	0	0	19,766
Greenville	34,561	32,420	0	0	0	0	0	0	66,981
Greenwood	248,885	109,488	109,511	0	0	0	0	0	467,884
Hale	22,155	11,078	11,078	0	0	0	0	0	44,311
Hallsville	58,152	0	0	0	0	0	0	0	58,152
Hamilton	115,140	0	57,569	0	0	0	0	0	172,709
Hannibal	2,382,421	2,714,240	0	0	0	0	0	0	5,096,661
Hardin	18,114	0	0	0	0	0	0	0	18,114
Harrisburg	15,581	0	0	0	0	0	0	0	15,581
Harrisonville	1,776,589	858,197	0	0	0	0	0	0	2,634,786
Hartsburg	1,287	0	0	0	0	0	0	0	1,287
Hartville	69,105	34,549	0	0	0	0	0	0	103,654
Hawk Point	35,946	0	0	0	0	0	0	0	35,946
Hayti	270,229	201,750	128,230	0	0	0	0	0	600,209
Hayti Heights	12,538	4,831	0	0	0	0	0	0	17,369
Hazelwood	0	2,738,258	0	566,403	0	0	0	0	3,304,661
Henrietta	28,419	0	0	0	0	0	0	0	28,419
Herculaneum	461,599	0	0	0	0	0	0	0	461,599
Hermann	402,869	96,847	193,702	0	0	0	0	0	693,418
Hermitage	108,162	52,993	0	6,391	0	0	0	0	167,546
Higbee	18,452	0	9,226	0	0	0	0	0	27,678
Higginsville	492,586	237,162	231,916	0	0	0	0	0	961,664
High Hill	7,886	0	0	0	0	0	0	0	7,886
Highlandville	27,125	0	0	0	0	0	0	0	27,125
Hillsboro	244,267	91,599	0	0	0	0	0	0	335,866
Hillsdale	0	80,682	0	0	0	0	0	0	80,682
Holcomb	36,713	0	0	0	0	0	0	0	36,713
Holden	234,508	0	107,545	19,585	0	0	0	0	361,638
Hollister	857,357	428,678	412,300	0	0	0	0	0	1,698,335
Holt	45,953	44,602	1,753	0	0	0	0	0	92,308
Holts Summit	468,757	112,906	112,906	63,425	0	0	0	0	757,994
Homestown	2,150	0	0	0	0	0	0	0	2,150

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Hornersville	26,659	0	0	0	0	0	0	0	26,659
Houston	473,578	112,536	112,844	0	0	0	0	0	698,958
Howardville	3,377	0	0	254	0	0	0	0	3,631
Humansville	45,733	30,774	0	0	0	0	0	0	76,507
Hunnewell	5,204	0	0	0	0	0	0	0	5,204
Huntsville	55,840	0	27,920	0	0	0	0	0	83,760
Hurley	4,348	0	0	0	0	0	0	0	4,348
Iberia	90,165	88,042	0	0	0	0	0	0	178,207
Illmo-Scott City	74	0	0	0	0	0	0	0	74
Independence	17,072,008	12,600,835	0	0	0	0	0	0	29,672,843
Indian Point (Village of)	142,056	71,028	0	0	0	0	0	0	213,084
Innsbrook (Village of)	32,195	0	0	0	0	0	0	0	32,195
Ironton Mountain Lake	471	0	0	0	0	0	0	0	471
Ironton	199,106	93,794	93,811	0	0	0	0	0	386,711
Jackson	1,723,958	0	829,711	0	0	0	0	0	2,553,669
Jamesport	59,369	0	0	0	0	0	0	0	59,369
Jasper	59,453	29,726	26,428	0	0	0	0	0	115,607
Jefferson City	8,268,768	4,003,080	162	0	0	0	0	0	12,272,010
Jennings	0	1,038,911	0	0	0	0	0	0	1,038,911
Jonesburg	52,705	24,175	0	0	0	0	0	0	76,880
Joplin	10,384,777	2,573,493	5,191,965	0	0	0	0	0	18,150,235
Josephville	1,795	0	0	0	0	0	0	0	1,795
Kahoka	187,669	0	0	0	0	0	0	0	187,669
Kansas City	62,509,711	24,088,910	31,256,828	22,737,129	0	0	0	0	140,592,578
Kearney	769,985	359,350	360,905	0	0	0	0	0	1,490,240
Kelso	40,339	0	0	0	0	0	0	0	40,339
Kennett	1,225,305	0	0	0	0	0	0	0	1,225,305
Kidder	34,292	0	0	0	0	0	0	0	34,292
Kimberling City	308,134	294,739	0	37,446	0	0	0	0	640,319
Kimmswick	43,379	0	21,690	0	0	0	0	0	65,069
King City	95,737	0	0	0	0	0	0	0	95,737
Kingdom City	237,537	118,763	0	0	0	0	0	0	356,300

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Kinloch	0	24,527	0	0	0	0	0	0	24,527
Kirksville	2,170,873	1,124,298	1,052,597	0	0	0	0	0	4,347,768
Kirkwood	0	4,323,345	0	149,300	0	0	0	0	4,472,645
Knob Noster	163,521	75,221	75,298	27,727	0	0	0	0	341,767
Koshkonong	8,429	4,366	0	0	0	0	0	0	12,795
La Belle	35,740	0	0	0	0	0	0	0	35,740
La Grange	42,122	0	0	0	0	0	0	0	42,122
La Monte	81,705	0	0	0	0	0	0	0	81,705
La Plata	76,685	0	0	0	0	0	0	0	76,685
Ladonia	0	11,843	11,843	0	0	0	0	0	23,686
Ladue	0	767,442	0	0	0	0	0	0	767,442
Lake Ozark	491,271	239,372	240,004	0	0	0	0	0	970,647
Lake St. Louis	534,789	0	267,338	0	0	0	0	0	802,127
Lakeside	295	0	0	0	0	0	0	0	295
Lamar	505,978	252,989	252,989	0	0	0	0	0	1,011,956
Lanagan	18,373	0	283	0	0	0	0	0	18,656
Lancaster	80,087	0	0	0	0	0	0	0	80,087
Lathrop	109,865	54,924	0	0	0	0	0	0	164,789
Laurie	399,522	196,599	87,603	0	0	0	0	0	683,724
Lawson	179,298	89,649	0	0	0	0	0	0	268,947
Leadington	183,421	91,711	91,711	15,746	0	0	0	0	382,589
Leadwood	32,328	0	0	0	0	0	0	0	32,328
Lebanon	2,636,049	1,286,191	1,286,188	0	0	0	0	0	5,208,428
Lee's Summit	10,399,081	8,944,354	4,993,813	0	0	0	0	0	24,337,248
Leeton	27,603	13,801	0	0	0	0	0	0	41,404
Levasy	5,425	0	0	0	0	0	0	0	5,425
Lexington	381,793	364,810	0	0	0	0	0	0	746,603
Liberal	30,489	0	0	0	0	0	0	0	30,489
Liberty	2,987,602	2,802,466	695,564	0	0	0	0	0	6,485,632
Licking	195,963	97,970	0	0	0	0	0	0	293,933
Lilbourn	53,365	0	0	1,020	0	0	0	0	54,385
Lincoln	76,320	35,887	0	11,468	0	0	0	0	123,675

Schedule 1-B

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Linn	208,653	0	0	0	0	0	0	0	208,653
Linn Creek	78,905	58,917	19,464	22,230	0	0	0	0	179,516
Lockwood	73,276	0	0	5,425	0	0	0	0	78,701
Loma Linda	26,162	0	0	0	0	0	0	0	26,162
Lone Jack	43,057	9,919	0	0	0	0	0	0	52,976
Louisiana	633,330	0	0	34,812	0	0	0	0	668,142
Lowry City	33,565	0	0	2,728	0	0	0	0	36,293
Lutesville	32	0	0	0	0	0	0	0	32
Macks Creek	12,731	0	0	0	0	0	0	0	12,731
Macon	768,043	35,360	0	0	0	0	0	0	803,403
Madison	25,898	0	0	0	0	0	0	0	25,898
Malden	528,476	128,012	0	0	0	0	0	0	656,488
Malta Bend	4,939	0	0	0	0	0	0	0	4,939
Manchester	0	2,049,200	0	0	0	0	0	0	2,049,200
Mansfield	105,760	60,474	0	0	0	0	0	0	166,234
Maplewood	0	1,069,036	0	48,216	0	0	0	0	1,117,252
Marble Hill	228,160	114,081	0	0	0	0	0	0	342,241
Marceline	191,979	0	86,931	0	0	0	0	0	278,910
Marionville	138,460	54,510	69,230	0	0	0	0	0	262,200
Marquand	8,564	0	0	0	0	0	0	0	8,564
Marshall	1,234,141	620,265	0	0	0	0	0	0	1,854,406
Marshfield	820,354	410,034	0	0	0	0	0	0	1,230,388
Marston	56,214	28,104	0	8,338	0	0	0	0	92,656
Marthasville	0	32,185	32,185	3,966	0	0	0	0	68,336
Martinsburg	39,745	0	0	0	0	0	0	0	39,745
Maryland Heights	0	3,364,602	0	0	0	0	0	0	3,364,602
Maryville	1,458,758	1,081,411	0	0	0	0	0	0	2,540,169
Matthews	101,882	54,280	0	0	0	0	0	0	156,162
Maysville	55,096	13,768	27,536	0	0	0	0	0	96,400
Memphis	247,939	0	0	0	0	0	0	0	247,939
Merriam Woods	19,008	0	0	0	0	0	0	0	19,008
Meta	23,236	0	0	0	0	0	0	0	23,236

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Mexico	1,349,110	634,857	0	0	0	0	0	0	1,983,967
Middletown	14,070	0	0	0	0	0	0	0	14,070
Milan	194,407	0	0	0	0	0	0	0	194,407
Miller	37,846	0	16,931	0	0	0	0	0	54,777
Miner	433,336	428,368	0	6,304	0	0	0	0	868,008
Moberly	1,945,011	1,853,755	927,061	0	0	0	0	0	4,725,827
Mokane	16,127	0	0	0	0	0	0	0	16,127
Monett	1,548,919	774,417	0	0	0	0	0	0	2,323,336
Monroe City	300,504	140,209	0	0	0	0	0	0	440,713
Montgomery City	300,367	0	138,623	0	0	0	0	0	438,990
Montrose	26,868	13,434	0	0	0	0	0	0	40,302
Morehouse	29,221	0	0	0	0	0	0	0	29,221
Morley	13,024	0	0	0	0	0	0	0	13,024
Morrison	5,972	0	0	0	0	0	0	0	5,972
Mosby	104,247	0	0	0	0	0	0	0	104,247
Moscow Mills	263,149	0	126,541	0	0	0	0	0	389,690
Mound City	58,254	58,439	0	0	0	0	0	0	116,693
Mount Vernon	444,525	222,028	0	0	0	0	0	0	666,553
Mountain Grove	825,295	412,592	0	0	0	0	0	0	1,237,887
Mountain View	391,074	0	190,484	0	0	0	0	0	581,558
Naylor	22,984	9,918	9,919	1,086	0	0	0	0	43,907
Neelyville	9,788	0	0	0	0	0	0	0	9,788
Neosho	1,811,376	1,306,655	655,093	0	0	0	0	0	3,773,124
Nevada	1,168,476	1,168,365	584,431	0	0	0	0	0	2,921,272
New Bloomfield	25,365	0	0	0	0	0	0	0	25,365
New Cambria	10,179	0	0	0	0	0	0	0	10,179
New Florence	96,816	46,102	46,102	0	0	0	0	0	189,020
New Franklin	37,492	18,746	14,939	0	0	0	0	0	71,177
New Haven	185,775	0	87,936	0	0	0	0	0	273,711
New London	90,759	0	26,641	0	0	0	0	0	117,400
New Madrid	196,702	97,364	0	30,463	0	0	0	0	324,529
New Melle	20,970	0	0	1,718	0	0	0	0	22,688

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Newburg	15,184	6,627	6,626	0	0	0	0	0	28,437
Niangua	15,092	0	7,632	0	0	0	0	0	22,724
Nixa	1,677,366	0	838,683	0	0	0	0	0	2,516,049
Noel	117,026	71,179	54,217	0	0	0	0	0	242,422
Norborne	37,974	0	0	0	0	0	0	0	37,974
Normandy	0	85,042	0	0	0	0	0	0	85,042
North Kansas City	2,749,302	0	1,360,836	0	0	0	0	0	4,110,138
Northmoor	156,111	0	0	0	0	0	0	0	156,111
Northwoods	0	292,811	0	0	0	0	0	0	292,811
Norwood	30,431	15,124	0	0	0	0	0	0	45,555
O'Fallon	8,752,182	0	4,198,293	0	0	0	0	0	12,950,475
Oak Grove	592,798	455,679	455,691	0	0	0	0	0	1,504,168
Oakland	0	84,123	0	0	0	0	0	0	84,123
Oakview	14,502	6,784	0	24,918	0	0	0	0	46,204
Odessa	587,992	367,494	290,209	0	0	0	0	0	1,245,695
Old Monroe	33,713	8,037	8,037	0	0	0	0	0	49,787
Olivette	0	1,051,229	0	103,194	0	0	0	0	1,154,423
Oran	52,073	26,016	0	0	0	0	0	0	78,089
Oronogo	30,691	0	0	0	0	0	0	0	30,691
Orrick	41,954	0	18,082	0	0	0	0	0	60,036
Osage Beach	3,756,639	1,857,223	1,858,108	0	0	0	0	0	7,471,970
Osceola	61,957	34,820	0	0	0	0	0	0	96,777
Otterville	27,143	0	0	0	0	0	0	0	27,143
Owensville	486,519	235,449	235,893	0	0	0	0	0	957,861
Ozark	1,336,668	668,284	0	0	0	0	0	0	2,004,952
Pacific	663,962	30,991	0	0	0	0	0	0	694,953
Pagedale	0	216,104	0	0	0	0	0	0	216,104
Palmyra	359,981	172,797	0	0	0	0	0	0	532,778
Paris	124,365	48,621	48,669	0	0	0	0	0	221,655
Park Hills	525,543	383,858	241,272	0	0	0	0	0	1,150,673
Parkville	636,091	0	299,978	0	0	0	0	0	936,069
Parkway	12,147	0	0	0	0	0	0	0	12,147

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Parma	25,209	0	0	1,274	0	0	0	0	26,483
Pasadena Hills	0	62,655	0	6,267	0	0	0	0	68,922
Pasadena Park	0	26,712	0	0	0	0	0	0	26,712
Pattonsburg	30,493	0	0	3,367	0	0	0	0	33,860
Peculiar	244,237	184,898	109,941	58,037	0	0	0	0	597,113
Perry	79,147	0	36,779	0	0	0	0	0	115,926
Perryville	1,321,167	495,536	660,584	0	0	0	0	0	2,477,287
Pevely	415,319	0	197,098	0	0	0	0	0	612,417
Piedmont	368,675	175,624	175,624	0	0	0	0	0	719,923
Pierce City	51,351	29,220	29,343	0	0	0	0	0	109,914
Pilot Grove	35,804	0	17,902	7,727	0	0	0	0	61,433
Pilot Knob	59,133	29,566	27,700	0	0	0	0	0	116,399
Pine Lawn	0	277,220	0	0	0	0	0	0	277,220
Pineville	91,849	45,924	0	751,299	0	0	0	0	889,072
Plato	6,666	0	0	0	0	0	0	0	6,666
Platte City	541,318	541,265	0	0	0	0	0	0	1,082,583
Platte Woods	75,781	0	37,891	0	0	0	0	0	113,672
Plattsburg	188,338	187,814	0	0	0	0	0	0	376,152
Pleasant Hill	569,193	284,589	260,529	0	0	0	0	0	1,114,311
Pleasant Hope	45,619	9,234	9,235	2,835	0	0	0	0	66,923
Pleasant Valley	223,206	228,267	55,760	0	0	0	0	0	507,233
Polo	27,958	26,686	26,771	0	0	0	0	0	81,415
Poplar Bluff	3,580,235	2,625,237	0	0	0	0	0	0	6,205,472
Portage Des Sioux	14,628	0	0	0	0	0	0	0	14,628
Portageville	283,603	135,064	0	0	0	0	0	0	418,667
Potosi	561,964	0	0	0	0	0	0	0	561,964
Preston	8,746	0	0	0	0	0	0	0	8,746
Princeton	100,280	0	0	0	0	0	0	0	100,280
Purdy	44,058	0	0	0	0	0	0	0	44,058
Puxico	104,037	0	0	0	0	0	0	0	104,037
Queen City	28,234	7,074	7,074	0	0	0	0	0	42,382
Qulin	22,939	11,471	0	0	0	0	0	0	34,410

Schedule 1-B

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Randolph	67,094	2,490	0	0	0	0	0	0	69,584
Raymore	1,420,207	1,338,641	669,011	0	0	0	0	0	3,427,859
Raytown	2,744,476	660,833	114,553	0	0	0	0	0	3,519,862
Redings Mill	4,326	0	0	0	0	0	0	0	4,326
Reeds Spring	70,119	35,059	0	0	0	0	0	0	105,178
Republic	954,366	477,187	477,182	0	0	0	0	0	1,908,735
Rich Hill	75,849	0	0	0	0	0	0	0	75,849
Richland	138,660	62,486	62,508	0	0	0	0	0	263,654
Richmond	929,425	0	434,164	0	0	0	0	0	1,363,589
Richmond Heights	0	4,008,110	0	0	0	0	0	0	4,008,110
Ridgeway	30,687	0	0	0	0	0	0	0	30,687
Risco	15,206	0	0	0	0	0	0	0	15,206
River Bend	17,485	0	0	0	0	0	0	0	17,485
Riverside	947,763	0	0	154,533	0	0	0	0	1,102,296
Riverview	0	171,852	0	17,190	0	0	0	0	189,042
Rocheport	16,751	8,376	0	0	0	0	0	0	25,127
Rock Hill	0	946,018	0	0	0	0	0	0	946,018
Rock Port	169,776	84,887	0	26,883	0	0	0	0	281,546
Rockaway Beach	37,712	17,265	17,265	0	0	0	0	0	72,242
Rockville	8,152	0	0	0	0	0	0	0	8,152
Rogersville	196,226	7,890	90,108	0	0	0	0	0	294,224
Rolla	3,248,960	3,249,050	1,624,478	0	0	0	0	0	8,122,488
Rosebud	31,007	0	14,612	0	0	0	0	0	45,619
Russellville	46,894	0	0	0	0	0	0	0	46,894
Rutledge	10,747	0	0	0	0	0	0	0	10,747
Saginaw	17,222	0	0	0	0	0	0	0	17,222
Salem	890,054	408,954	0	0	0	0	0	0	1,299,008
Salisbury	153,731	0	0	0	0	0	0	0	153,731
Sarcoxi	88,902	38,130	38,141	0	0	0	0	0	165,173
Savannah	549,287	0	0	0	0	0	0	0	549,287
Scotsdale	0	3,108	0	0	0	0	0	0	3,108
Scott City	336,275	76,709	152,785	0	0	0	0	0	565,769

Schedule 1-B

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Sedalia	3,732,906	3,178,950	1,796,637	0	0	0	0	0	8,708,493
Seligman	63,056	31,491	0	0	0	0	0	0	94,547
Senath	53,413	0	0	0	0	0	0	0	53,413
Seneca	158,141	72,201	72,201	0	0	0	0	0	302,543
Seymour	162,664	0	0	0	0	0	0	0	162,664
Shelbina	196,949	49,223	0	0	0	0	0	0	246,172
Shelbyville	28,172	0	0	0	0	0	0	0	28,172
Sheldon	21,181	0	0	0	0	0	0	0	21,181
Shrewsbury	0	1,040,255	0	0	0	0	0	0	1,040,255
Sikeston	2,740,581	1,369,085	1,369,849	0	0	0	0	0	5,479,515
Silex	30,390	0	0	3,308	0	0	0	0	33,698
Silver Creek	22,177	0	0	0	0	0	0	0	22,177
Slater	100,990	50,495	50,496	0	0	0	0	0	201,981
Smithton	13,777	0	0	0	0	0	0	0	13,777
Smithville	696,126	0	329,334	68,084	0	0	0	0	1,093,544
Southwest City	90,337	17,129	42,958	69,657	0	0	0	0	220,081
Sparta	75,411	0	0	0	0	0	0	0	75,411
Spickard	5,634	0	0	0	0	0	0	0	5,634
Springfield	33,470,727	8,131,772	4,064,552	3,028,519	0	0	0	0	48,695,570
St. Ann	0	2,477,346	0	0	0	0	0	0	2,477,346
St. Charles	9,948,794	4,803,000	0	0	0	0	0	0	14,751,794
St. Clair	531,742	265,818	0	0	0	0	0	0	797,560
St. Elizabeth	22,637	0	0	0	0	0	0	0	22,637
St. James	425,432	0	212,601	0	0	0	0	0	638,033
St. John	0	458,396	0	0	0	0	0	0	458,396
St. Joseph	14,497,881	4,838,360	1,451,504	0	0	0	0	0	20,787,745
St. Louis	47,480,196	56,360,029	25,896,445	24,241,770	0	0	0	0	153,978,440
St. Martins	31,730	0	0	0	0	0	0	0	31,730
St. Mary	21,929	0	10,965	0	0	0	0	0	32,894
St. Peters	11,131,757	1,113,659	5,565,879	0	0	0	0	0	17,811,295
St. Robert	1,398,184	699,067	684,592	0	0	0	0	0	2,781,843
St. Thomas	11,485	0	0	0	0	0	0	0	11,485

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Stanberry	0	47,539	0	0	0	0	0	0	47,539
Ste. Genevieve	552,375	259,119	259,119	56,460	0	0	0	0	1,127,073
Steele	124,089	61,957	0	0	0	0	0	0	186,046
Steelville	210,550	105,189	0	0	0	0	0	0	315,739
Stella	2,645	0	0	0	0	0	0	0	2,645
Stewartsville	36,995	18,221	0	0	0	0	0	0	55,216
Stockton	190,952	95,415	95,476	16,952	0	0	0	0	398,795
Stoutland	8,689	0	0	0	0	0	0	0	8,689
Stover	85,320	0	39,513	0	0	0	0	0	124,833
Strafford	222,097	111,049	0	0	0	0	0	0	333,146
Sturgeon	42,521	0	18,397	0	0	0	0	0	60,918
Sugar Creek	249,604	0	0	23,072	0	0	0	0	272,676
Sullivan	1,334,015	666,556	0	0	0	0	0	0	2,000,571
Summersville	48,182	0	22,633	0	0	0	0	0	70,815
Sunrise Beach	140,895	0	69,752	19,753	0	0	0	0	230,400
Sunset Hills	0	1,162,937	0	0	0	0	0	0	1,162,937
Sweet Springs	102,721	44,514	44,513	0	0	0	0	0	191,748
Table Rock Townsite	11,182	0	0	0	0	0	0	0	11,182
Taneyville	10,396	0	0	0	0	0	0	0	10,396
Taos	21,643	0	0	0	0	0	0	0	21,643
Tarkio	179,806	0	0	0	0	0	0	0	179,806
Thayer	339,741	0	0	0	0	0	0	0	339,741
Theodosia	46,319	0	0	0	0	0	0	0	46,319
Tipton	182,692	0	0	0	0	0	0	0	182,692
Town and Country	0	2,279,954	0	0	0	0	0	0	2,279,954
Tracy	15,388	0	0	0	0	0	0	0	15,388
Trenton	696,899	346,588	0	0	0	0	0	0	1,043,487
Trimble	11,996	0	0	0	0	0	0	0	11,996
Troy	1,831,710	0	894,358	0	0	0	0	0	2,726,068
Truesdale	39,825	0	0	0	0	0	0	0	39,825
Tuscumbia	11,614	0	0	0	0	0	0	0	11,614
Twin Oaks	0	238,211	0	0	0	0	0	0	238,211

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Union	1,307,176	326,815	653,564	0	0	0	0	0	2,287,555
Unionville	169,028	0	0	0	0	0	0	0	169,028
University City	0	3,388,009	0	204,509	0	0	0	0	3,592,518
Uplands Park	0	25,128	0	2,513	0	0	0	0	27,641
Urbana	36,209	0	17,940	0	0	0	0	0	54,149
Urich	51,996	26,030	0	0	0	0	0	0	78,026
Valley Park	0	691,248	0	0	0	0	0	0	691,248
Van Buren	128,943	60,525	0	0	0	0	0	0	189,468
Vandalia	285,999	142,706	0	0	0	0	0	0	428,705
Vandiver	106,737	0	0	0	0	0	0	0	106,737
Velda	0	88,275	0	0	0	0	0	0	88,275
Velda Village Hills	0	59,542	0	0	0	0	0	0	59,542
Verona	24,523	0	0	0	0	0	0	0	24,523
Versailles	426,000	416,777	0	0	0	0	0	0	842,777
Viburnum	58,765	0	0	0	0	0	0	0	58,765
Vienna	90,005	0	43,823	36,268	0	0	0	0	170,096
Village of Four Seasons	189,156	94,578	0	0	0	0	0	0	283,734
Vinita Park	0	243,963	0	2,277	0	0	0	0	246,240
Vinita Terrace	0	15,951	0	0	0	0	0	0	15,951
Walnut Grove	37,987	0	0	0	0	0	0	0	37,987
Wardell	12,723	0	0	0	0	0	0	0	12,723
Wardsville	26,466	0	0	0	0	0	0	0	26,466
Warrensburg	2,190,521	1,095,182	0	202,462	0	0	0	0	3,488,165
Warrenton	1,175,270	293,819	587,636	0	0	0	0	0	2,056,725
Warsaw	511,721	255,860	247,281	0	0	0	0	0	1,014,862
Warson Woods	0	201,510	0	0	0	0	0	0	201,510
Washburn	22,081	11,041	11,041	0	0	0	0	0	44,163
Washington	2,818,665	1,408,864	0	196,433	0	0	0	0	4,423,962
Waverly	44,483	0	19,396	0	0	0	0	0	63,879
Wayland	23,194	0	0	0	0	0	0	0	23,194
Waynesville	311,554	227,329	145,823	0	0	0	0	0	684,706
Weaubleau	30,652	5,040	0	0	0	0	0	0	35,692

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Webb City	1,226,887	627,066	580,291	0	0	0	0	0	2,434,244
Webster Groves	0	2,210,592	0	0	0	0	0	0	2,210,592
Weldon Spring	209,613	0	0	0	0	0	0	0	209,613
Wellsville	58,519	16,874	29,259	0	0	0	0	0	104,652
Wellston	0	134,379	0	0	0	0	0	0	134,379
Wentzville	2,307,263	1,116,608	1,117,174	714,552	0	0	0	0	5,255,597
West Plains	2,405,485	1,203,111	642,774	0	0	0	0	0	4,251,370
West Sullivan	3,161	790	0	0	0	0	0	0	3,951
Weston	148,981	0	74,584	19,261	0	0	0	0	242,826
Westphalia	39,478	0	0	3,914	0	0	0	0	43,392
Wheatland	17,007	0	7,174	0	0	0	0	0	24,181
Wheaton	49,599	0	0	0	0	0	0	0	49,599
Wilbur Park	0	25,947	0	0	0	0	0	0	25,947
Wildwood	0	1,796,303	0	0	0	0	0	0	1,796,303
Willard	265,653	255,307	0	14,294	0	0	0	0	535,254
Williamsville	21,715	7,437	0	0	0	0	0	0	29,152
Willow Springs	228,333	164,914	0	0	0	0	0	0	393,247
Windsor	203,940	89,821	0	0	0	0	0	0	293,761
Winfield	67,270	0	31,429	0	0	0	0	0	98,699
Winona	87,618	41,495	41,496	0	0	0	0	0	170,609
Woods Heights	26,993	0	0	630	0	0	0	0	27,623
Woodson Terrace	0	509,907	0	22,888	0	0	0	0	532,795
Wright City	175,756	39,618	79,236	0	0	0	0	0	294,610
Wyaconda	6,654	0	0	0	0	0	0	0	6,654
Wyatt	11,482	0	0	0	0	0	0	0	11,482
COUNTIES:									
Adair	0	0	0	0	1,272,861	1,272,243	0	0	2,545,104
Andrew	0	0	0	69,810	454,094	908,189	0	0	1,432,093
Atchison	0	0	0	0	0	716,787	0	0	716,787
Audrain	0	0	0	0	1,007,145	2,013,579	0	0	3,020,724
Barry	0	0	0	0	1,531,606	1,531,586	0	0	3,063,192
Barton	0	0	0	0	435,484	435,482	0	0	870,966

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Bates	0	0	0	74,204	0	1,051,293	0	0	1,125,497
Benton	0	0	0	0	623,538	966,602	0	0	1,590,140
Bollinger	0	0	0	0	279,892	279,894	0	0	559,786
Boone	0	0	0	0	9,559,751	10,304,200	0	0	19,863,951
Buchanan	0	0	0	0	5,118,380	6,141,807	0	0	11,260,187
Butler	0	0	0	0	2,422,985	2,422,718	0	0	4,845,703
Caldwell	0	0	0	58,579	206,355	502,157	0	0	767,091
Callaway	0	0	0	0	0	1,539,657	0	0	1,539,657
Camden	0	0	0	0	3,632,654	3,630,407	0	0	7,263,061
Cape Girardeau	0	0	0	0	5,400,552	415	0	0	5,400,967
Carroll	0	0	0	53,897	285,820	549,183	0	0	888,900
Carter	0	0	0	0	170,260	170,260	0	0	340,520
Cass	0	0	0	0	4,641,137	4,601,625	0	0	9,242,762
Cedar	0	0	0	0	425,871	450,217	0	0	876,088
Chariton	0	0	0	101,648	237,644	712,911	0	0	1,052,203
Christian	0	0	0	0	2,299,471	4,595,633	0	0	6,895,104
Clark	0	0	0	0	212,722	620,610	0	0	833,332
Clay	0	0	0	2,721,813	13,370,629	10,005,963	0	0	26,098,405
Clinton	0	0	0	86,670	510,111	510,070	0	0	1,106,851
Cole	0	0	0	391,714	0	4,711,669	0	0	5,103,383
Cooper	0	0	0	0	654,166	1,635,388	0	0	2,289,554
Crawford	0	0	0	0	864,734	1,955,735	0	0	2,820,469
Dade	0	0	0	52,845	216,231	372,676	0	0	641,752
Dallas	0	0	0	0	525,259	1,528,654	0	0	2,053,913
Daviess	0	0	0	38,011	0	662,364	0	0	700,375
Dekalb	0	0	0	0	574,299	574,301	0	0	1,148,600
Dent	0	0	0	0	649,272	0	0	0	649,272
Douglas	0	0	0	0	349,377	349,377	0	0	698,754
Dunklin	0	0	0	0	0	1,271,125	0	0	1,271,125
Franklin	0	0	0	0	4,674,746	7,011,553	0	0	11,686,299
Gasconade	0	0	0	0	705,538	705,543	0	0	1,411,081
Gentry	0	0	0	0	0	420,250	0	0	420,250

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Greene	0	0	0	0	19,454,585	17,484,972	0	0	36,939,557
Grundy	0	0	0	0	419,437	418,248	0	0	837,685
Harrison	0	0	0	0	0	865,332	0	0	865,332
Henry	0	0	0	63,755	1,097,510	0	0	0	1,161,265
Hickory	0	0	0	0	249,492	498,897	0	0	748,389
Holt	0	0	0	148,560	155,595	544,238	0	0	848,393
Howard	0	0	0	0	256,203	752,351	0	0	1,008,554
Howell	0	0	0	0	1,828,789	911,479	0	0	2,740,268
Iron	0	0	0	0	306,060	0	0	0	306,060
Jackson	0	0	0	0	40,620,192	20,369,076	0	0	60,989,268
Jasper	0	0	0	0	5,162,715	4,817,387	0	0	9,980,102
Jefferson	0	0	0	0	9,063,790	18,126,295	0	0	27,190,085
Johnson	0	0	0	334,823	1,860,103	3,581,793	0	0	5,776,719
Knox	0	0	0	0	132,305	396,821	0	0	529,126
Laclede	0	0	0	0	1,678,863	1,678,830	0	0	3,357,693
Lafayette	0	0	0	0	1,155,417	1,803,669	0	0	2,959,086
Lawrence	0	0	0	0	1,119,449	1,119,346	0	0	2,238,795
Lewis	0	0	0	144,005	254,782	778,533	0	0	1,177,320
Lincoln	0	0	0	0	1,798,192	4,673,271	0	0	6,471,463
Linn	0	0	0	103,657	567,097	567,099	0	0	1,237,853
Livingston	0	0	0	0	788,249	0	0	0	788,249
Macon	0	0	0	0	595,821	1,133,964	0	0	1,729,785
Madison	0	0	0	0	406,267	404,554	0	0	810,821
Maries	0	0	0	46,841	205,387	420,792	0	0	673,020
Marion	0	0	0	0	1,513,364	1,845,695	0	0	3,359,059
McDonald	0	0	0	0	674,942	1,854,297	0	0	2,529,239
Mercer	0	0	0	0	129,497	193,426	0	0	322,923
Miller	0	0	0	132,960	1,257,059	1,253,506	0	0	2,643,525
Mississippi	0	0	0	0	394,805	988,065	0	0	1,382,870
Moniteau	0	0	0	0	452,761	651,461	0	0	1,104,222
Monroe	0	0	0	45,837	248,719	248,669	0	0	543,225
Montgomery	0	0	0	0	381,545	953,287	0	0	1,334,832

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
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YEAR ENDED JUNE 30, 2003

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Morgan	0	0	0	0	864,562	924,752	0	0	1,789,314
New Madrid	0	0	0	0	1,347,953	0	0	0	1,347,953
Newton	0	0	0	0	1,976,711	2,635,615	0	0	4,612,326
Nodaway	0	0	0	0	898,046	897,820	0	0	1,795,866
Oregon	0	0	0	0	356,569	356,570	0	0	713,139
Osage	0	0	0	0	425,978	459,227	0	0	885,205
Ozark	0	0	0	0	233,352	701,265	0	0	934,617
Pemiscot	0	0	0	0	600,140	900,034	0	0	1,500,174
Perry	0	0	0	0	996,100	929,899	0	0	1,925,999
Pettis	0	0	0	349,023	2,256,941	2,260,723	0	0	4,866,687
Phelps	0	0	0	0	2,209,612	1,899,431	0	0	4,109,043
Pike	0	0	0	0	598,364	1,939,177	0	0	2,537,541
Platte	0	0	0	1,853,196	5,405,197	5,240,879	0	0	12,499,272
Polk	0	0	0	0	0	2,300,002	0	0	2,300,002
Pulaski	0	0	0	0	1,439,476	844	0	0	1,440,320
Putnam	0	0	0	0	0	565,154	0	0	565,154
Ralls	0	0	0	0	361,615	731,350	0	0	1,092,965
Randolph	0	0	0	0	1,160,977	656,148	0	0	1,817,125
Reynolds	0	0	0	0	167,020	0	0	0	167,020
Ray	0	0	0	0	762,499	1,524,998	0	0	2,287,497
Ripley	0	0	0	0	0	394,734	0	0	394,734
Saline	0	0	0	0	846,531	846,576	0	0	1,693,107
Schuyler	0	0	0	0	128,833	257,684	0	0	386,517
Scotland	0	0	0	0	0	413,310	0	0	413,310
Scott	0	0	0	0	1,495,644	1,485,800	0	0	2,981,444
Shannon	0	0	0	0	196,840	196,215	0	0	393,055
Shelby	0	0	0	37,545	211,445	422,857	0	0	671,847
St. Charles	0	0	0	4,487,153	18,927,664	41,173,431	0	0	64,588,248
St. Clair	0	0	0	0	224,826	0	0	0	224,826
St. Francois	0	0	0	0	2,883,916	2,725,443	0	0	5,609,359
St. Louis	0	0	114,214,442	0	0	13,592,507	152,224,099	0	280,031,048
Ste. Genevieve	0	0	0	0	637,456	636,765	0	0	1,274,221
Stoddard	0	0	0	0	1,067,275	612,165	0	0	1,679,440
Stone	0	0	0	253,163	1,766,572	4,571,773	0	0	6,591,508
Sullivan	0	0	0	0	203,876	611,475	0	0	815,351
Taney	0	0	0	0	5,474,507	11,135,756	0	0	16,610,263
Texas	0	0	0	0	784,013	0	0	0	784,013
Vernon	0	0	0	0	782,004	0	0	0	782,004
Warren	0	0	0	0	1,093,769	3,215,260	0	0	4,309,029
Washington	0	0	0	253,043	604,593	2,357,883	0	0	3,215,519
Wayne	0	0	0	0	397,809	397,808	0	0	795,617
Webster	0	0	0	0	1,040,199	1,456,227	0	0	2,496,426
Worth	0	0	0	138	60,647	93,050	0	0	153,835
Wright	0	0	0	0	666,794	662,104	0	0	1,328,898
DISTRICTS:									0
3 Trails Community Improvement District	0	0	0	0	0	0	0	63,450	63,450
Noel T. Adams Ambulance District	0	0	0	0	0	0	0	28,939	28,939
Smithville Area Fire Protection District	0	0	0	0	0	0	0	337,136	337,136
SNI Valley Fire Protection District	0	0	0	0	0	0	0	648,013	648,013
TOTALS	\$ 441,467,986	303,438,273	261,562,663	66,867,518	219,097,901	278,650,187	152,224,099	1,077,538	1,724,386,165

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Significant Accounting Policies

A. Basis of Presentation

These financial statements relating to sales and use tax collections of the Division of Taxation and Collection of the Department of Revenue present the cash receipts and distributions of the various state funds as reflected on Exhibit A, the cash receipts and distributions of the various local funds as reflected on Exhibit B, and the cash additions, deductions, and changes in cash and investments of the various custodial accounts as reflected on Exhibit C.

The Department of Revenue prepares a Comprehensive Annual Financial Report (CAFR). The department intends for the CAFR to fairly present the financial position and results of operations of the Department of Revenue as measured by the financial activity of the various funds. The financial statements presented in this financial report are supporting schedules for the department's CAFR and do not contain all financial data contained in the CAFR. Therefore, users of these financial statements are advised to refer to the department's CAFR for the financial position and results of operations.

The "Total (Memorandum Only)" column shown on these financial statements is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with the reference to the details of each fund.

Appropriations for the operations of the Division of Taxation and Collection are maintained by the Division of Administration of the Department of Revenue, and therefore, operating expenditures are not presented.

General capital assets utilized by the Division of Taxation and Collection are included in the accounts of the Division of Administration of the Department of Revenue, and therefore, no statements of general capital assets are presented.

B. Basis of Accounting

These financial statements are presented on a cash basis of accounting and, as such, are prepared in conformity with an other comprehensive basis of accounting as described in the AICPA's Statement on Auditing Standards Number 62, which addresses special reports. The cash basis of accounting differs from accounting

principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

In the Combined Statement of Receipts and Distributions – State Funds and the Combined Statement of Receipts and Distributions – Local Funds, revenues are recognized when received. Distributions reflect the actual disbursement of receipts to various state and local funds, local political subdivisions, and taxpayers.

In the Combined Statement of Additions and Deductions – Custodial Accounts, additions reflect actual cash receipts. Deductions reflect actual disposition of cash receipts to various state and local funds, local political subdivisions, and taxpayers.

C. Fiscal Authority and Responsibility

Sales and use tax and motor vehicle sales tax receipts collected from businesses and individuals (for motor vehicle sales tax) are deposited into various state and local funds. (NOTE: Marine and ATV sales and use tax collections are deposited into the same funds as the state sales and use tax). One hundred percent of the state sales and use tax collections are deposited into the General Revenue Fund-State, School District Trust Fund, Conservation Commission Fund, Parks Sales Tax Fund, and Soil and Water Sales Tax Fund. In addition, motor vehicle sales tax collections are deposited into the funds noted above and the State Transportation Fund and State Road Fund. For the following local funds: Local Fuel Tax Trust Fund, Local Sales Tax Trust Fund, Local Use Tax Trust Fund, and Local Option Use Tax Trust Fund, actual tax proceeds are deposited into interest-bearing bank accounts until distributed. Subsequently ninety-nine percent of the collections and ninety-nine percent of the earned interest are distributed to the various political subdivisions with the remaining one percent going to the state's General Revenue Fund-State for a collection fee, except for the Local Fuel Tax Trust Fund which receives all of the collections.

Highway use tax receipts collected on vehicles purchased outside of Missouri but titled in Missouri, are deposited into the Conservation Commission Fund, Highway Department Fund, Parks Sales Tax Fund, Soil and Water Sales Tax Fund, State Road Fund and Local Fuel Tax Fund.

For operating purposes, the Division of Taxation and Collection of the Department of Revenue has been charged with the responsibility of administering transactions in the funds listed below. The State Treasurer, as fund custodian, and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly for all state funds.

- 1) General Revenue Fund-State: This state fund, as authorized by Section 144.700, RSMo, receives three-fourths of the collections from the four percent state sales and use tax. This fund also receives payments from common carriers in interstate air transportation, as authorized by Section 144.807, RSMo, and receives three-eighths from the four percent motor vehicle sales tax as authorized by Section 144.070, RSMo.
- 2) Aviation Trust Fund: This state fund, authorized by Section 144.805, RSMo, receives sales tax on aviation jet fuel from common carriers. These taxes are paid as a result of exemptions to General Revenue sales tax. The exemptions are a result of direct-pay agreements between common carriers and the Department of Revenue.
- 3) Conservation Commission Fund: This state fund, authorized by Article IV, Section 43(a), Constitution of Missouri, receives collections of the one-eighth percent state sales and use tax, motor vehicle sales tax, and highway use tax.
- 4) Department of Revenue Information Fund: This state fund, authorized by Section 32.067, RSMo, receives collections from individuals, businesses, and governmental units, for the dissemination of information and publications. The related sales tax is also deposited into this fund.
- 5) Highway Department Fund: This state fund, as authorized by Section 144.440, RSMo, receives three-fourths of the collections from the four percent highway use tax.
- 6) Parks Sales Tax Fund: This state fund, as authorized by Article IV, Section 47(a) and 47(b), Constitution of Missouri, receives fifty percent of the collections from a one-tenth percent state sales and use tax, motor vehicle sales tax and highway use tax.
- 7) School District Trust Fund: This state fund, as authorized by Section 144.701, RSMo, receives one-fourth of the collections from the four percent sales and use tax and one-eighth of the collections from the four percent motor vehicle sales tax.
- 8) Soil and Water Sales Tax Fund: This state tax fund, as authorized by Article IV, Section 47(a) and 47(b), Constitution of Missouri, receives fifty percent of the collections from a one-tenth percent state sales and use tax, motor vehicle sales tax, and highway use tax.
- 9) State Road Fund and State Transportation: These state funds, as authorized by Section 144.070, RSMo, and Article IV, Section 30(b), Constitution of Missouri, receives three-eighths of the collections of the four percent state sales tax on the leasing of motor vehicles and motor

vehicle sales tax. In addition, as authorized by Section 144.440, RSMO, the state road fund receives three-sixteenths of the collections of the four percent highway use tax.

The Division of Taxation and Collection of the Department of Revenue has the sole responsibility for maintaining and disbursing fund resources for all local funds.

- 1) Local Fuel Tax Fund: This local fund, as authorized by Section 144.440, RSMo, receives one-eighth of the collections from the four percent motor vehicle sales tax and one-sixteenth of the collections from the four percent highway use tax. Actual tax proceeds are deposited in an interest-bearing bank account until distributed. Distribution is sixty percent to cities and forty percent to counties.
- 2) Local Sales Tax Trust Fund: This local fund receives collections generated from local sales taxes imposed by local political subdivisions. These taxes are authorized by Chapters 66, 67, 70, 92, 94, 162, 190, 238, 321, and 644, RSMo.
- 3) Local Use Tax Trust Fund: This local fund, as authorized by Section 144.748, RSMO, receives collections generated by an additional 1 1/2 percent use tax upon all transactions which are subject to the taxes imposed under Sections 144.600 to 144.745, RSMo. Net taxes and interest are subsequently distributed to the counties and cities.

Local Use Tax was declared unconstitutional by the Missouri Supreme Court in Fiscal Year 1996. The Department of Revenue began refunding local use tax in fiscal year 1998.

- 4) Local Option Use Tax Trust Fund: This local fund, as authorized by Section 144.759, RSMo, receives collections generated by a use tax, based on the local sales tax in effect, upon all transactions subject to taxes imposed under Sections 144.600 to 144.745, RSMo. Net taxes and interest are subsequently distributed to the counties and cities.

The Department of Revenue has shared responsibility with the State Treasurer for maintaining and disbursing account resources for all custodial accounts as explained in further detail in subsequent footnotes.

- 1) Cabaret Sales Tax Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Cabaret Sales Tax Account and actual custody of account resources ultimately rests with the department.

The Cabaret Sales Tax Account is an interest-bearing bank account where collections from a county cabaret sales tax are deposited. These collections, less a one percent collection fee deposited to the state's General Revenue Fund, are distributed to the county.

- 2) Compliance Clearing Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Compliance Clearing Account and actual custody of account resources ultimately rests with the department.

The Compliance Clearing Account is an interest-bearing bank account where tax payments from taxpayer audits are temporarily held. The department holds these payments in this account pending final audit review. Depending on the results of the audit review, the department transfers the tax payment to the appropriate state and local funds or refunds to the taxpayer.

- 3) Motor Vehicle Clearing Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Motor Vehicle Clearing Account and actual custody of account resources ultimately rests with the department.

The Motor Vehicle Clearing Account is an interest-bearing bank account that receives currently unidentifiable collections from motor vehicle fee and branch offices for various taxes and fees. When these receipts are identified they are transferred to various state and local funds.

- 4) Motor Vehicle Protest Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Motor Vehicle Protest Account and actual custody of account resources ultimately rests with the department.

The Motor Vehicle Protest Account, as authorized by Section 144.700, RSMo, receives motor vehicle sales and use tax paid under protest. Protest proceeds are deposited into an interest-bearing bank account.

Protested motor vehicle sales and use taxes and the related earned interest, are either returned to the taxpayer or remitted to the state and the appropriate political subdivisions, based upon decisions reached by the department, the Administrative Hearing Commission, or various courts.

- 5) Protested Sales Tax General Revenue Account and Protested Sales Tax Miscellaneous Account: The Department of Revenue has been charged with the responsibility of administering transactions in the protested sales tax accounts.

The protested sales tax accounts, as authorized by Section 144.700, RSMo, receives sales taxes paid under protest. The three percent General Revenue portion of the state sales taxes paid under protest is transferred to the state's General Revenue Fund-State, which is in the custody of the State Treasurer. All other state and local taxes paid under protest are deposited into an interest-bearing bank account, which is in the custody of the Department of Revenue. Protested sales taxes and the related earned interest, are either returned to the taxpayer or remitted to the state and the appropriate political subdivisions, based upon decisions reached by the department, the Administrative Hearing Commission, or various courts.

- 6) Sales Tax Bond Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Sales Tax Bond Account.

The Sales Tax Bond Account, as authorized by Section 144.087, RSMo, receives cash bonds protested by taxpayers. All bond collections are deposited into the General Revenue Fund-State, which is in the custody of the State Treasurer. Cash bonds and related interest at the rate of five and one-fourth percent are refunded to the taxpayer after two years if they are determined to have satisfactory tax compliance and if their bond was posted before January 1, 1984. If the bond was posted on or after January 1, 1984, the Attorney General has ruled that no interest should be refunded. In the event of uncollectible sales tax liabilities, the bonds and related interest, if any, are forfeited to the Department of Revenue, which subsequently distributes the monies to the state and the appropriate political subdivisions.

- 7) Sales Tax Electronic Filing Holding Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Sales Tax Electronic Filing Holding Account and actual custody of account resources ultimately rests with the department.

The Sales Tax Electronic Filing Holding Account receives collections from Web/Internet based sales and use tax filings. Deposits are deposited in an interest-bearing bank account. These receipts are paid through ACH debit transactions initiated by the taxpayer through a department approved service provider. The department transfers the collections to the appropriate state and local funds after processing the corresponding sales tax returns.

- 8) St. Louis Special Escrow Account: The St. Louis Special Escrow Account is an interest-bearing bank account where the department has escrowed funds to cover claims for refund of a three-eighths percent sales tax levied by the City of St. Louis.

The Missouri Supreme Court [ACI Plastics, Inc. vs. City of St. Louis, Citation No. 724S.W.2d513 (Mo. Banc 1987)] ruled the additional three-eighths percent sales tax was not legally levied during the period July 1, 1984 through March 17, 1987.

The amount was withheld from monthly distributions to the City of St. Louis during the year ended June 30, 1990, and placed in this account under the custody of the Director of Revenue pending resolution. The department has determined that this account will be closed after a six month period of inactivity.

- 9) Suspense Holding (Sales Tax) Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Suspense Holding Account and actual custody of the account resources ultimately rests with the department.

The Suspense Holding Account is an interest-bearing bank account where unidentified sales and use tax receipts are temporarily deposited when they are unable to be posted to the automated Missouri Integrated Tax System (MITS). When these receipts become identifiable, they are posted to MITS and are then transferred out of the Suspense Holding Account into the appropriate sales tax funds.

D. Cash and Investments

The balances of the Protested Sales Tax-General Revenue Account and Sales Tax Bond Account are pooled with other state funds and invested by the state treasurer.

Cash and investments consist of the following:

		June 30,	
		2004	2003
Held by the state treasurer	\$	45,393,684	38,288,585
Held by the department		183,326,831	174,376,756
Total	\$	228,720,515	212,665,341

For reporting purposes, cash and investments include bank accounts and all short-term investments such as repurchase agreements and federal agency securities. These are stated at cost, which approximates market. Cash resources are combined to form a pool for investment purposes. Investments are managed by the department's investing agent in accordance with an agreement entered into in September 2002. Interest income earned as a result of pooling is distributed to the appropriate accounts based on each account's equity in the pooled investments.

Department of Revenue Administrative Rule 12 CSR 10-43.020 authorizes the department to invest in the following instruments: U.S. Treasury Bills, Time Deposits, Repurchase Agreements, Federal National Mortgage Association Securities, Student Loan Marketing Association Securities, Federal Home Loan Bank Securities and Federal Home Loan Mortgage Corporation Securities and Federal Farm Credit System Securities.

Deposits

At June 30, 2004 and 2003, all deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000; the balance is secured by collateral pledged to the department and held by the department's agent in the department's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo, require depositories to pledge collateral securities to secure deposits not insured by the FDIC.

Investments

The agency's investments are composed of the following:

June 30,					

At June 30, 2004, the department's investments were allocated 50 percent in US Treasury Notes, 26 percent in US Treasury Bills, 10 percent in FHLB, 8 percent in FHLMC, and 6 percent in FNMA securities. At June 30, 2003, the department's investments were allocated 50 percent in FHLMC, 26 percent in FHLB, 24 percent in FNMA securities. These investments are allocated based on the department's investments as a whole.

Fair value information was provided by the department's depository bank.

These investments were held by the department's agent in the department's name. All investments in repurchase agreements and agency securities are 100 percent secured by the underlying Federal Government Securities. The investing agent guarantees no loss of principal or interest to the department.

2. Transfers-In

- A. Local Sales Tax Trust Fund and Local Option Use Tax Trust Fund: These amounts represent local sales tax and local option use tax collected by the Division of Motor Vehicle and Drivers Licensing central office and local branch and fee offices. The collections are subsequently transferred to the Local Sales Tax Clearing Account and the Local Option Use Tax Clearing Account. These amounts are included in the monthly distributions to the local taxing authorities.
- B. Local Fuel Tax Trust Fund: These amounts represent the cities' and counties' portion of taxes and fees collected and transferred in by the Highway Reciprocity Commission, and motor fuel tax collections transferred in from the state's Motor Fuel Tax Fund. These transfers are subsequently distributed to cities and counties.

3. Refunds of Overpayment of Taxes

Refund amounts of overpayment of various state and local sales taxes, for the fiscal year ending June 30, 2004 and 2003, are listed below. These refunds were paid from refund appropriations maintained by the Division of Administration of the Department of Revenue. These refunds are not reflected in the schedules and do not necessarily relate to the receipts in the years issued.

	Amount of Refunds Year Ended June 30,	
	2004	2003
Sales and use tax	\$ 60,122,194	61,007,087
Motor vehicle sales and use tax	4,807,530	4,607,238
Highway use tax	970,054	868,898

4. Amnesty Program Collections

The Department of Revenue, as authorized by Section 136.320, RSMo, administered a tax amnesty program from August 1, 2003 to October 31, 2003, and from August 1, 2002 through October 31, 2002. The amnesty program applied to state tax liabilities. Fiscal year 2004 amnesty tax collections, were deposited into their normal funds. Fiscal year 2003 amnesty tax collections, normally required by statute to be deposited into the General Revenue Fund and the School District Trust Fund, were instead deposited into the Schools of the Future Fund. Amnesty tax collections of local taxes, were deposited into their normal funds.

The schedules below details amnesty program sales and use tax collections by fund:

Year Ended June 30, 2004

Tax Type	General Revenue Fund	Conservation Commission Fund	Parks Sales Tax Trust Fund	School District Trust Fund	Soil & Water Sales Tax Trust Fund	State Highway Fund	State Road Fund	State Transportation Fund	Local Fund	Total Sales & Use Tax Amnesty Collections
Highway Use Tax	\$ 0	1,942	777	0	777	46,615	11,654	0	3,884	65,649
Marine/ATV Sales Tax	12,987	541	216	4,329	216	0	0	0	0	18,289
Motor Vehicle Sales Tax	269,805	22,484	8,994	89,935	8,994	0	266,208	3,597	89,935	759,952
State Sales & Use Tax	12,416,993	524,991	209,838	4,183,152	209,838	0	0	0	6,439,840	23,984,652

Year Ended June 30, 2003

	<u>Deposits into Schools of the Future Fund</u>			<u>Deposits into other funds of local taxes & constitutionally mandated taxes</u>							
	<u>Fund usually deposited to:</u>		Total								
	General		deposits to	Conservation	Parks	Soil &	State	State	State Trans-	Local	
Tax Type	Revenue	School District	Schools of	Commission	Sales Tax	Water	Highway	Road	portation	Fund	Total
	Fund	Trust	the Future	Fund	Trust Fund	Trust Fund	Fund	Fund	Fund	Fund	
Highway Use Tax	\$ 0	0	0	2,451	980	980	58,821	14,705	0	4,902	82,839
Marine/ATV Sales Tax	24,839	8,280	33,119	1,035	414	414	0	0	0	0	34,982
Motor Vehicle Sales Tax	392,823	130,941	523,764	32,735	13,094	13,094	0	387,585	5,238	130,941	1,106,451
State Sales & Use Tax	11,707,613	3,917,271	15,624,884	494,343	196,087	196,087	0	0	0	5,693,197	22,204,598

5. Subsequent Event - Amendment 3 - Redirection of Motor Fuel and Motor Vehicle Sales Taxes

On November 2, 2004, Missouri voters approved initiative petition 2004-016 (Amendment 3), which amended the Missouri Constitution to require that all revenues from the existing motor vehicle fuel tax (less collection costs) be used only for state and local highways, roads and bridges. The amendment further provides that vehicle taxes and fees paid by highway users will be used for constructing and maintaining the state highway system (less collection costs, refunds and highway patrol law enforcement costs), except that up to half of such motor vehicle sales taxes, phased in over four years, will go into a state road bond fund to repay state highway bonds. Amendment 3 will become effective July 1, 2005.

The constitutional amendment has zero net impact to state taxpayers. The amendment will increase the funding for the Department of Transportation, to be used for transportation purposes only and limits the use of highway user fees revenues by other state agencies. The Office of Administration, Division of Budget and Planning estimates a loss of revenue and additional expenditures totaling approximately \$187 million to the General Revenue Fund – State, and an increase of revenue of approximately \$141.4 million, \$43.8 million, and \$1.8 million to the State Road Bond Fund, State Road Fund, and State Transportation Fund, respectively, for the fiscal year ended June 30, 2009 (the final year of the phase in period). The indirect fiscal impact on state and local governments, if any, is unknown.

Notes to the Supplementary Data:

6. Local Funds

Distributions to political subdivisions on Exhibit B-1 and Exhibit B-2 reconcile to distributions on Schedule 1-A and 1-B as follows:

		Year Ended June 30,	
		2004	2003
Distributions to political subdivisions	\$		
per Exhibit B		2,080,049,186	1,979,577,078
Less: Local Fuel Tax Trust Fund			
distributions		265,449,339	255,190,913
Distributions per Schedule 1	\$	<u>1,814,599,847</u>	<u>1,724,386,165</u>

7. Local Sales Tax Trust Funds

The following funds comprise Local Sales Tax Trust Fund distributions to political subdivisions presented on Exhibits B-1 and B-2.

- 1) City Sales Tax Trust Fund: This local fund, as authorized by Section 94.550, RSMo, receives collections generated from city sales taxes and subsequently distributes the taxes and interest to the cities.
- 2) City Alternate Sales Tax Trust Fund: This local fund, as authorized by Chapters 92, 162, 321, and 644, RSMo, receives collections generated from an additional City of St. Louis sales tax, and subsequently distributes the taxes and interest to the City of St. Louis. The collections and subsequent distributions of the city capital improvements sales tax, as authorized by Section 94.577, RSMo, are also accounted for in this fund.
- 3) Public Mass Transportation Sales Tax Trust Fund: This local fund, as authorized by Sections 92.410, 92.625 and 94.725, RSMo, receives collections generated from public mass transportation sales taxes and subsequently distributes the taxes and interest to the public mass transportation systems.
- 4) County Sales Tax Trust Fund: This local fund, as authorized by Section 67.525, RSMo, receives the collections generated from county sales taxes and subsequently distributes the taxes and interest to the counties.
- 5) County Alternate Sales Tax Trust Fund: This local fund, as authorized by Chapters 67, 190, and 644, RSMo, receives collections generated by various types of local sales taxes. The taxes and interest are subsequently distributed to the counties.
- 6) St. Louis County Sales Tax Trust Fund: This local fund, as authorized by Chapters 66 and 94, RSMo, receives collections generated from St. Louis County sales taxes and subsequently distributes the taxes and interest to St. Louis County to be distributed by St. Louis County to the appropriate cities within the county.
- 7) District Sales Tax Trust Fund: This local fund, as authorized by Section 321.246 and 321.552, RSMo, receives collections generated from fire protection districts and ambulance districts sales taxes, respectively. Net taxes and interest are subsequently distributed to the districts.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the various funds of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection as of and for the two years ended June 30, 2004, and have issued our report thereon dated November 12, 2004.

During our audit, we identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

1. Sales and Use Tax Exemptions
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The Department of Revenue (DOR) does not track information regarding all sales and use tax exemptions and, as a result, cannot determine the effects on state revenue related to each of the exemptions.

According to DOR records, there are 117 sales and use tax exemptions provided by state law. Exemptions have been passed by the legislature for a multitude of reasons, from a reduction of sales tax on food sales by three percent, (Section 144.014, RSMo 2000) to an exemption for materials purchased by a contractor to be used in fulfilling a construction, repair, or remodeling contract with an exempt entity (Section 144.030.2(36), RSMo 2000). Other sales tax exemptions include animals or poultry used for breeding or feeding purposes (Section 144.030.2(7), RSMo 2000), sales made to individuals paying with Women, Infants, and Children Program federal government coupons or vouchers (Section 144.038, RSMo 2000), and sales of insulin (Section 144.030.2(18), RSMo 2000).

Sales and use tax returns are remitted monthly, quarterly, or annually to the DOR. The information on the return is then entered into the Missouri Integrated Tax System (MITS). The returns include gross sales receipts, adjustments to gross sales receipts, and taxable sales. The adjustment amounts include, but are not limited to, exempt sales for the period of the sales tax return (file period), correction of errors from previous file periods, etc. DOR records indicate adjustments to gross sales receipts totaled approximately \$120 billion and \$110 billion in fiscal years 2004 and 2003, respectively. Detailed information of what is included in the adjustments total is not required to be provided. In addition, according to DOR personnel, only taxable sales are reported on some sales and use returns and gross sales receipt or adjustment amounts are not included.

Because exemption information is not reported and tracked for most exemptions, the cost in terms of reduced state sales and use tax revenue for each exemption cannot be determined. The DOR does require the sale of batteries, textbooks, and food to be reported as separate line items on sales tax returns. As a result, this allows the DOR to determine the taxable sales related to each of these exemptions.

This concern was noted in the prior report. The DOR agreed that tracking exemptions is a laudable goal; however, disagreed with the recommendation stating the cost of implementation would outweigh the benefit derived and would substantially increase the complexity of the forms and the burden on those who complete and file them. However, since adjustments are already reported, sales related to various exemptions and other adjustments should currently be tracked.

Failure to determine the fiscal impact of various sales and use tax exemptions on state revenues reduces the general assembly's ability to make informed decisions regarding the propriety of current and possible future exemptions. A method of reporting, which would provide reliable additional information for various sales and use tax exemptions, should be developed to accumulate the information that should already be available. Such information should be reported to the general assembly annually.

WE AGAIN RECOMMEND the Department of Revenue develop a comprehensive system to compile and maintain exemption information so that the reductions of state revenue related to each exemption can be determined.

AUDITEE'S RESPONSE

Department management continues to agree that tracking exemptions is a laudable goal, but disagrees that taxpayers should be required to report exempt sales by exemption type on sales tax returns. The recommendation increases the burden of reporting on taxpayers and is contrary to Article III, Section 318, of the Streamlined Sales and Use Tax Agreement (Agreement), which requires simplified returns. The Agreement was adopted by implementing states, of which Missouri is one, on November 12, 2002. Following adoption, each state is to amend its existing laws, regulations, and policies to conform to/with the Agreement.

Once Missouri comes into substantial conformity with the Agreement, Department of Revenue management will require filers to submit a report of consolidated exempt sales by exemption type in accordance with the Agreement. An anticipated implementation date cannot be provided due to legislation being required to put the state into conformity with the Agreement. The department has drafted legislation, and it has been introduced the past two legislative sessions, but no action has been taken.

2. Sales and Use Tax Refunds

- A. State law does not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a windfall for the

vendor. Vendors collect sales and use taxes from their customers and remit the taxes to the DOR. Section 144.190, RSMo 2000, authorizes the DOR to issue sales and use tax refunds due to an overpaid return, an amended return, or an audited return. During fiscal years 2004 and 2003, the DOR disbursed sales and use tax refunds, including interest, of approximately \$60 million and \$61 million, respectively. In addition to refunds, an undetermined amount of credits were applied to under payments of taxes. It should be noted that for some refunds the vendor is the original purchaser and some refunds are the result of taxpayer errors, quarter-monthly filer estimates, or other circumstances in which sales and use taxes were not collected from a purchaser, and as a result, should be retained by the vendor.

House Bill 600 (HB 600) was passed in the 2003 legislative session which provides in part, "...if a person legally obligated to remit the tax levied pursuant to sections 144.010 to 144.525 has received a refund of such taxes for a specific issue and submits a subsequent claim for refund of such taxes on the same issue for a tax period beginning on or after the date the original refund check issued to such person, no refund shall be allowed...". HB 600 further provides situations in which this section shall not apply and a refund shall be allowed. However, HB 600 does not provide that refunds must be returned to the original purchaser.

We addressed this issue in previous reports and the DOR agreed with the recommendation to support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser; however, such legislation has not been successful.

- B. The General Revenue Fund-State (GRF-S) does not receive reimbursement from local funds for their proportionate share of interest paid on refunds of sales and use taxes. Based upon the percentage of distributions to state and local funds (exclusive of GRF-S) to total distributions to local funds, interest payments of approximately \$2.9 and \$3 million should have been allocated to local funds during the years ended June 30, 2004 and 2003, respectively, and is due to the GRF-S from local funds. The DOR began reimbursing the GRF-S from other state funds for the proportionate share of interest paid on sales and use tax refunds during June 2003.

Sales and use tax refunds are issued to each taxpayer from the GRF-S. To reimburse the GRF-S, adjustments are automatically made by the MITS for the principal amount of the refunds due from local funds. However, adjustments are not automatically made to local funds for the interest paid on sales tax refunds. Interest and penalties received on the payment of delinquent taxes are distributed to the various state funds and local governments. We are not aware of any state law which addresses the allocation of interest received on delinquent payments or interest paid on refunds. In the absence of such a law, the DOR should allocate interest paid on refunds and interest received on delinquent payments in the same manner.

This issue has been addressed in previous reports. The DOR agreed with the recommendation, but noted they have been unable to develop any alternatives for recovering interest from local governments without the acquisition of a new tax system.

WE RECOMMEND the Department of Revenue continue to:

- A. Support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser.
- B. Investigate methods of reimbursing the GRF-S for local funds' proportionate share of interest paid on sales and use tax refunds.

AUDITEE'S RESPONSE

- A. *Department management agrees with the recommendation and will support introduced legislation to the extent it requires that purchasers entitled to refunds can be readily identified by affected businesses.*
- B. *Department management agrees with the recommendation. However, the current tax system cannot calculate and allocate interest to local funds. The department has been unable to develop any alternatives for recovering interest from the local governments short of the acquisition or development of a new tax system.*

Follow-Up on Prior Audit Findings

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Revenue, Division of Taxation and Collection on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2002.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the agency should consider implementing those recommendations.

1. Sales and Use Tax Exemptions

The Department of Revenue (DOR) did not track information regarding all sales and use tax exemptions and, as a result, could not determine the effects on state revenue related to each of the exemptions.

Recommendation:

The Department of Revenue develop a comprehensive system to compile and maintain exemption information so that the reductions of state revenue related to each exemption can be determined.

Status:

Not implemented. See MAR finding number 1.

2. Project Exemption Certificates

The DOR lacked procedures to monitor the issuance or use of project exemption certificates issued by tax-exempt entities.

- A. The DOR had not created a standard project exemption certificate form.
- B. Contractors were not required to maintain records detailing which materials were actually consumed in the project.

Recommendation:

The Department of Revenue develop procedures to monitor the issuance and use of project exemption certificates.

Status:

Not implemented. In the prior report, the DOR responded that monitoring the use of project exemption certificates through other means than audit is a desirable goal; however, the department indicated that they could see no practical way to accomplish this. If proper application of any sales and use tax exemption cannot be monitored, legislation should be pursued to abolish the exemption or modify the provisions of the exemption to allow for adequate monitoring. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Sales and Use Tax Overpayments

The DOR had not determined the appropriate disposition of sales and use tax overpayments submitted by businesses that had closed their sales and use tax registration.

Recommendation:

The Department of Revenue determine the appropriate disposition of overpayments relating to file periods older than three years for closed businesses.

Status:

Implemented. The Department of Revenue has implemented a formal policy to annually write-off overpayments relating to file periods older than three years. The first write-off of overpayments occurred in February 2004.

4. Sales and Use Tax Refunds

- A. State law did not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a windfall for the vendor.
- B. The General Revenue Fund-State (GRF-S) did not receive reimbursement from other funds for their proportionate share of interest paid on refunds of sales and use taxes.

Recommendation:

The Department of Revenue:

- A. Support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser.
- B. Ensure the GRF-S is reimbursed for other funds' proportionate share of interest paid on sales and use tax refunds.

Status:

- A. Partially implemented. The DOR agreed with the recommendation and noted that several proposals had been introduced in the Missouri General Assembly; however, such legislation has not been successful. See MAR finding number 2.
- B. Partially implemented. The DOR has developed a system to reimburse the GRF-S for its proportionate share of interest paid on sales and use tax refunds for all state funds. However, the DOR has not determined an equitable method for allocating interest for local funds proportionate share of interest paid on refunds. See MAR finding number 2.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Revenue was created by Article IV, Section 12, of the 1945 Missouri Constitution. The department serves as the central collection agency for all state revenues. The Director is appointed by the Governor with the advice and consent of the Senate.

The Division of Taxation and Collection is responsible for the administration of Missouri's tax laws and processes and administers forms and reports for the collection of revenue due the state and local taxing jurisdictions. The division has six areas and one office.

Accounting Services

Accounting Services is responsible for cashiering and deposit of tax and fee collections, divisional accounting and financial statement preparation, document security enforcement, centralized filing systems, microfilming functions, Child Support Enforcement program administration, and division forms/publication orders.

Business Tax

Business Tax (BT) is responsible for the administration of sales/use, financial institutions, insurance premiums, franchise, county, motor fuel, cigarette and other tobacco products, corporate income and withholding taxes and fees. BT also distributes locally imposed sales and use taxes to local jurisdictions, administers the registration and issuance of business licenses to taxpayers, handles correspondence and taxpayer protests, processes amended returns, writes regulations and pursues noncompliant taxpayers through its Nexus programs.

Customer Assistance

Customer Assistance is responsible for answering individual income tax and property tax credit inquiries, contacting individuals and businesses who have unpaid tax liabilities, reimbursing prosecuting attorneys for collections made, submitting fee payments to the recorder of deeds for filing lien documents, conducting skip tracing to locate taxpayers and their assets, certifying files and records for the prosecuting attorneys, and assisting the prosecuting attorneys with account analysis to prosecute cases. Customer Assistance is also responsible for providing assistance to taxpayers in regional offices within Missouri. This assistance includes answering questions, registering taxpayers, issuing business licenses, participating in taxpayer training programs, making field visits to taxpayers who are delinquent in paying their taxes, and appearing in court on behalf of the Director on cases pursued by the prosecuting attorneys.

Field Audit, Instate and Outstate

Field Audit is responsible for conducting field audits of businesses required to pay taxes to the State of Missouri. The in-state operations perform central support functions and include eight offices. The out-state operations include offices in Chicago, Dallas, and New York.

Information Technology

Information Technology (IT) is responsible for the technical analysis, design, development and implementation of the division's data processing systems. IT provides quality assurance, program maintenance and technical support for electronic data processing communications, systems programming and data base administration.

Personal Tax

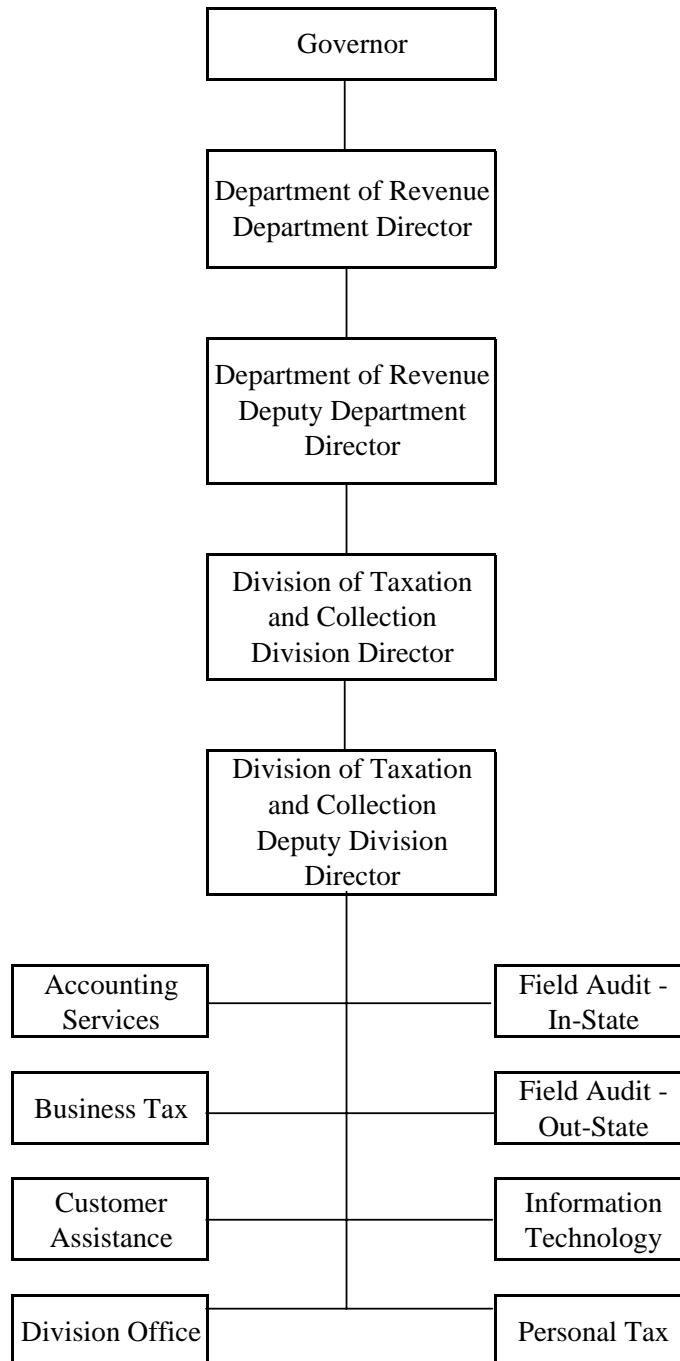
Personal Tax is responsible for administering individual income, partnership, fiduciary and estate taxes and property tax credits. Administrative functions include tax return receipt and extraction of incoming mail, tax return analysis, data entry, tax return error correction and discovery and collection of tax liabilities.

Division Director's Office

The Division Director's Office is responsible for the overall administration of the areas described above. This includes preparation of legislative testimony, fiscal note preparation to include administrative impacts, preparation of the division's budget request, tax returns and forms design and electronic-commerce.

Stan Farmer currently serves as the Division Director.

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
ORGANIZATION CHART
JUNE 30, 2004





Claire McCaskill

Missouri State Auditor

February 2005

Compilation of 2004 Criminal Activity Forfeiture Act Seizures



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

As required by state law the State Auditor's Office compiled the 2004 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to our office by prosecuting attorneys and the Attorney General. This compilation was limited to the presentation of information submitted.

The State Auditor received a total of 107 (92%) of the 116 CAFA seizure reports, from prosecuting attorneys and the Attorney General for property seized in calendar year 2004 as required by Section 513.607, RSMo. Cum. Supp. 2004. Ninety-five (82%) of the reports were received prior to the January 31, 2005 deadline.

After receiving information from jurisdictions across the state, there is reason for some concern. Even though the majority of jurisdictions actually filed reports with the State Auditor, some failed to report how they disposed of their seized property.

A comparison of 2004, 2003, 2002, and 2001 report filings show the number and dollar value of reported seizures being consistent except for 2002. Increases in seizures in a small number of counties in 2002 had the most impact on the dollar value of seizures transferred to a federal agency.

To accomplish our objectives, we compiled all seizure information submitted to the State Auditor for calendar year 2004 and reviewed the compiled information previously submitted for the calendar years 2003, 2002, and 2001 so that a comparison would be available.

A letter dated December 31, 2004 was mailed to prosecuting attorneys and the Attorney General, notifying them of the deadline for submission of the CAFA seizure and forfeiture reports. This letter listed the information that should be included in their report according to Section 513.607 RSMo. Cum. Supp. 2004, and that the report should be submitted to both the State Auditor and to the Director of the Department of Public Safety. The letter also indicated that if there were no seizures, a report was still needed indicating that information.

Due to the February 28, 2005 statutory deadline to submit this report, only seizure reports received by February 22, 2005 are included in the compilation.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

COMPILATION OF 2004 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

As required by Section 513.607, RSMo Cum. Supp. 2004, we have compiled the 2004 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor by prosecuting attorneys and the Attorney General. A compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them. The primary objectives of this compilation were to:

- (1) Identify those officials who submitted 2004 CAFA seizure reports to the State Auditor.
- (2) Summarize and evaluate the 2004 CAFA seizure information reported.

Section 513.607, RSMo Cum. Supp. 2004, requires prosecuting attorneys and the Attorney General to report CAFA seizures for the previous calendar year by January 31, to both the Director of the Department of Public Safety and the State Auditor. We received 82 percent of the CAFA seizure reports, by the required due date of January 31, 2005.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

February 22, 2005 (fieldwork completion date)

The following staff participated in the preparation of this report:

Director:	Thomas J. Kremer, CPA
In-Charge Auditor:	Becky Webb
Audit Staff:	Susan Fifer, CPA

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The State Auditor's report number 99-97 titled *Review of Forfeited Property* identified weaknesses in the state's Criminal Activity Forfeiture Act (CAFA) law. Subsequently, revisions to the state's CAFA law (Section 513.600 to 513.653 RSMo 1994) were addressed requiring the prosecuting attorneys and the Attorney General to whom seizures were reported to submit a copy of the seizure report to the State Auditor at the time the report is submitted to the Director of the Department of Public Safety (DPS). The legislation added the requirement for the State Auditor to make an annual report compiling the data received regarding the seizures. A penalty provision for intentional or knowing failure to comply with any reporting requirements was also included.

Other revisions in the CAFA included more restrictions on transfers of seized property by state or local agency to any federal agency. These restrictions were not reviewed, as they are not within the scope of our report.

Compliance with Submitting Criminal Activity Forfeiture Act (CAFA) Seizures Reports

The State Auditor received a total of 107 (92 percent) of the 116 CAFA seizure reports, from prosecuting attorneys and the Attorney General for property seized in calendar year 2004 as required by section 513.607, RSMo Cum. Supp. 2003. Ninety-five (82 percent) of the reports were received prior to the January 31, 2005 deadline. Table 1.1 lists the total number of CAFA seizure reports submitted to the State Auditor for 2004, 2003, 2002, and 2001.

Table 1.1: Summary of CAFA Seizure Reports Submitted By Date

Reporting Status	*							
	2004 Seizures		2003 Seizures		2002 Seizures		2001 Seizures	
By January 31	95	82%	95	82%	97	84%	83	72%
After January 31	12	10%	19	16%	16	14%	30	26%
Total Reported	107	92%	114	98%	113	98%	113	98%
Failed to Report	9	8%	2	2%	3	2%	3	2%
Total Reports Required	116	100%	116	100%	116	100%	116	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* Includes 10 CAFA seizure reports submitted by prosecuting attorneys to the State Auditor after the 2003 report was issued. Only Madison and Sullivan county prosecuting attorneys failed to submit a 2003 CAFA seizure report to the State Auditor.

Prosecutors that Failed to Report 2003 CAFA Seizures or Submitted Report Late

Table 1.2 lists the prosecuting attorneys that either submitted the 2004 CAFA seizure report after January 31, 2005 or failed to report a 2004 CAFA seizure report at all. Section 513.607.10 RSMo Cum. Supp. 2003 states intentional or knowing failure to comply with any reporting requirement shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.

Table 1.2: Summary of Prosecuting Attorneys that Failed to Report 2004 CAFA Seizures or Submitted 2004 CAFA Seizure Reports Late

Prosecuting Attorney	Failed to Report	Submitted Late
Barry		X
Carroll	X	
Crawford		X
Dallas		X
Dunklin	X	
Iron	X	
Lawrence		X
Livingston	X	
Madison	X	
Maries		X
Marion	X	
Oregon		X
Perry		X
Pike		X
Ralls		X
Reynolds		X
Shannon	X	
St. Clair	X	
Texas		X
Vernon		X
Wayne	X	
Totals	9	12

Source: Review of CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

Disposition of the Seizures Reported

The disposition of the CAFA seizures reported was obtained from the reports submitted by the prosecuting attorneys and the Attorney General. Not all the seizure reports included the estimated value of the property seized and not all the reports included the disposition of the seizures reported. The compilation includes only the information reported by the prosecuting attorneys and the Attorney General. Table 1.3 lists the dollar value of the disposition of seizures reported by the prosecuting attorneys and the Attorney General.

Table 1.3: Summary of Required Information Reported

Reported Disposition	*							
	2004 Seizures		2003 Seizures		2002 Seizures		2001 Seizures	
Pending	1,211,772	41%	1,897,115	58%	2,171,488	42%	1,559,080	43%
Returned	893,546	31%	720,269	22%	1,038,313	20%	1,100,845	30%
Transferred to Federal Agency	647,954	22%	342,880	11%	1,372,961	27%	498,373	14%
Transferred to State	45,273	2%	210,340	6%	232,848	4%	225,921	6%
Disposition Not Reported	12,953	0%	71,233	2%	349,143	7%	268,754	7%
Other	112,467	4%	23,089	1%	1,802	0%	300	0%
Total	2,923,965	100%	3,264,926	100%	5,166,555	100%	3,653,273	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendix I for a listing of the 2004 CAFA seizures disposition reported by each prosecuting attorney and the Attorney General.

Compliance with Reporting the Required Information

Section 513.607.8, RSMo Cum. Supp. 2003, requires the prosecuting attorneys and the Attorney General to report the following information: date, time, and place of the seizure, the property seized, the estimated value of the property seized, the criminal charges filed, and the disposition of the seizure, forfeiture, and criminal actions. Table 1.4 lists the required information for the CAFA seizure reports received and the number of cases that reported each required item. Some reports did not include all of the required information; therefore our compilation includes only the information reported.

Table 1.4: Summary of Required Information Reported

Required Information	*							
	2004 Seizures		2003 Seizures		2002 Seizures		2001 Seizures	
Date	2,036	99.9%	2,211	99.9%	2,300	99.9%	2,254	99.9%
Time	1,605	78.8%	1,905	86.0%	2,022	87.9%	1,551	68.8%
Place of Seizure	2,023	99.3%	2,188	98.8%	2,297	99.8%	2,254	99.9%
Property Seized	2,029	99.6%	2,206	99.6%	2,299	99.9%	2,232	98.9%
Est. Value of Property Seized	822	40.3%	934	42.2%	889	38.6%	914	40.5%
Person(s) Property Seized From	2,038	100.0%	2,214	100.0%	2,260	98.2%	2,252	99.9%
Criminal Charges Filed	388	19.0%	455	20.6%	1,470	63.9%	500	22.2%
Disposition of Seizure	2,038	100.0%	2,214	100.0%	2,269	98.6%	1,924	85.3%
Disposition of Criminal Actions	1,916	94.0%	2,062	93.1%	2,134	92.7%	1,773	78.6%
Total Cases Reported	2,038	100.0%	2,214	100.0%	2,301	100.0%	2,255	100.0%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendix II for a listing of the number of 2004 CAFA seizure cases that contained the required information reported for each prosecuting attorney and the Attorney General.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The primary objectives of this compilation were to: (1) identify those officials which submitted 2004 CAFA seizure reports to the State Auditor and (2) summarize and evaluate the 2004 CAFA seizure information reported.

Scope and Methodology

To accomplish our objectives we:

- Reviewed the compiled seizure information submitted to the State Auditor for calendar year 2003, 2002, and 2001 for comparison purposes only.
- Mailed a letter to prosecuting attorneys and to the Attorney General, dated December 30, 2004, reminding them of the deadline for submission of the CAFA seizure and forfeiture reports.
- Compiled all seizure information submitted to the State Auditor for calendar year 2004.
- Identified the reports that were submitted on a timely basis.
- Identified the reports that did not contain the required information.
- Compiled the dollar value of the disposition of all seizures reported.
- Contacted the Missouri Department of Public Safety to identify the 2004 CAFA seizure reports submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety or to one office.
- Compiled only seizure reports received by February 22, 2005, due to the February 28, 2005 statutory deadline for the State Auditor to submit this report.

Limitations

The data presented in the appendixes was compiled from information submitted by the various prosecuting attorneys and the Attorney General and were not verified by us via additional audit procedures. In analyzing these appendixes, some disparity may result due to the different methods used by the various prosecuting attorneys and the Attorney General of presenting essentially the same information.

APPENDIXES

2004 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Adair	\$ 2,650	2,650					
Andrew	84,650		84,650				
Atchison	0						
Attorney General	0						
Audrain	6,097	6,097					
Barry	3,599	3,599					
Barton	0						
Bates	0						
Benton	5,000	5,000					
Bollinger	0						
Boone	9,485	8,012					1,473
Buchanan	142,047	12,713	121,933	0	7,401		
Butler	0						
Caldwell	0						
Callaway	0						
Camden	7,427	7,427					
Cape Girardeau	14,870	1,530	0	13,340			
Carroll	DNF						
Carter	0						
Cass	21,964	17,724	4,240				
Cedar	9,900	8,500		1,400			
Chariton	1,000		1,000				
Christian	24,746	826	23,920				
Clark	2,000	2,000					
Clay	23,049	21,284	1,765				
Clinton	106,700		106,700				
Cole	93,456	32,668	1,562				59,226
Cooper	5,563	3,023			2,540		
Crawford	0						
Dade	583	583					
Dallas	6,649			6,649			
Daviess	0						
Dekalb	0						
Dent	0						
Douglas	0						
Dunklin	DNF						
Franklin	32,331	32,331					
Gasconade	3,993				3,993		
Gentry	0						
Greene	79,594	45,748		33,846			
Grundy	1,100				1,100		
Harrison	0						
Henry	313	0			313		
Hickory	0						
Holt	0						
Howard	488	488					
Howell	8,550		2,000	877	5,673		
Iron	DNF						

2004 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Jackson	293,209	212,099	65,429	3,870		4,463	7,348
Jasper	75,450	24,604	21,080	29,766			
Jefferson	95,040	93,040				2,000	
Johnson	2,397	1,853			544		
Knox	0						
Laclede	55,651	27,932					27,719
Lafayette	32,373	16,667	13,022		1,348		1,336
Lawrence	55,813	55,813					
Lewis	0						
Lincoln	18,373	13,655	3,123		1,595		
Linn	10,000	10,000					
Livingston	DNF						
Macon	141,073	134,050	6,600				423
Madison	DNF						
Maries	25,000	25,000					
Marion	DNF						
McDonald	0						
Mercer	0						
Miller	14,051	14,051					
Mississippi	0						
Moniteau	0						
Monroe	0						
Montgomery	0						
Morgan	6,020	6,020					
New Madrid	0						
Newton	9,218		1,785	4,505	1,785		1,143
Nodaway	0						
Oregon	0						
Osage	10,000	10,000					
Ozark	5,544	5,544					
Pemiscot	0						
Perry	0						
Pettis	1,686				1,686		
Phelps	25,254	14,050					11,204
Pike	5,238	5,238					
Platte	38,825	37,825	1,000				
Polk	0						
Pulaski	10,019	9,923	96				
Putnam	0						
Ralls	0						
Randolph	12,171			5,681		6,490	
Ray	0						
Reynolds	3,100	3,100					
Ripley	0						
Saline	22,374		3,340	17,311	1,723		
Schuyler	0						
Scotland	0						
Scott	2,223	2,223					

2004 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Shannon	DNF						
Shelby	0						
St. Charles	314,716	11,647	17,007	275,695	10,367		
St. Clair	DNF						
St. Francois	4,131	4,131					
St. Louis City	662,260	2,136	400,310	255,014	4,800		
St. Louis	231,939	216,899	12,040		405		2,595
Ste. Genevieve	0	0					
Stoddard	0						
Stone	2,305	1,361	944				
Sullivan	0						
Taney	1,960	1,960					
Texas	901	901					
Vernon	250	250					
Warren	4,145	4,145					
Washington	26,112	26,112					
Wayne	DNF						
Webster	7,340	7,340					
Worth	0						
Wright	0						
	<u>\$ 2,923,965</u>	<u>1,211,772</u>	<u>893,546</u>	<u>647,954</u>	<u>45,273</u>	<u>12,953</u>	<u>112,467</u>

DNF - Did not file a 2004 CAFA seizure report with the State Auditor's Office

Other - Paid to child support enforcement, local law enforcement agency, or was destroyed

This appendix compiles only the information reported to the State Auditor by prosecuting attorneys and the Attorney General. Not all seizure reports included an estimated value of the property seized and not all the reports included the disposition of all seizures reported.

2004 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information									
					Est. Value		Person(s)	Criminal	Disposition			
			Date	Time	Place of Seizure	Property of Seized	Property Seized	Property Seized From	Charges Filed	Criminal Seizure	Criminal Actions	
Adair	2	\$ 2,650	2	2	2	2	2	2	2	2	2	
Andrew	1	84,650	1	1	1	1	1	1	1	1	1	
Atchison	0	0										
Attorney General	0	0										
Audrain	2	6,097	2	2	2	2	2	2	2	2	2	
Barry	6	3,599	6		6	6	6	6	6	6	6	
Barton	0	0										
Bates	0	0										
Benton	1	5,000	1	1	1	1	1	1		1		
Bollinger	0	0										
Boone	5	9,485	5	5	5	5	5	5	5	5	5	
Buchanan	22	142,047	22		22	22	21	22	21	22	22	
Butler	0	0										
Caldwell	0	0										
Callaway	0	0										
Camden	1	7,427	1	1	1	1	1	1		1	1	
Cape Girardeau	3	14,870	3	3	3	3	2	3	2	3	3	
Carroll	DNF											
Carter	0	0										
Cass	5	21,964	5	5	5	5	5	5	4	5	5	
Cedar	3	9,900	3		3	3	3	3	3	3	3	
Chariton	1	1,000	1		1	1	1	1	1	1	1	
Christian	2	24,746	2		2	2	2	2	2	2	1	
Clark	1	2,000	1	1	1	1	1	1	1	1	1	
Clay	6	23,049	6	4	6	6	6	6	1	6	1	
Clinton	1	106,700	1	1	1	1	1	1	1	1	1	
Cole	19	93,456	19	17	19	19	19	19	16	19	18	
Cooper	3	5,563	3	3	3	3	3	3	3	3	3	
Crawford	0	0										
Dade	1	583	1	1	1	1	1	1	1	1	1	
Dallas	1	6,649	1	1	1	1	1	1	1	1	1	
Daviess	0	0										
Dekalb	0	0										
Dent	0	0										
Douglas	0	0										
Dunklin	DNF											
Franklin	18	32,331	18	13	18	18	18	18	2	18		
Gasconade	1	3,993	1		1	1	1	1	1	1	1	
Gentry	0	0										
Greene	9	79,594	9	8	9	9	8	9	9	9	4	
Grundy	1	1,100	1	1	1	1	1	1	1	1	1	
Harrison	0	0										
Henry	2	313	2	2	2	2	1	2	1	2	2	
Hickory	0	0										
Holt	0	0										

2004 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Est. Value		Person(s)	Criminal	Disposition		
			Date	Time	Place of Seizure	Property of Seized	Property of Seized	Property Seized From	Charges Filed	Criminal Seizure	Criminal Actions
Howard	1	488	1	1	1	1	1	1	1	1	1
Howell	4	8,550	4	4	4	4	4	4	3	4	4
Iron	DNF										
Jackson	84	293,209	84	8	84	84	82	84	79	84	30
Jasper	10	75,450	10	2	10	10	10	10	10	10	10
Jefferson	21	95,040	21		21	21	21	21	6	21	
Johnson	3	2,397	3	3	3	3	3	3	2	3	2
Knox	0	0									
Laclede	7	55,651	7	7	7	7	7	7	7	7	7
Lafayette	6	32,373	6	5	6	6	6	6	6	6	6
Lawrence	11	55,813	11		11	11	11	11	11	11	11
Lewis	0	0									
Lincoln	12	18,373	12		4	12	12	12	11	12	12
Linn	2	10,000	2	2	2	2	2	2	2	2	2
Livingston	DNF										
Macon	6	141,073	6	6	6	6	5	6	6	6	6
Madison	DNF										
Maries	5	25,000	5	1	4	5	1	5	4	5	4
Marion	DNF										
McDonald	0	0									
Mercer	0	0									
Miller	1	14,051	1	1	1	1	1	1		1	1
Mississippi	0	0									
Moniteau	0	0									
Monroe	0	0									
Montgomery	0	0									
Morgan	2	6,020	2	2	2	2	2	2	2	2	2
New Madrid	0	0									
Newton	7	9,218	7		7	7	7	7	7	7	7
Nodaway	0	0									
Oregon	0	0									
Osage	1	10,000	1	1	1	1	1	1	1	1	1
Ozark	1	5,544	1		1	1	1	1	1	1	1
Pemiscot	0	0									
Perry	0	0									
Pettis	2	1,686	2		2	2	2	2	2	2	2
Phelps	7	25,254	7	7	7	7	7	7	6	7	6
Pike	4	5,238	4	4	4	4	4	4	3	4	4
Platte	13	38,825	13	13	13	13	13	13	10	13	11
Polk	0	0									
Pulaski	5	10,019	5	5	5	5	5	5	5	5	5
Putnam	0	0									
Ralls	0	0									
Randolph	5	12,171	5		5	5	4	5	4	5	5
Ray	0	0									

2004 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
			Date	Time						Seizure	Criminal Actions
Reynolds	1	3,100	1	1	1	1	1	1	1	1	1
Ripley	0	0									
Saline	3	22,374	3	3	3	3	3	3	2	3	2
Schuyler	0	0									
Scotland	0	0									
Scott	1	2,223			1		1	1	1	1	1
Shannon	DNF										
Shelby	0	0									
St. Charles	27	314,716	27	27	27	27	27	27	19	27	20
St. Clair	DNF										
St. Francois	2	4,131	2	2	2	2	2	2	2	2	2
St. Louis City	1,544	662,260	1,544	1,317	1,540	1,536	343	1,544	39	1,544	1,544
St. Louis	109	231,939	109	109	108	109	107	109	35	109	108
Ste. Genevieve	1	0				1		1	1	1	
Stoddard	0	0									
Stone	4	2,305	4		4	4	4	4	4	4	4
Sullivan	0	0									
Taney	2	1,960	2		2	2	2	2	2	2	2
Texas	1	901	1		1	1	1	1		1	1
Vernon	1	250	1		1	1	1	1	1	1	1
Warren	2	4,145	2	1	2	2	2	2	2	2	2
Washington	1	26,112	1	1	1	1	1	1	1	1	1
Wayne	DNF										
Webster	2	7,340	2		2	2	2	2	2	2	2
Worth	0	0									
Wright	0	0									
Total	2,038	\$ 2,923,965	2,036	1,605	2,023	2,029	822	2,038	388	2,038	1,916

DNF - Did not file a 2004 CAFA seizure report with the State Auditor's Office

This appendix compiles the total number of 2004 CAFA seizure cases, the total estimated value of all cases reported, and the number of cases that reported the required information for each county prosecuting attorney, the city of St. Louis, and the Attorney General.

December 30, 2004

TO: Prosecuting Attorneys

RE: Annual Seizure Report due **January 31, 2005**

Purpose...

This letter is a reminder of the upcoming deadline for the submission of annual seizure and forfeiture reports.

Responsibility of the State Auditor...

Under Section 513.607.9, RSMo, of the Criminal Activity Forfeiture Act (CAFA), the State Auditor has the responsibility to compile and issue an annual report of the data received from law enforcement, prosecuting attorneys and the Attorney General. The report is considered an open record.

Responsibility of the Prosecuting Attorney and Attorney General...

Under Section 513.607.8, RSMo, of CAFA, the prosecuting attorneys or Attorney General to whom seizures are reported shall report annually **to the State Auditor and to the Director of Public Safety** by January 31, information on all reported seizures for the previous calendar year. This report shall include the following information:

- date, time and place of the seizure, the property seized, the estimated value of the property seized, the person(s) from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions.

Procedures...

Please use the enclosed form to report the seizures that were reported to your office by local law enforcement personnel. If you would like the enclosed form in an excel spreadsheet, please call or e-mail our office at moaudit@mail.state.mo.us. Indicate the total number of seizures, **even if the number is zero**, that were reported to your office and the dollar value of the seized property. Make copies of the enclosed form to accommodate the number of seizures reported to your office and mail a copy to each of the following:

State Auditor of Missouri
PO Box 869
Jefferson City, MO 65102

Department of Public Safety
PO Box 749
Jefferson City, MO 65102

Questions or Suggestions...

Thank you for your immediate attention to this matter. If you have any suggestions to make this process more efficient, please direct them to Becky Webb.

Sincerely,

CLAIRE McCASKILL
STATE AUDITOR

Thomas J. Kremer, CPA
Director of Audits

Chapter 513
Executions and Exemptions
Section 513.607

August 28, 2003

**Property subject to forfeiture--procedure--report required, when, contents--
annual state auditor's report, contents--violations, penalty.**

513.607. 8. The prosecuting attorney or attorney general to whom the seizure is reported shall report annually by January thirty-first for the previous calendar year all seizures. Such report shall include the date, time, and place of seizure, the property seized, the estimated value of the property seized, the person or persons from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions. The report shall be made to the director of the Missouri department of public safety and shall be considered an open record. The prosecuting attorney or attorney general shall submit a copy of the report to the state auditor at the time the report is made to the director of the department of public safety.

9. The state auditor shall make an annual report compiling the data received from law enforcement, prosecuting attorneys and the attorney general, and shall submit the report regarding seizures for the previous calendar year to the general assembly annually by February twenty-eighth.

10. Intentional or knowing failure to comply with any reporting requirement contained in this section shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.



Claire McCaskill

Missouri State Auditor

February 2005

Office of Lieutenant Governor

Period July 1, 2004
to January 10, 2005,
and the Year Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

The following findings were noted as a result of an audit conducted by our office of the Office of Lieutenant Governor.

On November 15, 2000, Joe Maxwell was sworn in as the forty-fifth Lieutenant Governor of the state of Missouri. His term expired January 2005. On January 10, 2005, Peter Kinder was inaugurated as the forty-sixth Lieutenant Governor of the state of Missouri.

The following report of the Office of the Lieutenant Governor reflects audited financial statements dating from July 1, 2004 through January 10, 2005, and the fiscal year ended June 30, 2004.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF LIEUTENANT GOVERNOR

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<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Appropriations and Expenditures Period July 1, 2004 to January 10, 20058
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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Joe Maxwell
and
Honorable Peter Kinder, Lieutenant Governor
Jefferson City, MO 65102

We have audited the accompanying Statements of Appropriations and Expenditures of the General Revenue Fund-State of the Office of Lieutenant Governor for the period July 1, 2004 to January 10, 2005, and the year ended June 30, 2004. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the state's legal budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the appropriations and expenditures of the General Revenue Fund-State of the Office of Lieutenant Governor for the period July 1, 2004 to January 10, 2005, and the year ended June 30, 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 18, 2005, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 18, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Norma L. Payne
Audit Staff:	Zeb Tharp
	Ali Arabian



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Joe Maxwell
and
Honorable Peter Kinder, Lieutenant Governor
Jefferson City, MO 65102

We have audited the financial statements of the Office of Lieutenant Governor for the period July 1, 2004 to January 10, 2005, and the year ended June 30, 2004, and have issued our report thereon dated January 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Lieutenant Governor, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Office of Lieutenant Governor are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Office of Lieutenant Governor and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 18, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
PERIOD JULY 1, 2004 TO JANUARY 10, 2005

	Appropriations	Expenditures	Encumbrances	Uncommitted Appropriations
GENERAL REVENUE FUND-STATE				
Personal service	\$ 350,918	172,428	0	178,490
Expense and equipment	62,875	20,910	536	41,429
Total General Revenue Fund-State	\$ 413,793	193,338	536	219,919

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
Personal service	\$ 334,982	316,404	18,578
Expense and equipment	69,811	60,392	9,419
Total General Revenue Fund-State	\$ 404,793	376,796	27,997

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF LIEUTENANT GOVERNOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 316,404	314,431	308,046	300,808	296,663
Travel, in-state	11,861	12,441	6,594	6,196	8,095
Travel, out-of-state	300	163	650	4,901	4,183
Supplies	5,518	13,156	9,331	10,046	2,666
Professional development	945	2,942	3,429	3,329	2,030
Communication services and supplies	7,326	8,263	8,420	8,493	5,465
Services:					
Business	0	2,492	0	5,828	661
Professional	567	461	4,453	0	1
Housekeeping and janitorial	0	0	0	1,874	2,652
Maintenance and repair	1,626	697	1,565	534	0
Equipment maintenance and repair	0	0	0	0	945
Computer equipment	3,696	18,796	1,958	18,883	30
Motorized equipment	18,930	0	0	0	601
Office equipment	8,846	1,369	1,126	16,483	370
Other equipment	0	3,355	0	1,050	0
Equipment rental and leases	777	573	4,005	293	0
Equipment lease payments	0	0	0	0	347
Building and equipment rentals	0	622	0	5,456	5,868
Miscellaneous expenses	0	65	66	57	0
Total Expenditures	\$ <u>376,796</u>	<u>379,826</u>	<u>349,643</u>	<u>384,231</u>	<u>330,577</u>

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 2003	\$ 102,411	0	102,411
Additions	12,542	18,930	31,472
Dispositions	(16,558)	0	(16,558)
Balance, June 30, 2004	98,395	18,930	117,325
Additions	0	0	0
Dispositions	(2,140)	0	(2,140)
Balance, January 10, 2005	\$ 96,255	18,930	115,185

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF LIEUTENANT GOVERNOR
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for the General Fund-State of the Office of Lieutenant Governor.

Appropriations, presented in the Exhibits, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Appropriations and Expenditures, Exhibit A, are presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations. For the period ended January 10, 2005, expenditures include amounts payable at January 10, 2005, including payroll earned through December 31, 2004, for all employees, plus the final payroll and accrued annual leave amounts payable to employees terminating on January 10, 2005. Encumbered amounts are reported as encumbrances.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the General Revenue Fund-State. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit A.

2. Uncommitted Appropriations—Fiscal Year 2005

The amounts presented as uncommitted appropriations represent appropriations not yet spent or committed at January 10, 2005.

Note to the Supplementary Data:

3. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at January 10, 2005 and June 30, 2004, was approximately \$78,882 and \$73,369, respectively.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

OFFICE OF LIEUTENANT GOVERNOR
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Lieutenant Governor, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 2003. Although the unimplemented recommendation is not repeated, the office should consider fully implementing this recommendation.

1. Expenditure Procedures

- A. Expenditures were not always charged to the most appropriate object codes.
- B. Some similar expenditures were not consistently coded to the same object code. Flight operations for state plane usage were normally charged to aircraft rental. However, a state plane flight was charged to in-state commercial transportation.

Recommendation:

The Office of Lieutenant Governor ensure expenditures are charged to the most appropriate object codes and similar expenditures are consistently charged to the same code.

Status:

Partially implemented. Although we noted improvement in properly classifying expenditures, we identified two expenditures, totaling over \$750, that were not charged to the most appropriate object code. In addition, two state plane flights, totaling \$1,950, were coded to aircraft rentals when all other charges were coded to in-state commercial transportation. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Capital Asset Records and Procedures

- A. Capital asset duties were not adequately segregated. The individual who maintained the records of capital assets was also responsible for performing the physical inventory.
- B. An annual statement of changes in capital assets was not prepared. In addition, a complete list of all additions and dispositions was not maintained, and capital asset purchases were not routinely reconciled to the property additions recorded on the state accounting system.
- C. Capital asset records did not always include complete descriptions, accurate locations and acquisition costs and dates, and model and serial numbers, where applicable.

Recommendation:

The Office of Lieutenant Governor:

- A. Ensure an individual independent of the record keeping and custodial functions perform the physical inventory.
- B. Prepare an annual statement of changes in capital assets and account for all acquisitions and dispositions. In addition, capital asset purchases should be reconciled to the capital asset records on a periodic basis.
- C. Ensure complete and accurate capital asset records are maintained.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF LIEUTENANT GOVERNOR HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The lieutenant governor is required to meet the same qualifications as the governor. The lieutenant governor is elected for a four-year term.

Under the constitution, the lieutenant governor serves as the ex officio president of the Missouri Senate. In addition, upon the governor's death, conviction, impeachment, resignation, absence from the state or other disabilities of the governor, the powers, duties and emolument of the governor devolve upon the lieutenant governor until the end of the term or until the disability of the governor is removed.

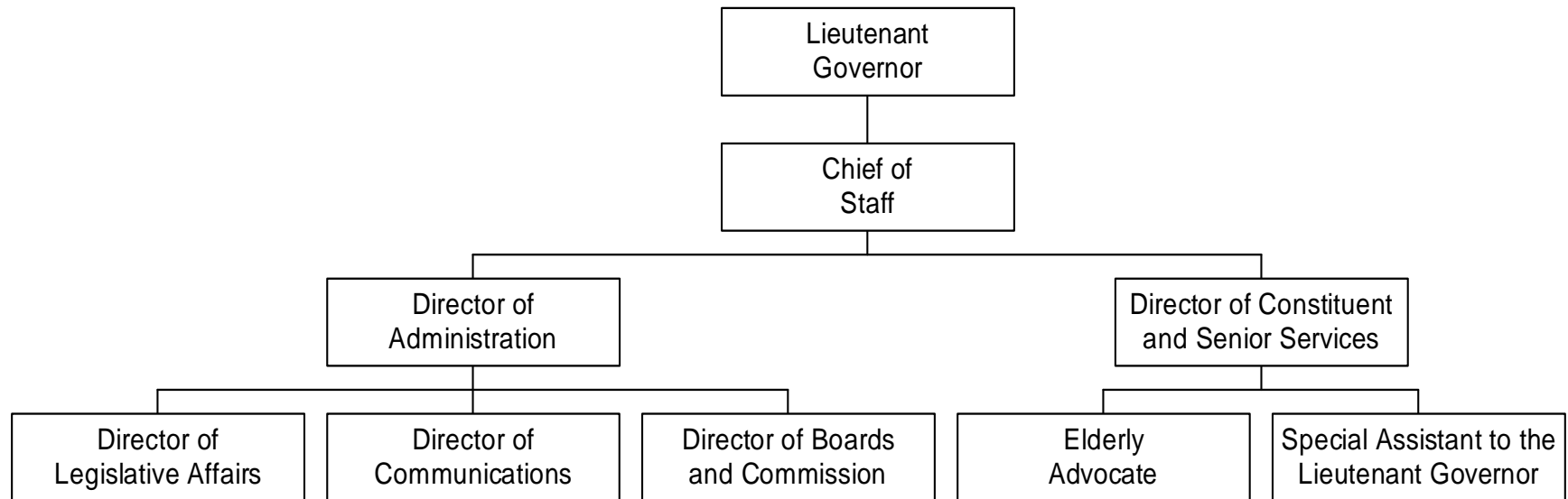
By law, the lieutenant governor serves as a member of the Board of Fund Commissioners, the Board of Public Buildings, the Missouri Development Finance Board, the Missouri Housing Development Commission, the Missouri Rural Economic Development Council, the Second State Capital Commission, the Special Health, Psychological and Social Needs of Minority Older Individuals Commission, the Board of Unemployment Fund Financing, and the Statewide Safety Steering Committee.

The lieutenant governor is the chair of the Commission for the Missouri Senior RX Program and Missouri Tourism Commission and co-chairs the Personal Independence Commission. He also serves as an advisor to the Department of Elementary and Secondary Education on early childhood education and the Parents-as-Teachers program. The lieutenant governor also serves as the state's official advocate for Missouri's elderly.

On November 15, 2000, Joe Maxwell was sworn in as the forty-fifth Lieutenant Governor of the state of Missouri. His term expired on January 10, 2005. On that date, Peter Kinder was inaugurated as the state's forty-sixth Lieutenant Governor.

At January 10, 2005, the office employed six full-time employees and one part-time employee. An organization chart follows.

OFFICE OF LIEUTENANT GOVERNOR
ORGANIZATION CHART
JANUARY 10, 2005





Claire McCaskill

Missouri State Auditor

February 2005

PUBLIC SAFETY

Peace Officer Standards and Training Program

(Licensing, Training,
and Complaint
Investigation Aspects)



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Police Officer Standards and Training program.

The Peace Officer Standards and Training (POST) program was established in 1978. The Department of Public Safety manages the POST program as established by state law and by the rules and regulations of Missouri's Peace Officer Standards and Training Commission as specified in Chapter 590, RSMo. The department is responsible for licensing and regulating peace officers, continuing education providers, training instructors, and training centers; establishing a classification system for licenses; establishing minimum standards for peace officers and for admittance into basic training; and developing the Missouri Peace Officer License Exam. As of June 30, 2004, there were approximately 650 law enforcement agencies and about 18,000 licensed peace officers.

Various tests conducted during the audit noted at least 75 of the 645 (12 percent) law enforcement agencies had not complied with one or more of the following state laws related to the Peace Officer Standards and Training Program (POST):

- Section 590.070, RSMo Cumulative Supp. 2003, requires the chief executive officer (CEO) of local law enforcement agencies to notify the director of the Department of Public Safety for the POST within 30 days of the hire or termination of commissioned officers. Audit tests showed this is not being done on a consistent basis.
- Section 590.070, RSMo Cumulative Supp. 2003, also requires CEOs to notify POST whenever they have reasonable grounds to believe an officer commissioned by their agency is subject to discipline, and within 30 days after an officer departs under investigation. Our tests also found that this notification requirement was not consistently followed.
- Program officials have taken only limited action regarding local law enforcement agencies' violations of statutes and have not developed written policies regarding action to be taken when agencies do not comply with state law.
- Program officials did not adequately ensure that commissioned officers complied with the continuing education requirements established by Section 590.030.5 (1), RSMo Cumulative Supp. 2003.

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YELLOW SHEET

Our audit also found that program officials do not perform periodic criminal history background checks on active peace officers. Therefore, POST is not aware of some criminal activity that occurred after the officers' initial application for training.

We requested the Missouri State Highway Patrol (MSHP) perform criminal background searches for approximately 18,000 peace officers currently licensed and eligible to work as a peace officer. The MSHP identified a total of 480 open and closed criminal offenses on their records for these officers. We eliminated offenses that were more than 10 years old, those with dropped charges, and those officers who were acquitted, resulting in 92 open and closed criminal offenses to be reviewed. As of September 24, 2004, POST was not aware of 9 of 49 open offense crimes and 13 of 43 closed offense crimes.

State law prevents POST program officials from revealing employment history to prospective law enforcement agency employers. To help ensure local law enforcement agencies access to previous peace officer employment, POST officials should be allowed to inform prospective employers of past employment.

Annually, POST sends out a listing to all local enforcement agencies showing the officers working for that agency according to POST records. The CEO of each agency is supposed to verify that the list is correct, make any necessary changes, and return the listing to POST. However, as of February 2004, we found that 203 of 645 (31 percent) CEOs had not returned the May 2003 listing. In addition, 67 CEOs had not returned the affirmation listing for at least 4 years.

POST personnel initiate investigations when they learn of alleged actions of peace officers that could lead to discipline. POST personnel learn of these actions through phone calls from private citizens and law enforcement officials, through media reports, and through departure forms submitted by law enforcement agencies. Our review of procedures and management systems to track complaint investigations noted the following concerns:

- POST personnel do not document the receipt of some complaints.
- POST does not categorize complaints by degree of severity and has not established timeframes regarding initial complaint follow-up and investigation completion.
- POST's system to manage and track the status of complaints is inadequate.
- Some investigations are not initiated and/or completed in a timely manner. In our review of 25 cases that resulted in discipline, we noted that the average time for the initiation of an investigation was 32 days, and the average time for investigation completion was about one year.
- POST does not have written guidelines regarding discipline.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF PUBLIC SAFETY
PEACE OFFICER STANDARDS AND TRAINING PROGRAM
(LICENSING, TRAINING, AND COMPLAINT INVESTIGATION ASPECTS)

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Charles R. Jackson, Director
Department of Public Safety
and
Gary F. Toelke, Chairman
Peace Officer Standards and Training Commission
Jefferson City, MO 65102

We have audited the licensing, training, and complaint investigation aspects of the Peace Officer Standards and Training Program (POST) administered by the Department of Public Safety. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Determine whether currently employed peace officers have criminal records; have had their license revoked in another state; or do not have a current license issued by the POST.
2. Review and evaluate compliance with certain statutory requirements regarding the POST, including the investigation and processing of complaints against peace officers.
3. Evaluate the effectiveness of certain internal controls and practices relating to the regulation of peace officers.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the Department of Public Safety, as well as certain external parties; and inspecting relevant records and reports.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, or violations of legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the program.

The accompanying Management Advisory Report presents our findings arising from our audit of the licensing, training, and complaint investigation aspects of the Peace Officer Standards and Training Program.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 24, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Anissa Falconer
Audit Staff:	Nicki E. Russell, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
PEACE OFFICER STANDARDS AND TRAINING PROGRAM
(LICENSING, TRAINING, AND COMPLAINT INVESTIGATION ASPECTS)
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1.	Statutory Compliance
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- A. Various tests conducted during the audit noted at least 75 of the 645 (12 percent) law enforcement agencies had not complied with one or more of the following state laws related to the Peace Officer Standards and Training Program (POST):

1. Section 590.070, RSMo Cumulative Supp. 2003, requires the chief executive officer (CEO) of local law enforcement agencies to notify the director of the Department of Public Safety for the POST within 30 days of the hire or termination of commissioned officers. This is not being done on a consistent basis.

We reviewed wage and employment information filed with the state for officers with 5 or more jobs during the three years ended December 31, 2003, officers with more than one full time job as of February 2004, officers who had not worked in 5 or more years, and officers working at agencies that had not complied with POST requests for annual employment information. We selected 325 officers from this population and determined 94 had either been hired or terminated between September 2001 and December 2003. We found that POST records were not current for 21 of these 94 officers because POST had not received one or more employment change forms. In seven cases, POST had no record of the officers being hired at the agency, including one officer who had worked at an agency for nearly one year. In 17 other cases, POST records showed officers employed by agencies even though their employment had terminated, including one officer who had left employment nearly 3½ years earlier.

We also reviewed hire and termination reports received by POST for all officers with 5 or more jobs during the three years ended December 31, 2003. We found that program officials did not receive notification forms timely in 58 of 238 (24 percent) cases reviewed. These notification forms were received from 31 days to almost 2½ years after the officer's hire or termination date.

2. Section 590.070, RSMo Cumulative Supp. 2003, also requires CEOs to notify POST whenever they have reasonable grounds to believe an officer commissioned by their agency is subject to discipline, and within 30 days

after an officer departs under investigation. Our tests also found that this notification requirement was not consistently followed.

We reviewed 25 of 57 cases that resulted in discipline during the period September 2001 through December 2003. In 6 of 16 (33 percent) cases involving terminated officers, POST was notified by the agency after 30 days had passed. In 7 of 18 (39 percent) cases involving officers employed at the time of the incident, POST found out about the disciplinary situation from an outside source, such as the media or an anonymous phone call. In one case, an officer resigned while under investigation for embezzling funds; however, the notification to POST stated that the officer resigned for personal reasons. As a result, the POST investigation that led to the revocation of this officer's license was delayed by 4½ months. In another case, an officer resigned while under investigation for assault; however, the notification to POST stated that the officer resigned for personal reasons. This delayed, by over a year, the POST investigation that led to 3 years probation for the officer.

Without accurate and timely notification of hires and departures, program officials cannot ensure that employed officers hold a valid peace officer license and cannot initiate disciplinary investigations if necessary.

- B. Program officials have taken only limited action regarding local law enforcement agencies' violations of statutes. POST sent a letter to one agency expressing the director's concern that the agency had failed to notify POST of a disciplinary situation. After we brought the above violations to POST officials' attention, they sent form letters to address some of these issues. However, POST officials have not developed a written policy for agencies that continue to violate statutes.

State law provides program officials with multiple methods for encouraging CEOs to comply with state law. Anyone purposely violating Chapter 590 commits a class B misdemeanor, according to Section 590.195.2, RSMo Cumulative Supp. 2003, and his or her peace officer license can be subject to discipline, per Section 590.080.1 (6), RSMo Cumulative Supp. 2003. POST officials were unaware of instances where CEO licenses were disciplined or where CEOs were referred for prosecution for failing to provide accurate information. Additionally, according to Section 590.195.3, RSMo Cumulative Supp. 2003, any law enforcement agency that is in violation of any provision of Chapter 590 shall not be eligible to receive state or federal funds for any law enforcement purpose. However, in 2002 about \$198,000 was distributed to 22 noncompliant agencies as part of the POST fund distribution (15.6 percent of funds distributed), and in 2003 about \$129,000 was distributed to 19 noncompliant agencies as part of the POST fund distribution (10.1 percent of funds distributed).

- C. Program officials did not adequately ensure that commissioned officers complied with the continuing education requirements required by Section 590.030.5 (1), RSMo Cumulative Supp. 2003.

Once every three years, POST personnel send continuing education affirmations to all law enforcement agencies with a listing of officers shown in POST records as employed by that agency. The affirmation states that the agency CEO should ensure that officers included on the list have met all continuing education requirements. POST personnel do not require agencies to maintain proof that the officers received the required education, and POST does not audit this information to ensure that it is accurate. Additionally, POST officials do not require individuals who are on disciplinary probation to submit proof that all continuing education is completed.

To ensure that active officers meet continuing education requirements, POST should require law enforcement agencies to retain related documentation and periodically verify requirements have been met on a test basis.

- D. Program officials did not ensure state laws regarding criminal history background checks were complied with.

Section 590.060.3, RSMo Cumulative Supp. 2003, requires training centers to complete Missouri and Federal Bureau of Investigation criminal history background checks on all persons entering the training program. This statute also requires the report of criminal history to be forwarded to the director of the Department of Public Safety. However, 5 of 19 (26 percent) training centers do not forward the background checks to POST. Instead, POST allows these training centers to send in reports only if they find a problem during the background check.

To ensure required criminal history background checks have been performed and unsatisfactory applicants are removed from the training program, POST officials should receive and verify the results of all applicant criminal history screenings.

WE RECOMMEND POST program officials:

- A&B. Develop written policies regarding actions to be taken when local law enforcement agencies do not comply with state law, and consistently apply these policies when local law enforcement noncompliance occurs.
- C. Perform random audits on continuing education completed by peace officers and require individuals on disciplinary probation to submit documentation when completing continuing education.
- D. Ensure that criminal background checks performed on officer candidates are received, evaluated, and retained.

AUDITEE'S RESPONSE

- A. *We agree that without timely notification of hires and departures, the POST Program cannot ensure that employed officers hold a valid peace officer license and we cannot initiate disciplinary investigations.*

Since the POST Program has only one investigator handling nearly one hundred active complaints, we have no option but to rely upon the completed investigations of local law authorities to determine if a peace officer's license is subject to discipline. We do not have the personnel or resources to conduct field investigations. If we learn that a licensed peace officer, including the CEO of an agency, has committed a criminal offense, we make every effort to notify the appropriate local or federal authorities and gather all available information to proceed with discipline of the individual's peace officer license.

- B. *We have since developed a policy to track, notify and potentially discipline the CEO of those law enforcement agencies that fail to submit notification of hires and departures in a timely manner. Suspension of grants and withholding of funds by the Department of Public Safety is an option of the Director of the Department of Public Safety as well. This practice has been in place for many months and we are in the process of putting this practice into a written policy.*

Estimated date to develop written policy to describe current practice: February 1, 2005.

- C. *We have no statutory authority to require law enforcement agencies to maintain proof that their employees obtained their required continuing education. If we have reason to believe that a licensed peace officer did not obtain their continuing education, we can require the licensed individual to provide proof of their compliance.*

If licensed individuals are on probation or suspension for failure to obtain their mandatory continuing education training, this office requires the individual to submit proof that all continuing education training has been completed before discipline is lifted. This is not the case for individuals that are suspended or on probation for other violations of Section 590.080.1, RSMo, such as criminal offenses. These violations are unrelated to the continuing education requirement and compliance for these individuals is determined through employing agency continuing education affirmations.

As for random audits of continuing education records, the POST Program is currently understaffed and has had three positions eliminated from the POST Program over the past three years, including a Program Specialist position to oversee the continuing education process. Unless additional resources are allocated to the POST Program, it would be difficult to fulfill this recommendation.

- D. *The state of Missouri has nineteen licensed basic law enforcement training centers. At the time of the audit, those training centers affiliated with law enforcement agencies, such as the Missouri State Highway Patrol Academy, were simply required to report they*

had reviewed the criminal history record of their applicants and were to disclose any and all criminal offenses to the POST Program. This procedure has since been changed. This office now reviews and retains the criminal history record, as maintained by the Missouri State Highway Patrol and the Federal Bureau of Investigation, of every peace officer applicant.

Estimated date of implementation: Currently effective.

2.

Program Enhancements

- A. Program officials do not perform periodic criminal history background checks on active peace officers. Therefore, POST is not aware of some criminal activity that occurred after the officers' initial application for training.

We requested the Missouri State Highway Patrol (MSHP) perform criminal background searches for approximately 18,000 peace officers currently licensed and eligible to work as a peace officer. The MSHP identified a total of 480 open and closed criminal offenses on their records for these officers. We eliminated offenses that were more than 10 years old, those with dropped charges, and those officers who were acquitted, resulting in 92 open and closed criminal offenses to be reviewed. Open records include arrest records for 30 days following arrest unless charges are not filed, arrest record for which charges have been filed, cases with a court disposition of guilty, and cases with a suspended imposition of sentence during the probationary period. Closed records include arrest records after 30 days following arrest with no charges filed, charges that were dismissed, cases where defendant was found not guilty, and cases with a suspended imposition of sentence after probation is complete.

We were not given unlimited access to closed criminal offenses. Therefore, we reviewed POST records for open offenses and asked POST officials to review records for closed offenses. As of September 24, 2004, POST was not aware of 9 of 49 (19 percent) open offense crimes and 13 of 43 (31 percent) closed offense crimes. Officers had been found guilty of 14 of 22 (64 percent) of the offenses, and charges were pending in 8 of 22 (36 percent) of the criminal offenses. These crimes were committed by 18 licensed officers. The crimes POST was not aware of included, among others, twelve driving while intoxicated offenses, two unlawful use of a weapon offenses, 1 kidnapping offense, and 1 stealing offense.

MSHP officials indicated some states are currently utilizing technology to flag criminal charges against peace officers as they are received. However, MSHP officials indicated this technology is not utilized in Missouri due to lack of funding.

- B. Prior to August 2001, Section 590.135.2, RSMo 2000, allowed the director to discipline a peace officer for "gross misconduct indicating inability to function as

a peace officer." The current statute, Section 590.080.1, RSMo Cumulative Supp. 2003, does not allow discipline for misconduct unless the misconduct occurred while the officer was on duty or was a criminal act.

We noted an instance where August 2001 revisions to state law would prevent POST program officials from disciplining a peace officer. During the summer of 2000, an officer met 16 and 17-year-old girls while on duty. The officer later (while not on duty) engaged in inappropriate contact with the 17-year-old girl who lived and attended high school within the municipality that employed him. In addition, the officer was present when a fellow officer, who was on duty at the time, engaged in inappropriate contact with the 16-year-old girl. Program officials revoked the above officers' licenses under the prior statute. However, POST program officials believe that if the above case were considered under current state law, the officer with the 17-year-old would not be subject to discipline because he was not on duty and it was not a criminal act.

To ensure public safety is maximized, POST officials should pursue legislative changes that allow disciplinary action for instances of misconduct that occur when a peace officer is not on duty.

- C. State law prevents POST program officials from revealing employment history to prospective law enforcement agency employers. Section 590.180.2, RSMo Cumulative Supp. 2003, states that POST can release the name, licensure status, and commissioning agency as open records, and can release to law enforcement agencies the final determination of cause for discipline. However, POST cannot release information regarding previous employment or termination.

During our audit, we noted the following examples where disclosure of this additional information might aid local law enforcement hiring decisions:

- An officer worked for 9 law enforcement agencies in 6 years. Length of service at each agency ranged from 20 days to over 3 years. This officer left one job due to lack of skills and was involuntarily terminated from another because he discredited the agency, was unable to effectively write required reports, and his honesty was questionable. This officer continues to work as a peace officer.
- An officer worked for 17 law enforcement agencies in 10 years. Length of service at each agency ranged from 17 days to 1 year. This officer was accused of sexual harassment at one job and has been involuntarily terminated from at least 4 other jobs for reasons such as behavioral problems and retaining city property. This officer continues to work as a peace officer.

To help ensure local law enforcement agencies access to previous peace officer employment, POST officials should be allowed to inform prospective employers of past employment.

- D. Annually, POST sends out a listing to all local law enforcement agencies showing the officers working for that agency according to POST records. The CEO of each agency is supposed to verify that the list is correct, make any necessary changes, and return the listing to POST. This allows POST to verify the accuracy of their records each year. However, at the time of our fieldwork in February 2004, we found that 203 of 645 (31 percent) CEOs had not returned the May 2003 affirmation. Of this number, 67 (10 percent) CEOs had not returned an affirmation for at least 4 years. As of February 2004, POST had not taken any systematic steps to follow up on reports not returned. We were informed by POST officials that the return rate for the May 2004 affirmation had significantly improved over the May 2003 results.

Without current employment records POST officials cannot ensure that hire and departure forms have been submitted, employed officers have valid licenses, and continuing education requirements have been met.

- E. POST officials are not effectively using the information contained in their officer database to manage the POST program. Information in this database could be used to prepare reports that would allow POST officials to look for problems. For example, by identifying officers with frequent turnover, POST officials might locate discipline problems; by identifying officers working more than one full time job, POST officials might locate hire/termination forms that had not been submitted; and by identifying officers in the database with multiple social security numbers, POST officials could verify and correct their data. The POST officer database is an important tool for the POST program and should be used effectively to improve program performance.

POST officials should develop and utilize periodic management reports to help monitor law enforcement agencies' compliance with state laws related to the POST program.

WE RECOMMEND POST program officials:

- A. Follow-up on criminal record information supplied by the Missouri State Highway Patrol and begin performing periodic background checks on active peace officers.
- B. Seek legislative changes allowing for discipline in more situations.
- C. Seek legislative changes allowing POST to reveal previous employment information to prospective local law enforcement employers.

- D. Ensure that annual officer listings are returned by local agency CEOs.
- E. Use the information contained in the officer database to better manage the program.

AUDITEE'S RESPONSE

- A. *You are correct in that the POST Program does not perform periodic criminal history background checks on active peace officers. We agree that periodic criminal history checks should be completed, but we will need additional staff members to fulfill this recommendation. If completed on a regular basis, the Missouri State Highway Patrol's Criminal Records Division may need additional staff members to accommodate an additional 18,000 criminal history record requests.*

Prior to August 28, 2001, the CEO of a law enforcement agency was not mandated to report peace officer violations to the Director of the Department of Public Safety. Pursuant to the passage of House Bill 80, and specifically section 590.070.1(3), RSMo, the CEO of a law enforcement agency is now required to report when they have "reasonable grounds" to believe that an officer commissioned by their agency is subject to discipline by the Director of the Department of Public Safety. We believe that this will reduce the number of offenses that are unknown to this office. We believe that these unknown offenses will be further reduced with the passage of Senate Bill 1211 in 2004, and specifically section 590.118.2, RSMo, which requires "any law enforcement agency with information showing a peace officer's unfitness for licensure..." to report such information to this office. However, for either of these statutes to be effective, we will need additional investigators and support staff assigned to the POST Program. The problem with periodically checking the criminal history records of active peace officers is that the results are only valid for the moment the review is completed and become invalid just as quickly. Which means that to be effective, criminal history checks would need to be completed on more than just a periodic basis. In speaking with the captain responsible for the oversight of the Missouri Highway Patrol's Criminal History Records Division, it was learned that the Patrol is proposing an update to their Automated Fingerprint Identification System (AFIS) in fiscal year 2007, which will allow them to notify this office if a licensed peace officer is arrested for any criminal offense. The estimated cost for the AFIS update is \$3 million.

- B. *We agree that this language should be modified to include non-criminal off-duty conduct that could be classified as "gross misconduct indicating inability to function as a peace officer." This language was in the original draft of the proposed legislation, but was modified as a compromise with a Missouri law enforcement organization that refused to support the passage of the bill in its previous form. Without the support of this organization, House Bill 80 would not have been passed in 2001 and the value of the passage of the bill outweighed the value of this specific language. It should be noted that the Director of the Department of Public Safety retains the authority to discipline a peace officer's license for off-duty offenses that are criminal in nature. The example provided*

in the audit report is a rare occurrence and we cannot recall a similar violation in the previous five years that was not criminal in nature.

Estimated date of implementation: Unknown, legislative proposals must be presented to the Governor.

- C. *We agree that Chapter 590, RSMo, should be changed to permit this office to inform law enforcement agencies of a prospective employee's former employers.*

Estimated date of implementation: Unknown, legislative proposals must be presented to the Governor.

- D. *We have the authority to license peace officers, not law enforcement agencies. We have no authority to force the CEO of a law enforcement agency to return this affirmation. This affirmation was a tool developed by the POST Program several years ago as a mechanism to ensure that our commissioning records were accurate. For the 614 employment affirmations sent out in June 2004, we have received a response from all but 29 agencies. We are in the process of re-contacting these 29 agencies in an effort to obtain all 2004 affirmations.*

- E. *The POST Program shares the services of two Information Technology (IT) personnel. These individuals also support all remaining personnel within the Director's Office of the Department of Public Safety and Missouri Capitol Police, which amounts to around 70-75 end users. On June 26, 2003, the POST Program submitted a request to the IT personnel to modify the POST database in an effort to reduce the amount of paperwork maintained in-house by the POST Program and to reduce the workload of the POST Licensing Section. Because of their workload, it was estimated they could not begin this project until after January 1, 2004. Because of a loss of one member of the IT staff, which has just recently been replaced, the estimated date of completion is now sometime after January 1, 2005. To fulfill this recommendation, additional IT personnel will need to be allocated to the POST Program.*

3. Complaint Investigations

POST personnel initiate investigations when they learn of alleged actions of peace officers that could lead to discipline. POST personnel learn of these actions through phone calls from private citizens and law enforcement officials, through media reports, and through departure forms submitted by law enforcement agencies. Our review of procedures and management systems to track complaint investigations noted the following concerns:

- A. POST personnel do not document the receipt of some complaints. In addition, no tracking number is assigned to each complaint received. Instead, POST personnel only log complaints that they believe may result in disciplinary action. Because documentation of some complaints is not retained, these complaints are not

subject to management oversight to verify these complaints were properly handled. Also because tracking numbers are not assigned to complaints, there is less assurance appropriate action has been taken for each complaint.

To provide accountability for complaints and to ensure all complaints are appropriately investigated, the receipt of all must be documented.

- B. POST does not categorize complaints by degree of severity and has not established timeframes regarding initial complaint follow-up and investigation completion. Other state agencies have established procedures for prioritizing complaints relating to issues such as elderly abuse and child abuse and neglect complaints. For example, the Department of Health and Senior Services, Section for Long-Term Care Regulation uses the following complaint description as well as timeframes for conducting elderly abuse complaints in nursing homes:

- Priority A: Actual harm – Conduct on-site visit within 24 hours.
- Priority B: Potential for serious harm exists – Conduct the on-site visit within 10 working days.
- Priority C: Actual minimum harm occurred or the potential exists – Conduct the on-site visit within 30 calendar days.
- Priority D: No harm is reported or potentially exists but there is the potential for a regulatory violation – Conduct the on-site visit within 60 calendar days.

To ensure resources are effectively allocated and high priority complaints are addressed in a timely manner, POST should establish appropriate priority descriptions and timeframes.

- C. POST's system to manage and track the status of complaints is inadequate. POST currently does not produce periodic standardized reports informing management of the status and timeliness of complaint investigations. In Kansas, POST prepares a report showing investigative activity for multiple years. This report shows the number of investigations initiated each year, the status of each of these investigations, the disposition of the investigations, and other information. We also viewed Florida's standard reports showing the number of cases presented to the commission; the status of open cases, the breakdown of disciplinary cases by disposition, and percent of officers disciplined. Other reports POST could produce and use include aging of investigations and a listing of complaints that have not met timeframes by severity code.

An effective system to manage and track complaint investigations is necessary to ensure complaints are properly investigated and resolved.

- D. Some investigations are not initiated and/or completed in a timely manner. In our review of 25 cases that resulted in discipline, we noted that the average time for the initiation of an investigation was 32 days, and the average time for

investigation completion was about one year. We noted one investigation where POST learned on May 20, 2003, that an agency terminated an officer due to a possible theft. However, POST did not begin an investigation of this individual until December 5, 2003, more than 6 months after POST became aware of the incident.

During the time an investigation is underway, an officer could continue to work as a commissioned peace officer, and POST cannot inform law enforcement agencies of the investigation. Delaying the initiation of a complaint investigation increases the difficulty in determining whether an incident or violation actually occurred. Delaying the investigation completion increases the risk that inappropriate individuals are allowed to continue serving as peace officers.

- E. POST does not have written guidelines regarding discipline. Currently, once the Administrative Hearing Commission decides that a case is subject to discipline, the DPS director has complete discretion over the type of discipline administered. The Florida Department of Law Enforcement includes in their rules disciplinary guidelines and range of penalties as well as aggravating and mitigating circumstances. However, these guidelines are suggestions; discipline may fall outside the guidelines in a particular case. The Oregon Department of Public Safety Standards and Training has a written list of mandatory disqualifiers that will always result in revocation.

Written guidelines would help ensure disciplinary actions are consistent.

WE RECOMMEND POST program officials:

- A. Assign individual tracking numbers and log all complaints received in the complaint tracking system.
- B. Categorize complaints by degree of severity and establish timeframes for initial complaint follow-up and completion.
- C&D. Develop standardized management reports to help ensure complaint investigations are initiated and completed in a timely manner.
- E. Adopt written guidelines to ensure disciplinary actions are consistently determined.

AUDITEE'S RESPONSE

- A. *Because of the volume of trivial complaints received by this office and since there is only one investigator and no longer any support staff employed in the POST Program's Investigative Section, we do not have adequate personnel to track and log complaints upon which we do not have the authority to take action. The Program Specialist responsible for receiving all complaints and then assigning them to the investigator was*

one of the three positions eliminated from the POST Program. If we were required to track and log all non-violation complaints, it would create a much greater backlog of pending cases.

- B. We agree and a written policy will be developed to address the priority placed on peace officer complaints. However, until additional investigators are allocated to the POST Program, it will be impossible to fully implement such a policy, especially any type of timeline.*

Estimated date to develop written policy: February 1, 2005.

- C. We have an adequate tracking system in place and we are able to generate some reports on an as-needed basis. It is difficult to determine the value of generating these reports on a regular basis until additional resources are allocated to investigating peace officer complaints.*

Estimated date to modify current tracking database to have the ability to prepare "standardized management reports" with existing IT personnel: March 1, 2005.

- D. You indicated the average time to complete an investigation was about one year. What is not taken into consideration is the fact that we have no control over many factors that delay our completion of an investigation. For example, we will initiate an investigation of a licensed peace officer as soon as we learn that they are charged with a criminal offense. We have been advised by the Office of the Attorney General not to forward our files to them for a complaint to be filed in the Administrative Hearing Commission until the criminal charges have been disposed of. Unfortunately, it often takes many months or even years for the completion of a criminal case. Once we have gathered all available information, including certified copies of the investigative reports and court records, we typically have the investigation completed and to the Office of the Attorney General within two weeks. Once the complaint is filed with the Administrative Hearing Commission (AHC), we have no control over the time that it takes the AHC to conduct a hearing and render a decision. This often takes many months; sometimes over a year. Once we are provided with the AHC's Findings of Fact and Conclusions of Law, we conduct a Director's Hearing within thirty days, as mandated by statute. As you can see, many of these processes are very slow and this office has absolutely no control over many of them.*

As for this office taking six months to initiate an investigation of a peace officer terminated for allegedly committing the offense of misdemeanor theft, the complaint was received by way of a departure report form and at the time of the officer's departure we had no record of the fact the individual held a peace officer commission with another law enforcement agency. The POST Program attempts to investigate crimes against persons before crimes against property, we attempt to investigate felony offenses before misdemeanors, and we attempt to investigate actively commissioned officers before those who are unemployed and without police powers. Therefore, a misdemeanor property crime committed by an unemployed peace officer would not be considered a high priority

investigation. As stated before, with an active caseload of nearly one hundred cases and only one investigator, it is sometimes difficult to initiate all non-violent misdemeanor investigations in a timely manner.

- E. *Initially, the idea of standardizing discipline for various offenses seems appropriate. However, after considering the fact that similar charges may be completely different due to mitigating or aggravating circumstances, a set standard for discipline would be inappropriate. The Missouri Legislature has entrusted the Director of the Department of Public Safety with the authority to consider all relevant factors when determining the appropriate discipline to impose upon a peace officer's license. This office does not believe it is appropriate to implement a policy, guideline, or administrative rule that in any way restricts the Director's discretionary authority and the actions of the Missouri Legislature.*

4. Licensing Procedures and Entrance Standards

- A. A survey conducted by the International Association of Directors of Law Enforcement Standards and Training (IADLEST) found that in 19 states, POST programs have, in addition to regulating peace officers, also adopted different standards for state and/or local correctional officers. Currently in Missouri, there is no certification process for corrections officers.

The Missouri Department of Corrections (DOC) is planning to begin a voluntary certification process for corrections officers. Although state law established the Corrections Officer Certification Commission under the DOC, many of the computer programs and processes established by POST should relate to the certification of corrections officers. As a result, costs savings may result by avoiding duplication of effort by the DPS and DOC coordinating efforts in certifying peace and correctional officers.

- B. Section 590.060.1, RSMo Cumulative Supp. 2003, requires the POST Commission to establish minimum standards for training instructors and training centers. Currently, these standards do not require training centers to ensure recruits meet a physical ability standard before they graduate. According to our research, at least 40 other states require officers to obtain a doctor's statement stating that the individual is able to perform the necessary physical activity and/or require officers to reach minimum performance levels on a physical fitness test. In October 2000, a committee appointed by the POST commission determined that POST should require a physical standard. However, four years have passed since the committee made this recommendation, and POST officials have not yet established a physical fitness standard. Although POST does not require a certain level of fitness prior to licensing, 11 of 19 training centers and some law enforcement agencies do require fitness tests prior to hiring. Two other centers require only the doctor's statement, and six do not require either.

Physical fitness enhances job performance, minimizes risk that officers will use excessive force, and minimizes known health risks associated with the job.

- C. POST does not require new recruits attending training centers to pass a drug test. According to our research, at least 8 other states require a drug test prior to becoming a peace officer.

Drug tests help ensure that recruits are capable of performing essential job functions competently and safely.

- D. IADLEST provides a database for use by member states to determine if other states have decertified an individual. Missouri provides information to this database on revoked officers, but does not access this database when considering new officers. As a result, it would be possible for someone decertified by another state's POST program to enter an academy in Missouri and become certified without POST's knowledge.
- E. A recently enacted state law (House Bill 600 of the 92nd General Assembly) requires certain governmental entities that issue various professional licenses to obtain verification from the Missouri Department of Revenue that their licensees' have filed state income tax returns in the three previous years. These agencies issue approximately 50 different types of professional licenses and are not allowed to issue licenses to those individuals who have not properly filed state tax returns. However, peace officer licenses are not subject to this law. It appears reasonable that peace officer licenses should also be subject to state income tax compliance provisions.

WE RECOMMEND POST program officials:

- A. Communicate with DOC officials to avoid duplication of effort in certifying their respective officers.
- B&C. Ask the POST Commission to consider requiring physical fitness and drug testing before licensing officers.
- D. Take steps, including accessing the IADLEST database, to ensure that officers decertified in other states do not become peace officers in Missouri without POST officials being aware of the prior decertification.
- E. Consider pursuing legislation that would require individuals to file and pay state taxes before receiving a peace officer license.

AUDITEE'S RESPONSE

- A. *The former director of the POST Program from 1993 to 2002, is currently employed as a strategic planner for the Missouri Department of Corrections and is overseeing the*

Department of Corrections' efforts to certify corrections officers. This office does not have the statutory authority to certify state or local corrections officers and we have no intention of proposing such legislation. The certification of state and local correction officers is best suited to the Missouri Department of Corrections. However, this office would be more than willing to assist the Missouri Department of Corrections in its efforts to certify corrections officers, including the sharing of in-house software applications developed to track licensed/certified individuals.

- B. To obtain a certain class of peace officer license, trainees must complete a minimum of thirty hours of physical fitness training, to include a 1.5 mile run, push-ups and sit-ups. The only thing that has been eliminated is a minimum physical fitness exit standard.*

For many years, the physical fitness exit standard established by the Missouri POST Commission was based upon the percentile rankings set by the Cooper Institute for Aerobics Research. On July 25, 2000, the POST Commission eliminated the physical fitness exit standard because the Cooper Institute released a report stating that, "Using percentile rankings of the Cooper norms for standards is not defensible. The percentile rankings do not predict the ability to do the job and do not demonstrate criterion validity."

The Cooper Institute further determined that the "most defensible" fitness standards are those in which a validation study is performed. However, a validation study is very expensive. Systems Design Group, who completed the Missouri POST Program's job task analysis in 1996, recently reported that a physical fitness validation study for the Missouri POST Program would cost at least \$50,000. Though we agree that a minimum physical fitness exit standard is needed, a defensible standard cannot be developed without additional funding.

As for training centers that have set their own physical fitness exit standard, they are permitted to set standards more restrictive than those set by the POST Commission. However, they must be prepared to defend those standards if challenged, including the costs associated with litigation. Some training centers, including the Missouri State Highway Patrol and the Missouri Conservation Commission, have their own physical fitness validation study for their specific job duties, which permits them to set their own standards, which should be defensible if challenged.

- C. In your report, you indicate that eight out of fifty states require drug testing prior to becoming a peace officer. We agree that illegal drug use by a licensed peace officer is unacceptable behavior and we will review Chapter 590, RSMo, to determine if we have the authority to require an individual to submit to a drug test prior to obtaining a peace officer license. This may require a change to Chapter 590, RSMo.*

Estimated date of implementation: Unknown. If necessary, legislative proposals must be presented to the Governor.

- D. *In the past, the IADLEST revocation database was not checked prior to issuing a peace officer license because only thirteen of fifty states, including Missouri, voluntarily submitted records to this database. It is now up to fifteen states. Because of limited personnel, it was decided that the criminal history record provided by the Federal Bureau of Investigation (FBI) would serve to identify any out-of-state applicant that might not be eligible for licensure. In considering your recommendation, we agree that on rare occasion there may be an individual who has committed a criminal offense in another state and had their out-of-state peace officer license revoked, and their criminal conviction was not properly reported to the FBI. Therefore, the POST Program will begin checking all applicants in the IADLEST database before it issues any future peace officer licenses.*

Based upon our conversations with your auditors, it was determined that when they compared the IADLEST database to Missouri's database of 18,000 actively licensed peace officers, none have had a peace officer license revoked by another state.

Estimated date of implementation: January 1, 2005.

- E. *We agree that peace officers should be subject to state income tax compliance provisions, especially since the POST Program is solely funded through general revenue sources. However, this may require additional personnel to manage this process, as well.*

Estimated date of implementation: Unknown, legislative proposals must be presented to the Governor.

AUDITEE'S OVERALL RESPONSE

Many of the recommendations are contingent upon the allocation of additional personnel and resources to the POST Program. According to 2000 Sourcebook presented by the International Association of Directors of Law Enforcement Standards and Training, Missouri has budgeted only \$17.51, per licensed and commissioned peace officer in annual administrative expenditures for the POST Program, which ranks 39th out of the 42 states that submitted information. This is very low compared to adjoining states like Illinois (\$28.36 per officer), Arkansas (\$138.26 per officer), and Kentucky (\$646.25 per officer). Kansas, Tennessee and Iowa did not report this information. In fact, Missouri's budgeted annual administrative expenditures for the POST Program total only \$286,706, while Kentucky's annual budgeted administrative expenditures total \$5,687,000. Of the 42 states that reported, 17 have annual budgeted administrative expenditures in excess of one million dollars. The largest of which is the California POST Program, which has an annual budgeted administrative expenditure of 10.3 million dollars.

Until properly funded, the Missouri POST Program cannot effectively perform its statutory function. Even with our limited resources, the Missouri POST Program has been very effective in its duties. In fact, in the Spring 2001 edition of the St. Louis University Law Journal, Professors Roger L. Goldman and Steven Puro described Missouri's ability to revoke the licenses of peace officers that commit violations as, "A Success Story."

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
PEACE OFFICER STANDARDS AND TRAINING PROGRAM
(LICENSING, TRAINING, AND COMPLAINT INVESTIGATION ASPECTS)
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Public Safety, established by the "Omnibus State Reorganization Act of 1974," is responsible for coordinating statewide law enforcement for the purpose of ensuring a safe environment for Missouri citizens. The department's mission is to provide a safe and secure environment for all individuals, through efficient and effective law enforcement, national defense, disaster preparedness, service to veterans, and education.

House bills 879 and 899 established the Peace Officer Standards and Training (POST) program in 1978. The Department of Public Safety manages the POST program as established by state law and by the rules and regulations of Missouri's Peace Officer Standards and Training Commission as specified in Chapter 590, RSMo. The department is responsible for licensing and regulating peace officers, continuing education providers, training instructors, and training centers; establishing a classification system for licenses; establishing minimum standards for peace officers and for admittance into basic training; and developing the Missouri Peace Officer License Exam. As of June 30, 2004 there were approximately 650 law enforcement agencies and about 18,000 licensed peace officers.

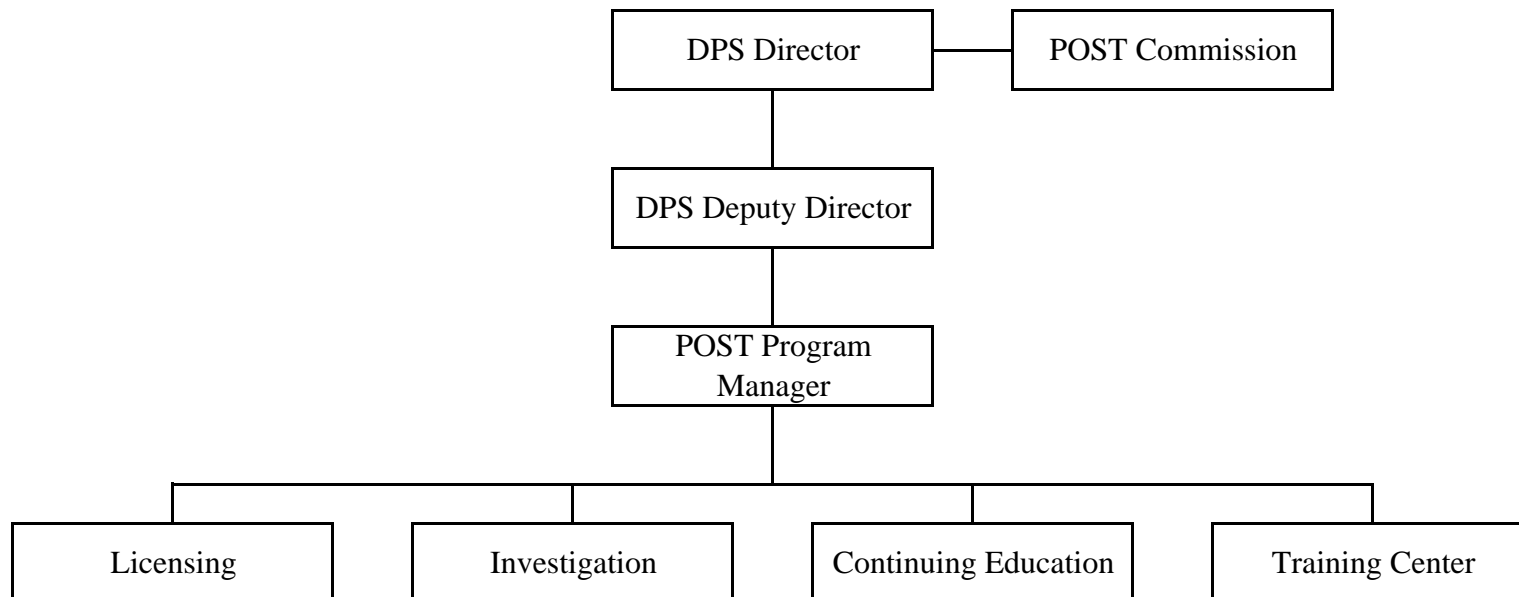
The Peace Officer Standards and Training Commission consists of nine members who are appointed by the Governor with the advice and consent of the Senate. The Commission is responsible for establishing requirements for the basic training and continuing education of peace officers; administering the peace officer standards and training fund; and advising the Director of the Department of Public Safety concerning peace officer standards and training. No board member of the commission shall receive any compensation for the performance of his official duties. At June 30, 2004, one commission position was vacant; the other eight members of the commission were as follows:

<u>Member</u>	<u>Term Expires</u>
Sheriff Gary F. Toelke, Chairman	October 3, 2005
Lt. Londell Jamerson, II	October 3, 2006
Chief Laura R. Webster	October 3, 2005
Chief Richard D. Easley	October 3, 2004
Sheriff Dennis D. Martin	October 3, 2004
Sheriff Richard L. Hill	October 3, 2005
Mark Byington	October 3, 2006
Rev. David P. Ballenger	October 3, 2005

In June 2001, Charles Jackson was appointed Director of the Department of Public Safety and is presently serving in that capacity. Chris Egbert served as the Peace Officer Standards and Training Program Manager from 1993 to August 2002. Doug Shoemaker served as Program Manager from August 2002 to January 2003. Jeremy Spratt, the current Program Manager, has served in that capacity since May 2003.

An organization chart follows.

DEPARTMENT OF PUBLIC SAFETY
PEACE OFFICER STANDARDS AND TRAINING PROGRAM
(LICENSING, TRAINING, AND COMPLAINT INVESTIGATION ASPECTS)
JUNE 30, 2004



Appendix

DEPARTMENT OF PUBLIC SAFETY
PEACE OFFICER STANDARDS AND TRAINING PROGRAM
(LICENSING, TRAINING, AND COMPLAINT INVESTIGATION ASPECTS)
GENERAL REVENUE FUND - STATE
COMPARATIVE STATEMENT OF DISBURSEMENTS

	Year Ended June 30,		
	2004	2003	2002
Wages	\$ 186,615	188,237	234,048
Equipment and Expense	27,161	17,353	25,636
Total Disbursements	<u>\$ 213,776</u>	<u>205,590</u>	<u>259,684</u>



Claire McCaskill

Missouri State Auditor

February 2005

Office of the State Treasurer

Period July 1, 2004
Through
January 10, 2005



Office Of
Missouri State Auditor
Claire McCaskill

February 2005

On January 8, 2001, Nancy Farmer was inaugurated as the forty-third Treasurer of the state of Missouri. Her term as State Treasurer expired January 2005. On January 10, 2005, Sarah Steelman was inaugurated as the forty-fourth Treasurer of the state of Missouri.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The following report of the Office of the State Treasurer reflects audited financial statements dating from July 1, 2004 through January 10, 2005.

All reports are available on our website: www.auditor.mo.gov

YELLOW MOTHS SHEET

OFFICE OF STATE TREASURER

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENT**

Honorable Nancy Farmer
and
Honorable Sarah Steelman, State Treasurer
Jefferson City, MO 65102

We have audited the accompanying Statement of Appropriations and Expenditures of the various funds of the Office of State Treasurer as of and for the period July 1, 2004 through January 10, 2005. This financial statement is the responsibility of the office's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statement, this financial statement was prepared on the state's legal budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the appropriations and expenditures of the various funds of the Office of State Treasurer as of and for the period July 1, 2004 through January 10, 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 28, 2005, on our consideration of the office's internal control over financial reporting and on

our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement, taken as a whole, that is referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statement referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 28, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA, CFE
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Lucinda Hentges
	Gary A. Raines



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Nancy Farmer
and
Honorable Sarah Steelman, State Treasurer
Jefferson City, MO 65102

We have audited the financial statement of the Office of State Treasurer as of and for the period July 1, 2004 through January 10, 2005, and have issued our report thereon dated January 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement of the Office of State Treasurer, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statement of the Office of State Treasurer is free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with

which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 28, 2005 (fieldwork completion date)

Financial Statement

Exhibit

OFFICE OF STATE TREASURER
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
PERIOD JULY 1, 2004 THROUGH JANUARY 10, 2005

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Uncommitted Appropriations</u>
GENERAL REVENUE FUND - STATE				
Issuing duplicate/outlawed checks	\$ 1,775,000	1,697,373	0	77,627
Lease and utility expense	2,867	345	1,035	1,487
Personal service	1,417,312	907,070	0	510,242
Expense and equipment	312,005	102,032	6,694	203,279
Refunds of excess interest from the linked deposit program	3,000	38	0	2,962
Total General Revenue Fund - State	<u>3,510,184</u>	<u>2,706,858</u>	<u>7,729</u>	<u>795,597</u>
TREASURER'S INFORMATION FUND				
Personal service	479,135	63,497	0	415,638
Expense and equipment	25,000	875	0	24,125
Total Treasurer's Information Fund	<u>504,135</u>	<u>64,372</u>	<u>0</u>	<u>439,763</u>
CENTRAL CHECK MAILING SERVICE REVOLVING FUND				
Expense and equipment	<u>225,000</u>	<u>33,897</u>	<u>0</u>	<u>191,103</u>
SECOND INJURY FUND				
Personal service	37,875	36,056	0	1,819
Expense and equipment	3,280	1,993	0	1,287
Total Second Injury Fund	<u>41,155</u>	<u>38,049</u>	<u>0</u>	<u>3,106</u>
ABANDONED FUND ACCOUNT FUND				
Expense and equipment	225,000	27,754	0	197,246
Payment of claims for abandoned property	16,000,000	9,683,854	0	6,316,146
Total Abandoned Fund Account Fund	<u>16,225,000</u>	<u>9,711,608</u>	<u>0</u>	<u>6,513,392</u>
Total All Funds	<u>\$ 20,505,474</u>	<u>12,554,784</u>	<u>7,729</u>	<u>7,942,961</u>

The accompanying Notes to the Financial Statement are an integral part of this statement.

Supplementary Data

Schedule

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
PERIOD JULY 1, 2004 THROUGH JANUARY 10, 2005

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2004	\$ 890,209	16,582	906,791
Additions	1,094	0	1,094
Dispositions	(97,096)	0	(97,096)
Balance, January 10, 2005	\$ 794,207	16,582	810,789

Fund of Acquisition	Balance January 10, 2005
General Revenue Fund-State	\$ 747,632
Central Check Mailing Service Revolving Fund	38,054
Second Injury Fund	2,093
Abandoned Fund Account Fund	21,311
Treasurer's Information Fund	1,699
Total All Funds	\$ 810,789

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statement and Supplementary Data

OFFICE OF STATE TREASURER
NOTES TO THE FINANCIAL STATEMENT AND SUPPLEMENTARY DATA

Notes to the Financial Statement:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statement presents only selected data for each fund of the Office of State Treasurer.

Appropriations, presented in the Exhibit, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Appropriations and Expenditures, Exhibit, is presented on the state's legal budgetary basis of accounting which recognizes expenditures on the encumbrance method. For the period ended January 10, 2005, expenditures include amounts payable at January 10, 2005, including payroll earned through December 31, 2004, for all employees, plus the final payroll and accrued annual leave amounts payable to employees terminating on January 10, 2005. Encumbered amounts are reported as encumbrances.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

General Revenue Fund-State: The Office of State Treasurer receives appropriations from this fund and does not maintain a proprietary interest in the fund.

Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

Treasurer's Information Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. This fund, established by Section 30.610, RSMo Cumulative Supp. 2003, may receive monies from governmental entities or the general public for the preparation, reproduction, or dissemination of information or publications of the State Treasurer. In addition, beginning in Fiscal Year 2005 this fund also receives fees billed to the Missouri Department of Transportation for activities related to investing and managing the funds of the agency. Appropriations from this fund shall be used to pay for personal service, equipment and other expenses of the office necessary for the preparation, reproduction, or dissemination of information or publications of the State Treasurer and for activities related to investing and managing the funds of the Missouri Department of Transportation.

Central Check Mailing Service Revolving Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. The State Treasurer is administrator and custodian of the fund and receives funds paid or transferred to the office by state agencies for centralized check mailing services. Appropriations from the fund are used for check mailing service expenses.

Second Injury Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are to be used for that portion of basic operations which relate to the administration of Second Injury Fund claims.

Abandoned Fund Account Fund: This fund receives monies from banking or financial institutions, business associations, insurance corporations, utilities, courts and other governmental entities, and proceeds from the sale of abandoned property representing abandoned or unclaimed funds.

This fund is established and governed under Section 447.543.2, RSMo Cumulative Supp. 2003. Under Sections 447.500 through 447.595, RSMo Cumulative Supp. 2003, various financial, business, and governmental entities, unless otherwise exempted, are to remit to the State Treasurer all funds which have been presumed abandoned or unclaimed for the required dormancy period, less any reasonable costs of complying with the law incurred during the required notification or reporting process. The State Treasurer is to deposit these funds in the Abandoned Fund Account Fund. Claims may be filed at any time and are paid upon proof of an approved claim. At any time when the balance of the fund exceeds one-twelfth of

the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer may, and at least once every fiscal year shall, transfer to the state's General Revenue Fund the balance of the Abandoned Fund Account Fund which exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. If any claim or refund reduces the balance of the fund to less than one-twenty-fourth of the previous year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer shall transfer from the state's General Revenue Fund an amount which is sufficient to restore the balance to one-twelfth of the previous fiscal year's total disbursements. Appropriations from this fund authorize disbursements for the payment of claims of abandoned funds.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to fringe benefits are not appropriated by agency and thus are not presented in the Exhibit.

2. Uncommitted Appropriations – Fiscal Year 2005

The amounts presented as uncommitted appropriations represent appropriations not yet spent or committed at January 10, 2005.

Note to the Supplementary Data:

3. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at January 10, 2005, was approximately \$635,000.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

OFFICE OF STATE TREASURER
FOLLOW-UP ON PRIOR AUDIT FINDINGS

The Management Advisory Report included in the report of the State Auditor for the year ended June 30, 2003, will be followed up on in the report of the State Auditor for the year ended June 30, 2004, when completed. The results of that audit do not modify our report dated January 28, 2005, on the financial statement for the period July 1, 2004 through January 10, 2005.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The accounting and banking services area: 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds; 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances; 3) controls receipt of state monies collected by fee agents and state agencies and deposited in local banks throughout the state; 4) reconciles bank activity to receipt and disbursement activity reflected on the state books; 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks; and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

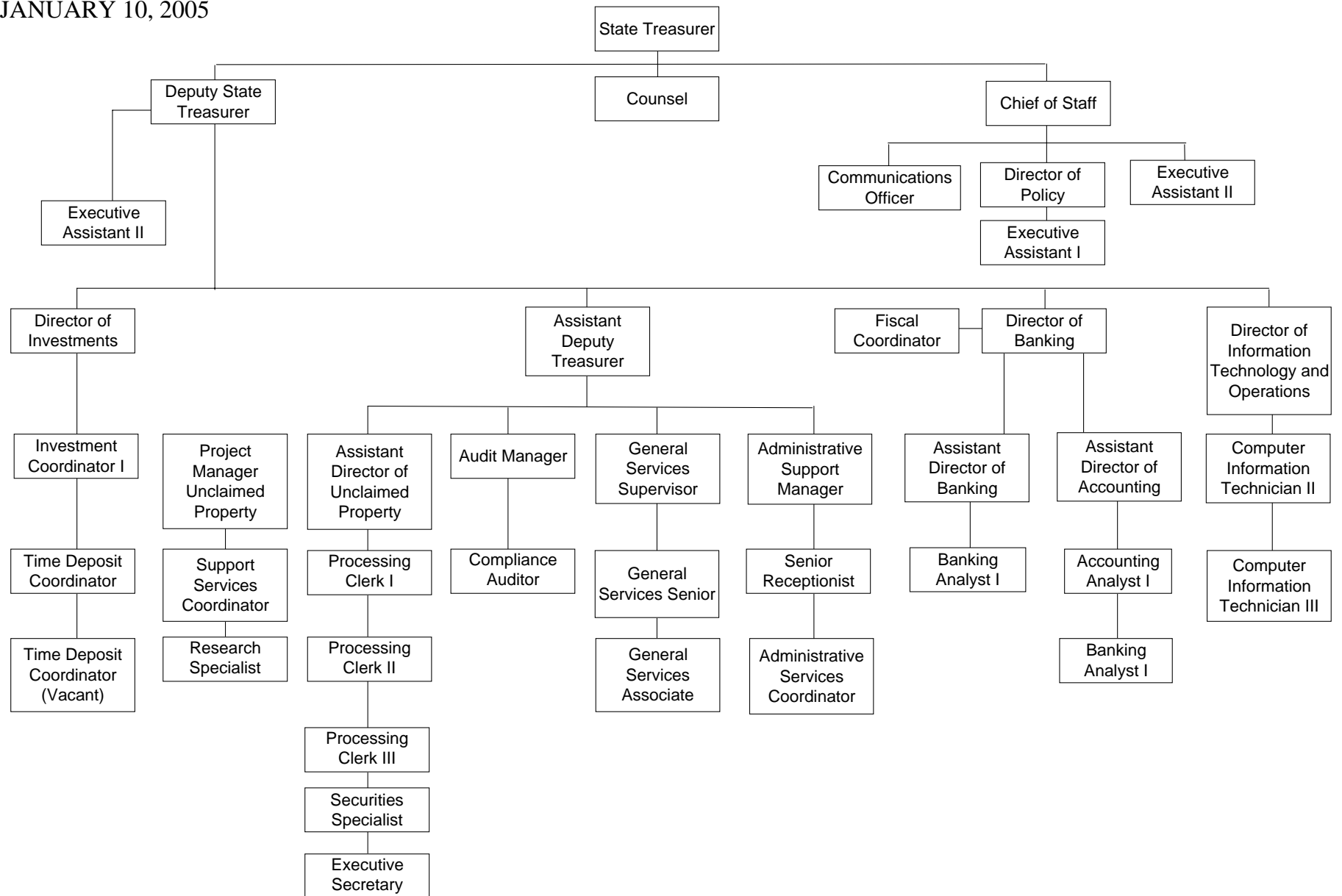
The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for: 1) ensuring unclaimed property is reported; 2) receiving and recording reports of unclaimed property; 3) depositing unclaimed funds to the Abandoned Fund Account Fund; 4) maintaining custody and safekeeping of abandoned or unclaimed physical property; and 5) processing owner claims for abandoned funds or physical property.

Nancy Farmer became Missouri's forty-third State Treasurer when she took the oath of office January 8, 2001. She was the first woman to serve as State Treasurer in the state's 180-year

history. Her term expired in January 2005. On January 10, 2005, Sarah Steelman was inaugurated as the forty-fourth Treasurer of the state of Missouri.

As of January 10, 2005, the office had 42 full-time and 5 part-time positions to assist in the accomplishment of its mission. An organization chart follows.

OFFICE OF STATE TREASURER
 ORGANIZATION CHART
 JANUARY 10, 2005





Claire McCaskill
Missouri State Auditor

February 2005

City Of Holt

Year Ended March 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Holt, Missouri.

The City of Holt does not have a formal bidding policy. Bids were either not solicited or bid documentation was not retained in several instances, including a furnace (\$1,978), and rock and gravel for streets (\$3,514). The Board of Aldermen indicated the furnace was an emergency purchase, but documentation of the emergency was not maintained. Additionally, proposals were not solicited for legal services or accounting services.

The city operates a sewer system that provides service to approximately 200 customers. The city issued revenue bonds for constructing, extending, and improving the city's sewer system. This bond requires the city establish user charges for the sewer to produce net revenues available for debt service payments of 110 percent of the current year's debt service requirement. Net revenues in fiscal year 2004 were only 86.8 percent of the debt service requirement, and a formal review of sewer rates has not been performed the past several years. In addition, the Board of Aldermen has not followed the adopted ordinances regarding service disconnections and sewer deposits, and the city does not perform monthly reconciliations of total sewer billings, payments and delinquent amounts.

The City Clerk also serves as the City Treasurer and City Collector and is responsible for all record keeping duties of the city, which is contrary to an Attorney General's opinion. Additionally, the duties of receiving, recording, and transmitting court receipts are not adequately segregated as the Court Clerk performs all of the duties related to recording transactions and depositing monies.

The Board of Aldermen occasionally held closed meetings; however, minutes of applicable open meetings do not always disclose the vote taken to close the meeting and often do not disclose decisions made or actions taken in closed session. In addition, the closed meeting minutes indicated the board may have discussed items which are not allowed by the Sunshine Law.

The city does not have a formal policy regarding public access to records and improvement is needed in the organization of the city's ordinances.

The city paid the mayor and a board member \$396 and \$5,232, respectively, for street work during the year ended March 31, 2004. The board indicated this was done because they were unable to find anyone else to perform this work and the Mayor and this Board Member have been paid for this type of work for the past couple of years. In March 2004,

(over)

YELLOW SHEET

the mayor repaid the city for compensation he received during the year ended March 31, 2004. The board should consider seeking help from their legal counsel in establishing city policies regarding these types of payments.

The city's budgets are in need of improvement and do not include some information required by state law. The General Fund is the only fund budgeted by the city and did not include a budget message, information regarding the city's debt, beginning and ending fund balances, and actual revenues and expenditures for the preceding two years. In addition, actual disbursements for the General Fund exceeded the approved budget by \$24,931 during the year ended March 31, 2004. The board did not detect the overspending because they do not perform budget to actual comparisons prior to approving disbursements.

A semi-annual financial statement was not published as required for the period April 1, 2003 through September 30, 2003. State law indicates the city cannot legally disburse funds until the financial statement is published.

Also included in the report are recommendations related to vehicles and equipment usage, capital assets, and developing a street maintenance plan.

All reports are available on our website: www.auditor.mo.gov

CITY OF HOLT
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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Board of Alderman
City of Holt

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Holt, Missouri. The city engaged Kollar, Abernethy & Company, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended March 31, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended March 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Holt, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 03, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF HOLT
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Expenditures
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The city does not bid some purchases, does not have contracts for some services they obtain, and does not require supervisory review of employee timesheets.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids or proposals for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained in several instances, including a furnace (\$1,978), and rock and gravel for streets (\$3,514). Proposals were not solicited for legal services (\$3,259) or accounting services (\$2,081) and written contracts were not entered into for legal services. The Board of Alderman indicated the furnace was an emergency purchase, but documentation of the emergency nature of that purchase was not maintained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives a fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

Section 432.070, RSMo 2003, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- B. No supervisory review was noted on employee timesheets. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid

selected. If bids cannot be obtained due to an emergency or sole source procurement is necessary, the City Clerk should retain documentation of these circumstances. In addition, periodically seek proposals or competitively bid for services, such as legal and sewer services and enter into current contracts with all entities or individuals providing services.

- B. Ensure timesheets are signed by a supervisor.

AUDITEE'S RESPONSE

- A. *We agree. We will establish a bidding policy by April 1, 2005. The Board is currently in the process of entering into a contract with service providers.*
- B. *Implemented.*

2. Sewer System

The city has not performed a formal review of sewer rates the past several years and were not in compliance with their rate covenant. Some sewer ordinances were not complied with and the city failed to reconcile amounts billed and collected to delinquent accounts.

The city operates a sewer system that provides service to approximately 200 customers. The city issued revenue bonds for constructing, extending, and improving the city's sewer system. Our review of the city's sewer accounts and procedures revealed the following concerns:

- A. The sewer system revenue bond requires the city establish user charges for the sewer system to produce net revenues available for debt service payments of 110 percent of the current year's debt service requirement. Net revenues in fiscal year 2004 were 86.8 percent of the debt service requirement and were not adequate to satisfy this bond covenant. A formal review of sewer rates has not been performed the past several years.

The failure of the city to comply with the revenue bond covenants could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds. The city should perform periodic detailed reviews of the costs of providing sewer services and set rates appropriately.

- B. The Board of Aldermen has not followed the adopted ordinances regarding service disconnections and sewer deposits. The City Clerk indicated their normal procedure is to send delinquent notices once a bill is delinquent, but none were sent to any of the five delinquent customers we reviewed. Three of these five customers account histories indicated the bill had not been paid within

40 days of the billing date, but the customers were not disconnected, as required by ordinance. In addition, a sewer deposit of \$70, required by ordinance, was not received for two of these customers.

City ordinance provides that any customer who fails to pay 40 days after the billing date will be disconnected. To reduce delinquencies, ensure delinquent accounts are properly handled, and ensure equitable treatment of all customers, the city should enforce the sewer ordinances and ensure delinquent penalties and disconnect fees are charged in a consistent manner and for the amounts set in the ordinance. Sewer deposits are established to protect the city from delinquencies and are required by ordinance to establish a sewer connection.

- C. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services. During the year ended March 31, 2004, approximately \$85,000 was collected in sewer payments and at July 15, 2004, delinquent sewer accounts totaled approximately \$2,400. Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

WE RECOMMEND the Board of Aldermen:

- A. Monitor compliance with the rate covenant on an annual basis and take steps to adjust sewer system user charges if noncompliance is detected.
- B. Enforce the sewer ordinance and ensure adequate measures are taken to collect delinquent accounts, including the enforcement of shut-off procedures and collection of deposits.
- C. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

- A. *We were aware the sewer system user charges needed to be addressed since the release of the private CPA's audit for the year ended March 31, 2004, and we have been working with outside entities and are in process to address this issue. The debt rate issue has been addressed, and rates were increased in 2004.*
- B. *We have been more aggressive in the process of collecting delinquent accounts. In addition, we have been working for several months to address these issues. Ordinance changes have been made to address collection issues.*
- C. *We agree and will ensure these reconciliations are performed monthly in the future.*

3.**Accounting Records and Procedures**

The city has not adequately segregated the duties of the City Clerk and the Court Clerk and accounting controls related to issuing receipt slips and reconciling them to deposits are lacking.

- A. The City Clerk also serves as the City Treasurer and City Collector and is responsible for all record keeping duties of the city. These duties include receiving and depositing monies, preparing invoices for payment, signing checks, performing bank reconciliations, and preparing financial reports. No personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. This situation does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

- B. The duties of receiving, recording, and transmitting court receipts are not adequately segregated. The Court Clerk and dispatchers receive payments of bonds, fines, and court costs. The Court Clerk performs all of the duties related to recording transactions and depositing monies.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of reconciliations between receipts and deposits.

- C. Receipts slips are not issued in numerical order by the police department and the numerical sequence of all receipt slips issued is not accounted for. To adequately account for all monies received, official prenumbered receipt slips should be issued in numerical order for all monies received by the police department and the numerical sequence should be accounted for properly.

WE RECOMMEND the Board of Aldermen:

- A. Appoint separate individuals to the positions of City Clerk, City Collector and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review should be established.

- B. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review of reconciliations between receipts and deposits.
- C. Ensure the police department issues prenumbered receipt slips in numerical order for all monies received, and the numerical sequence of all receipt slips is accounted for properly.

AUDITEE'S RESPONSE

A&B. We will review the employees' current procedures to determine what can be improved.

C. The new police chief has already implemented this process.

4.	Meeting Minutes and Ordinances
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The Board of Aldermen does not always follow state law regarding closed meetings and has not developed a formal policy regarding public access to city records. In addition, improvement is needed in the organization of the city's ordinances.

- A. The Board of Aldermen occasionally held closed meetings. Minutes of applicable open meetings do not always disclose the vote taken to close the meeting and often do not disclose decisions made or actions taken in closed session. In addition, the closed meeting minutes indicated the board may have discussed items which are not allowed by the Sunshine Law. For example, the board discussed salaries and the police budget with the Chief of Police in closed session. The board provided no evidence how discussing these topics complied with state law.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The city does not have a formal policy regarding public access to city records. A formal policy regarding access to and copies of the city records would establish reasonable guidelines for the city to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and the cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- C. Improvement is needed in the organization of the city's ordinances. The city ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. The ordinance book is in sequential order by ordinance number, but an index of all ordinances passed and rescinded by the city is not maintained which makes it difficult for the city to determine which ordinances are still active and which have been rescinded. In addition, the city has not adopted ordinances fixing the compensation and duties of officials and employees, as required by state law.

Since ordinances represent legislation which has been passed by the board to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up-to-date manner. An index of all ordinances passed and rescinded by the city could help keep track of additions and changes made to the city ordinances.

Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount each city official and employee is to receive, and is necessary to ensure the compensation of an official is not changed during the term of office. Ordinance hearings provide for public input and information concerning the compensation paid. In addition, documentation of duties and job descriptions would clarify the duties and responsibilities of each official and employee and prevent misunderstandings.

WE RECOMMEND the Board of Aldermen:

- A. Conduct all closed meetings and record all public votes in compliance with statutory provisions and ensure meeting minutes are adequate to demonstrate compliance with state laws. In addition, document the vote and reasons to go into closed session in the open meeting minutes and publicly disclose the final disposition of applicable matters discussed in closed session.
- B. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.
- C. Update and codify the city's ordinances and ensure a complete set of ordinances is maintained. In addition, the city should consider establishing an index of all city ordinances passed and rescinded. Furthermore, establish ordinances setting the compensation and duties for all elected and appointed officials and employees as required by state law.

AUDITEE'S RESPONSE

- A. *The instances stated in the report occurred during 2003. Since the summer of 2004, we, the Board and the City Clerk, have taken great strides in ensuring topics discussed in closed session meet the requirements of state law. Actions taken by the board in closed sessions are now being disclosed.*
- B. *The city currently has procedures in place for citizens to access public records, but we will review different procedures and determine if further action is necessary.*
- C. *We are aware of this problem and have been seeking opportunities to provide computer-based ordinance availability.*

5. Conflict of Interest

The city paid the mayor and a board member \$396 and \$5,232, respectively, for street work during the year ended March 31, 2004. The board indicated this was done because they were unable to find anyone else to perform this work and the Mayor and this Board Member have been paid for this type of work for the past couple years. In March 2004, the mayor repaid the city for compensation he received during the year ended March 31, 2004.

Section 105.458 RSMo 2000, states "no member of any legislative or governing body of any political subdivision of the state shall: (1) Perform any service for such political subdivision or any agency or the political subdivision for any consideration other than the compensation provided for the performance of his official duties". The Board should consider seeking help from their legal counsel in establishing city policies regarding these types of payments.

WE RECOMMEND the Board of Aldermen comply with state statutes relating to the compensation of city officials and consider establishing a city policy addressing this issue.

AUDITEE'S RESPONSE

This issue has been addressed with the Ethics Commission, and a written letter was received from the Ethics Commission that these payments were in accordance with state law. As a result of concerns, the employment of board members for city work has been discontinued.

6. Budgets and Financial Reporting

The city's budgets are in need of improvement and budget to actual comparisons are not performed periodically, contributing to the General Fund overspending its budget. In addition, semi-annual financial statements have not always been prepared as required.

- A. The city's budgets are in need of improvement and do not include some information required by state law. The General Fund is the only fund budgeted by the city, but the budget document did include an estimate of expenditures for the Capital Projects Fund. The budget prepared for the year ended March 31, 2004 did not include a budget message, information regarding the city's debt, beginning and ending fund balances, and actual revenues and expenditures for the preceding two years. The approved budget included estimates of revenues and expenditures for the coming year only. Budgets for the other city funds were not prepared. Additionally, the budget prepared for the Park Fund for the year ended March 31, 2004, which is under the control of the Park Board, included only estimates of expenditures for the coming year.

Section 67.010, RSMo 2000, requires each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message and information on interest, amortization, or redemption charges on debt.

- B. During year ended March 31, 2004, actual disbursements from the General Fund exceeded the approved budget by \$24,931. Actual disbursements were \$164,931 while the approved budget was \$140,000. The board did not detect the overspending because they do not perform budget to actual comparisons prior to approving disbursements.

Section 67.040, RSMo 2000, requires political subdivisions to keep disbursements within amounts budgeted. If there are valid reasons which necessitate excess disbursements, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for the increase. Budgets are a planning tool and should serve as a guide throughout the year to monitor revenues and disbursements. A periodic comparison of budgeted versus actual receipts and disbursements is necessary to properly monitor the financial condition of each city fund.

- C. A semi-annual financial statement was not published for the period April 1, 2003 through September 30, 2003 and while the city did publish a financial statement for the period October 1, 2003 through March 31, 2004, it did not include information regarding indebtedness. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165 RSMo 2000 states the city cannot legally disburse funds until the financial statement is published.

WE RECOMMEND the Board of Aldermen:

- A. And the Park Board ensure complete and accurate budgets are prepared for all funds in accordance with state law.
- B. Ensure actual disbursements do not exceed budgeted amounts. If circumstances require disbursements in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional disbursements and documenting the reasons for such. The Board should require complete information regarding the financial position of the city, including balances of funds held by the city and a comparison of budgeted and actual receipts and disbursements to date be presented each month.
- C. Publish semi-annual financial statements as required by state law.

AUDITEE'S RESPONSE

- A. *With our new accounting software package, we have addressed these issues. In addition, the Park Board budgets are now prepared under the same method as the city's budget.*
- B. *The city has new software which provides budget to actual reports that we are now monitoring monthly. An amended budget for fiscal year 2005 has been completed to show compliance with state law.*
- C. *This will be implemented.*

7. Vehicles and Equipment Usage
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Usage logs are not prepared for city vehicles and equipment; thus a reconciliation of fuel purchased to miles driven cannot be performed. The city owns two police vehicles, as well as a dump truck, pick-up truck, and road grader. Fuel purchases for city vehicles are charged at two local gas stations, who then submit monthly bills to the city. Fuel purchases during the year ended March 31, 2004 totaled approximately \$5,500. While the Police Chief indicated that beginning and ending mileage and fuel purchases are required to be reported for police vehicles on a daily log, the majority of the daily logs we reviewed did not report the required information. When city employees fuel a vehicle at the station, they sign a ticket showing the purchase price and number of gallons purchased, which are submitted to the city at the end of the month. Because fuel purchases are not recorded in a usage log, the city clerk has less assurance all fuel billed to the city was used for city vehicles and equipment.

Usage logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and other charges. The logs should include the purpose and destination of each trip, beginning and ending odometer readings or hours of usage as applicable, and all operation and maintenance costs. Supervisory reviews of the logs should be

performed to ensure vehicles and equipment are used only for city business, is being properly utilized, and helps identify vehicles and equipment that should be replaced. Information on the logs should be periodically reconciled to applicable expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges.

WE RECOMMEND the Board of Aldermen require vehicle and equipment usage logs be maintained and periodically reviewed by a supervisor. In addition, fuel purchases should be recorded in the log and periodically reconciled to applicable expenditure records.

AUDITEE'S RESPONSE

We have implemented accounting procedures to address these issues and the matter is under further review.

8. Capital Assets

The city has not prepared and maintained permanent, detailed property records for capital assets, including the cost of land, buildings, equipment, and furniture owned by the city. Also, annual physical inventories are not performed and additions to the capital asset records are not reconciled to purchases.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Aldermen maintain property records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and capital asset additions should be reconciled to purchases.

AUDITEE'S RESPONSE

We will review the new Governmental Accounting Standards Board regulations and will be in the process of implementing this recommendation.

A formal street maintenance plan for the city streets has not been prepared annually. A street maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, a cost estimate, the dates such work could begin, and any other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for the city streets at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

We agree. We are in the process of developing a street plan with the 2006 budget.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF HOLT, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Holt is located in Clay and Clinton Counties. The city was incorporated in 1971 as a fourth-class city. The population of the city in 2000 was 405.

The city government consists of a mayor and a four-member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor, Board of Alderman, and other principal officials during the year ended March 31, 2004, are identified below. The compensation of these officials is not established by ordinance. The Mayor and Alderman receive \$100 and \$10, respectively, for each month in office. The Mayor and Alderman Burton were compensated additionally for labor performed for the city.

Mayor and Board of Alderman	Dates of Service During the Year Ended March 31, 2004	Compensation Paid for the Year Ended March 31, 2004	
Hans Habighorst, Mayor	April 2003 to March 2004	\$	12,293
Jeffrey Burton, Alderman	April 2003 to March 2004		20,034
Dolores Miller, Alderman (1)	April 2003 to March 2004		3,160
Waneva Smith, Alderman	April 2003 to March 2004		1,200
Greg Golden, Alderman (2)	January 2004 to March 2004		
Mike Nelson, Alderman	September 2003 to December 2003		
Virginia Crawford, Alderman	April 2003		
Other Principal Officials			
Rita Waters, City Clerk		\$	12,293
Richard Pacheco, Chief of Police			20,034
Steven Wolcott, City Attorney			3,160
William Shull, Municipal Judge			1,200

(1) Greg Golden was elected Alderman in April 2004.

(2) Joy Fallon was elected Alderman in April 2004.

In addition to the officials identified above, the city employed two full-time employees and eleven part-time employees on March 31, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATION

Real estate	\$ 3,197,300
Personal property	924,815
Railroad and utility	194,084
Total	<u>\$ 4,316,199</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General Fund	<u>\$.4395</u>	<u>None</u>

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	<u>\$.0100</u>	<u>None</u>
Capital improvement	.0050	None
Transportation	.0050	None
Storm water	.0025	None
Park	.0025	None



Claire McCaskill

Missouri State Auditor

February 2005

CORRECTIONS

Boonville Correctional Center



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Boonville Correctional Center.

The Boonville Correctional Center (BCC) became operational in 1983. The facility is located on 485 acres in Boonville, Missouri, and is a medium security facility. As of June 30, 2004, this facility housed 1,204 male offenders.

The BCC operates a canteen for the offenders' benefit. Our review noted that perpetual inventory records and reports are only maintained for the high-risk or expensive items, such as televisions and cigarettes. Department of Corrections (DOC) policy requires that a perpetual inventory be maintained on all stock items held in inventory. In addition, canteen duties are not adequately segregated and the BCC is not obtaining bids as required by DOC policy.

Vending machine commissions totaled over \$57,000 during the two years ended June 30, 2004. Although the vending contract indicates that commissions are to be computed as a percentage of total gross sales, the BCC has no procedures to ensure that vending machine gross sales are accurate. Additionally, the BCC is not always receiving commission checks within the timeframe required by the vending contract, and the business office did not receive a statement or payment from the vendor during February 2003.

The number of photo tokens sold is not reconciled to the actual dollars collected. Additionally, photo sales receipts are not transmitted to the DOC Central Office on a timely basis.

The BCC appears to be underutilizing some state-owned vehicles. Eleven vehicles are used to perform maintenance functions and were driven between 320 miles and 3,780 miles during the fiscal year ended June 30, 2004. It appears the BCC should evaluate the need for some of these vehicles and determine if the same tasks could be accomplished with fewer vehicles.

We reviewed the January 2003 and the April 2004 institution search reports for each housing unit, and found that not all of the required searches were being performed. Additionally, cell search documentation needs improvement.

The BCC is working toward or has already implemented many of the report's recommendations.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
BOONVILLE CORRECTIONAL CENTER

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	Years Ended June 30, 2004 and 200314

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Larry Crawford, Director
Department of Corrections
and
Ron Schmitz, Superintendent
Boonville Correctional Center
Boonville, MO 65233

We have audited the Department of Corrections, Boonville Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, policies, and contracts.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the correctional center, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the correctional center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Boonville Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 26, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	David Gregg
Audit Staff:	Malcolm N. Nyatanga

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
BOONVILLE CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Canteen Procedures
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The Boonville Correctional Center (BCC) operates a canteen for the offenders' benefit. The canteen stocks and sells numerous products such as soda, tobacco products, snack foods, radios, and televisions. Goods sold in the canteen are marked up 25 percent over cost, and the profits are designated by state law for the use and benefit of the offenders through purchases of religious, educational and recreational materials, supplies and equipment, and expenses necessary for canteen operations. Our review of the canteen noted the following concerns:

- A. Although the point-of-sale system utilized in the canteen has the capability of maintaining and generating perpetual inventory records and reports, such records are not maintained for all canteen items. Perpetual inventory records are maintained for expensive or high-risk items, such as radios, tape players, televisions, and cigarettes, but not for food and personal use items.

As required by department policy, the canteen employees perform physical inventories of all canteen items held for resale at each month-end. Because no perpetual inventory records are maintained for food and personal use items, the results of these counts are not compared to any records. It was also noted that the employees performing the month-end counts also have custody of the inventory and no verification by someone independent of canteen responsibilities is performed. As a result of these various concerns, there is limited monitoring of changes in canteen inventory and the benefit of month-end physical inventory procedures is lessened without comparison to perpetual inventory records and independent verification. Department of Corrections (DOC) policy D3-9.2 requires that a perpetual inventory be maintained on all stock items held in inventory and removed when placed on the shelf for resale.

The point-of-sales system should be used to maintain perpetual inventory records. Once the system is fully utilized, the monthly inventory counts of all items held for resale should be compared to the perpetual inventory record to lessen the possibility that instances of loss, misuse, or theft of canteen inventory will occur without being detected.

- B. Canteen duties are not adequately segregated. The canteen manager is responsible for preparing the purchase requests, receiving the items, updating the inventory records, and performing month-end inventory counts. Proper internal control requires that purchasing, recording, and handling of canteen inventory

items be properly segregated. If a segregation of duties cannot be achieved, at a minimum, there should be documented review and comparison of various records by someone independent of these processes.

- C. The BCC is not obtaining bids as required by policy. DOC policy D3-9.2 requires that each institution strive to obtain three bids when purchasing canteen items with a cost in excess of \$100. The BCC is currently obtaining bids only for purchases over \$1,000. Formal, competitive bidding procedures provide a framework for economical management of resources and helps ensure the canteen receives fair value by contracting with the lowest and best bidders. The BCC should obtain competitive bids in accordance with DOC policy and retain documentation of those bids.

WE RECOMMEND the BCC:

- A. Utilize the point-of-sale system to maintain perpetual inventory records for all stocked items. Perpetual inventory records should then be used to verify month-end counts performed. Also, assign an employee independent of the canteen to verify physical inventory counts performed by the canteen.
- B. Ensure that canteen duties are properly segregated, or that someone independent of these processes is performing periodic, documented reviews.
- C. Obtain three bids for canteen purchases in excess of \$100 as required by policy.

AUDITEE'S RESPONSE

- A. *The BCC will seek training on how to utilize this feature of the POS system to ensure inventory records are verified. The BCC will also have the physical inventory counts verified by independent staff.*
- B. *Segregation of duties is difficult because of the small staff. In the meantime, we are utilizing staff members from outside the business office to perform inventory verifications.*
- C. *We began to have sections that request items costing over \$100 to perform this and to supply documentation with the request to purchase. However, policy has now been changed, and requires canteen bid requirements to follow General Revenue Fund requirements. This requires bids for items over \$2,999.99.*

2. Vending Machine Services

The BCC performs no procedures to ensure proper vending commissions are paid by the vendor and is not receiving commission checks timely. The BCC utilizes a private vendor to provide and service vending machines at the facility. The vendor provides a

monthly commission statement and separate payments to the facility's personnel club and the inmate canteen fund. The commissions are used by the facility to support approved personnel activities and for inmate benefits.

Vending machine commissions totaled over \$57,000 during the two years ended June 30, 2004. We noted some concerns related to the vending machine commissions:

- A. The vending contract indicates that commissions are to be computed as a percentage of total gross sales. However, the BCC has no procedures to ensure that vending machine gross sales are accurate. The commission statement submitted by the vendor indicates gross sales, the commission rate, the commission amount due, and the beginning and ending meter readings (for currency and coin). The meters count the money that is deposited into the machine, but do not take into account change returned or the amount of currency left in the machine to provide change. As a result, gross sales cannot be reconciled exactly to meter readings. However, the business office should develop a procedure to evaluate the reasonableness of gross sales as compared to meter readings, and make inquiries of the vendor when unusual fluctuations are noted.
- B. The BCC is not always receiving commission checks within the timeframe required by the vending contract. The contract requires commission checks to be sent to the facility within 15 calendar days after the conclusion of the previous monthly period. We noted that all vendor payments from March 2003 to January 2004 were not received within 15 calendar days. Rather, it took the vendor from 30 to 138 calendar days to issue the checks to the business office. In addition, we noted that no statement or payment was received from the vendor during February 2003. The business office was not aware of this until we brought this to their attention. The business manager notified the vendor and payment was received in September 2004. The business office needs to ensure that the checks are received within the required timeframes, so that they can review and resolve any issues timely and maximize their revenues.

WE RECOMMEND the BCC:

- A. More closely evaluate vending commission statement information to ensure that vending machine gross sales are accurate.
- B. Ensure that commission statements and checks are received within the required timeframe.

AUDITEE'S RESPONSE

- A. *The business office, with assistance from Central Office, is reviewing the commission statements to determine their accuracy and to identify trends. We are utilizing Personnel Club officers to do spot checks on the vending staff member who services the machines.*

- B. *We are more closely monitoring the receipt of the commission checks and will contact the vendor if they are not received within the required timeframe.*

3. Cash Procedures

The BCC receives money from photo sales, which is then transmitted to the DOC offices in Jefferson City for deposit into the Inmate Canteen Fund. Our review of cash procedures noted the following concerns:

- A. The number of photo tokens sold is not reconciled to the actual dollars collected. Visitors can purchase a token from the photo machine that they present to the photographer to have a picture taken. The photo machine is emptied once every two weeks by a business office clerk. The monies emptied from the machine are not reconciled to the number of tokens sold. To ensure all amounts are properly accounted for, photo tokens sold should be reconciled to the amounts collected from the machine and to amounts transmitted.
- B. Photo sales receipts are not transmitted to the DOC Central Office on a timely basis. A cash count conducted on June 16, 2004, disclosed that the BCC had cash on hand totaling \$706. This amount was comprised of receipts from photo sales since April 8, 2004. Since the staff of the BCC makes approximately three trips each week to the DOC Central Office, there appears to be no reason why photo receipts should be held at the facility. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to DOC Central Office at least weekly or when accumulated receipts exceed \$100.

WE RECOMMEND the BCC:

- A. Ensure photo tokens purchased are reconciled to actual monies collected.
- B. Transmit receipts weekly or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *We have taken steps to ensure that the amount collected from the photo machine is reconciled to the number of tokens sold.*
- B. *Staff members periodically collect and count the money from the token machine, witnessed by a corrections officer. Both then sign a statement verifying the amount. The staff member then brings the money to the business office, where the money is counted and verified again. A funds transmittal is then completed and the money is sent to Inmate Finance on the next distribution run.*

4.**State-Owned Vehicles**

Some state-owned vehicles appear to be underutilized. As of June 30, 2004, the BCC had 30 state-owned vehicles used for the various purposes, including transportation of offenders (11 vehicles), maintenance (11 vehicles), patrolling the grounds (5 vehicles), movement of supplies/equipment on facility grounds (1 vehicle), employee travel to training and meetings (1 vehicle), and mail runs (1 vehicle).

The BCC has eleven vehicles that are used to perform maintenance functions. These vehicles are used within the facility the majority of the time. Because these are confined to the facility, they are driven a small amount of miles. Maintenance vehicles were driven anywhere from 320 miles to 3,780 for the fiscal year ending June 30, 2004. BCC needs to evaluate the need for some of these vehicles and determine if the same tasks could be accomplished with fewer vehicles.

WE RECOMMEND the BCC evaluate the need for each vehicle and ensure each vehicle is effectively utilized.

AUDITEE'S RESPONSE

A regular review is made of all vehicle assignments ensuring the current assignments meet state and department policies. Vehicles are then reassigned as needed. All of the BCC's vehicles are assigned appropriately at this time and should meet the state requirements by the end of the fiscal year.

5.**Cell Searches**

Cell search documentation needs improvement, and it is not clear that all required cell searches were performed. The BCC SOP 20-1.3 requires that unannounced, random searches by housing unit staff of all occupied offender rooms and bay areas in each housing unit be performed at least once each month.

We reviewed the January 2003 and the April 2004 institution search reports for each housing unit, and found that not all of the required searches were being performed. Of the 10 housing units, it appeared 3 units were not searched as required for one or both of these months. In addition, the segregation unit personnel indicate that they performed searches; however, there were no institutional search reports to document that these searches were performed.

Although searches are documented on standard DOC institutional search report forms, the various housing unit personnel were not consistent in their documentation methods. Some housing units have each cell and bunk identifying number preprinted or written on the standard forms, while other housing unit personnel list cells and bunks searched in the

order searched (not necessarily numerical order). Not documenting areas searched in any systematic order makes it difficult to determine whether all occupied offender areas have been properly searched.

Standard documentation and reporting methods are needed to ensure all required searches are performed and improve the ability of the BCC management to identify noncompliance. Also, regular searches of all offender occupied areas allow staff to identify and confiscate illegal contraband, thus creating a safer environment for all staff and offenders.

WE RECOMMEND the BCC perform all required searches and ensure documentation methods are consistent and clearly demonstrate compliance with facility policy.

AUDITEE'S RESPONSE

We concur and have taken steps to ensure that all required searches are performed as required by policy and that documentation methods for cell searches are consistently applied.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
BOONVILLE CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Boonville Correctional Center (BCC) became operational on July 1, 1983. It occupies the site of the former Missouri Training School for Boys, which originally opened in 1888. The BCC is a medium security institution housing male offenders. The offender population consists of first-time felony offenders between the ages of seventeen and thirty-five. The institution housed 1,204 offenders at June 30, 2004.

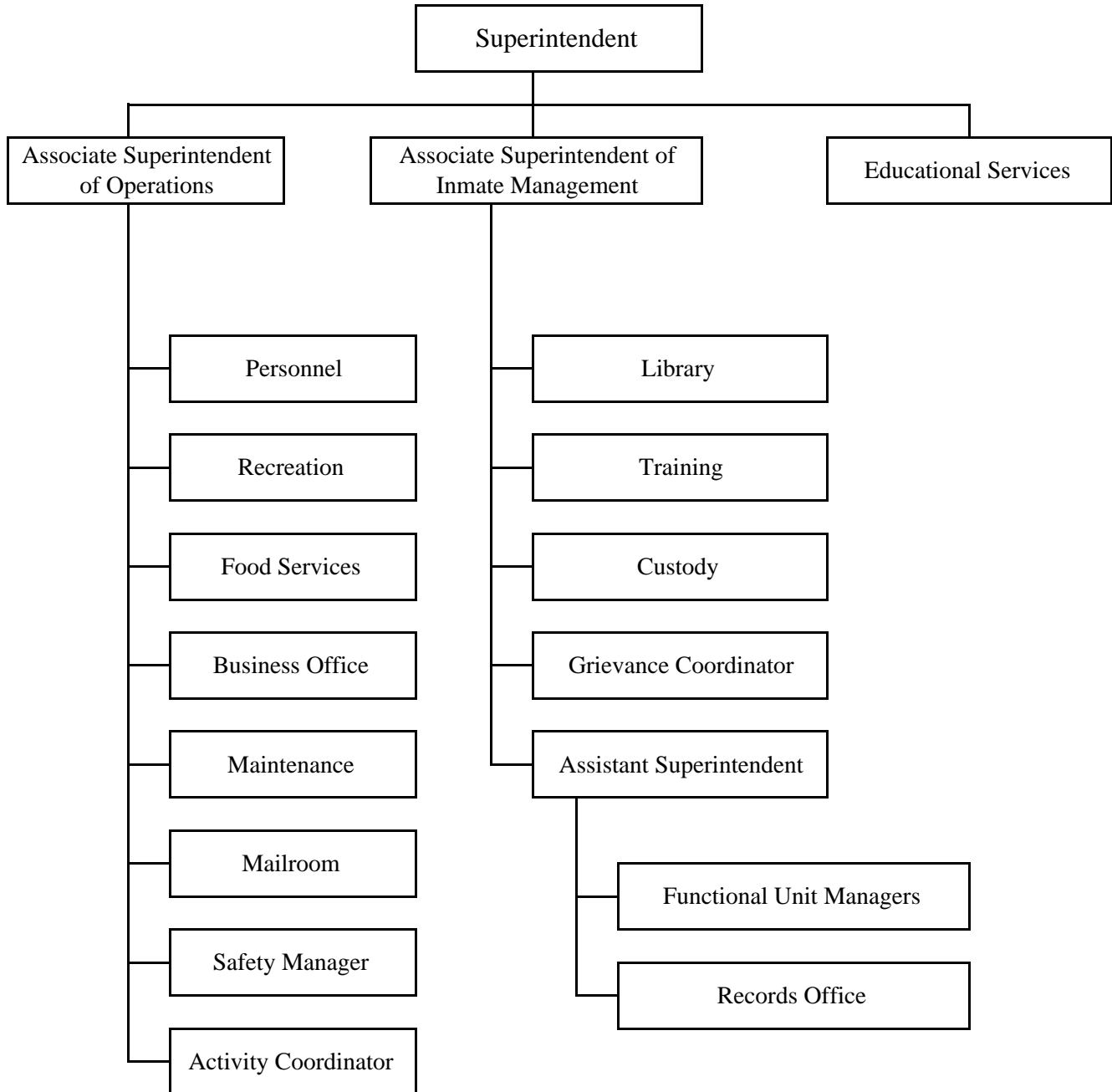
The facility occupies approximately 39 acres of a total 485 acres of department-owned land. The perimeter of the facility is secured by a 14 foot high chain link fence reinforced with razor ribbon and intrusion devices. For additional security the perimeter of the facility is patrolled by an armed vehicular patrol on a 24-hour basis. The facility is made up of 10 housing units designed to accommodate 1,256 offenders, an offender segregation building designed to accommodate 100 offenders, a 120-day shock incarceration program building designed to accommodate 150 offenders, an education building, a chapel, a recreational building, a garage, a power plant, a maintenance building, and 2 administrative buildings. The administrative buildings house administrative offices, the medical unit, the business office, the training unit, and personnel office.

The education building is comprised of 15 classrooms and one testing room. The BCC offers GED classes and provides special education classes for offenders with learning disabilities. During fiscal year 2004, 201 offender students took the GED test and 185 passed. During this same time, 2,361 offenders were enrolled in classes at the BCC. Each teacher is certified in either Elementary Education, Secondary Education, or Adult Basic Education and is assisted by an offender tutor. Offenders are required to complete their GED to be eligible for parole or premium job assignments. The BCC also offers college courses through the State Fair Community College.

David Miller served as Superintendent from November 1, 1986, to July 1, 2002. Ron Schmitz has served as Superintendent since July 1, 2002. The BCC employed approximately 319 employees assigned to various administrative, service, security, and academic functions as of June 30, 2004.

An organization chart and financial data follow:

DEPARTMENT OF CORRECTIONS
BOONVILLE CORRECTIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2004



Appendix

DEPARTMENT OF CORRECTIONS BOONVILLE CORRECTIONAL CENTER COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2004	2003
Salaries & Wages	\$ 8,935,162	8,998,809
Travel, In-State	4,949	16,516
Travel, Out-of-State	564	1,448
Fuel & Utilities	829,348	1,033,532
Supplies	1,123,546	1,142,104
Professional Development	1,758	3,254
Communication Service & Supplies	30,608	38,650
Professional Services	54,098	129,955
Housekeeping & Janitor Services	54,997	30,141
Maintenance and Repair (M&R) Services	72,106	122,633
Computer Equipment	19,760	4,679
Motorized Equipment	2,400	2,500
Office Equipment	55,367	1,701
Other Equipment	40,935	89,947
Property & Improvements	78,997	79,502
Equipment Rental & Leases	1,404	570
Miscellaneous Expenses	160,905	156,199
Total Expenditures	\$ <u>11,466,904</u>	<u>11,852,139</u>

Note: Not included in this schedule are expenditures paid from department-wide appropriations, such as inmate medical services and capital improvements, that do not specify amounts by facility.



Claire McCaskill
Missouri State Auditor

February 2005

Southwest City, Missouri

Year Ended December 31, 2003



Office Of
Missouri State Auditor
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Southwest City, Missouri.

The former City Clerk/Collector was paid approximately \$42,600 between January 2003 and March 2004; however, approximately \$9,400 of the payments appeared to be questionable or not supported and were sometimes recorded incorrectly. The former City Clerk/Collector overpaid herself by at least \$838 and \$4,649 for tax commissions during the 2003 and 2002 tax years, respectively. In addition, two tax commission payments were recorded incorrectly by the former City Clerk/Collector in the city's accounting records, further concealing the overpayments. The former City Clerk/Collector also received a two percent increase in tax commission during her term of office, and as a result, was overpaid an additional \$2,203. Additionally, the former City Clerk was apparently overpaid \$1,185 in salary because recorded hours in the city's computerized payroll system exceeded those reported on her timecards and numerous errors in the calculation of total hours worked were made on her timecards. Further, the former City Clerk apparently overpaid herself \$500 for attending and recording board meeting minutes.

Unauthorized purchases totaling \$1,270 appear to have been made by the former City Clerk with a city credit card during December 2002. These purchases included toys, electronics, children and men's clothing, candy, holiday dinner supplies, and a sewing machine.

The city does not have a formal bidding policy. As a result, bids were either not solicited or bid documentation was not retained for items including: fire department equipment, \$54,090; water tower maintenance, \$19,513; insurance, \$15,052; and fuel, \$7,305. Additionally, adequate supporting documentation of expenditures was not always retained, payroll taxes were underpaid and reported incorrectly to the IRS, and the city entered into a verbal agreement to pay expenses of a local business in exchange for future services. The Board of Aldermen also does not consistently receive a detailed monthly financial report, Forms 1099 are not always filed with the Internal Revenue Service (IRS), and the city does not maintain mileage or maintenance logs for any of the city owned vehicles and equipment.

The former and current City Collectors did not prepare monthly or annual reports of taxes collected, and the delinquent tax report prepared by the former City Collector was incomplete. In addition, the city has not adequately monitored or pursued collection of delinquent taxes, and the former City Collector did not charge penalties on delinquent taxes.

(over)

YELLOW SHEET

An adequate review of city employees' timecards, computerized payroll reports, and payroll checks was apparently not performed by the board which allowed inaccuracies to go undetected. In addition, timecards prepared by city employees were not always signed by the employee, and the city does not maintain records of vacation, sick leave, and compensatory time earned, taken or accumulated for each employee.

The city does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid for its utility system. In addition, there is no independent approval of adjustments posted to the utility system, and the city does not monitor its water usage on a monthly basis.

The city does not issue receipt slips for some monies received and monies are not always deposited intact and timely. Controls over petty cash funds need to be established, and the city needs to evaluate the need for excessive accounts, including eight certificates of deposit and nine bank accounts, eight of which are non-interest bearing.

Also included in the report are recommendations related to other accounting controls and procedures, budgetary procedures, restricted revenues, board meetings, records, and ordinances, property records, and municipal court and police department controls and procedures.

All reports are available on our website: www.auditor.mo.gov

SOUTHWEST CITY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
Southwest City, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit Southwest City. The city engaged The CPA Group, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for 2002, as the 2003 audit had not been completed. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and

violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of Southwest City.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 24, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Troy Royer

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SOUTHWEST CITY, MISSOURI
MANAGEMENT ADVISORY REPORT
STATE AUDITOR'S FINDINGS

1.	Questionable Transactions
-----------	----------------------------------

The former City Clerk/Collector was paid approximately \$42,600 between January 2003 and March 2004; however, some of the payments appeared to be questionable or not supported and were sometimes recorded incorrectly. The former City Clerk/Collector was paid tax commissions of seven and five percent based on taxes collected during the 2003 and 2002 tax years ending October 31, 2004 and 2003, respectively. In addition, the former City Clerk/Collector was paid a salary and for attending and recording board meeting minutes. The former City Clerk/Collector also served as the Utility Clerk and the Municipal Court Clerk until her resignation on March 8, 2004. Due to various internal control weaknesses including little or no review by someone independent of the former City Clerk/Collector, numerous errors, omissions, and questionable transactions were allowed to go undetected.

Payments to the former City Clerk/Collector are noted in the table below:

	November 2003 through March 8, 2004 (7% commission)	January through October, 2003 (5% commission)
Tax Commissions	\$ 8,549	9,826
	January through March 8, 2004	January through December, 2003
Salary	4,468	18,672
Board Meetings (\$20 per meeting)	125	935
Total	\$ 4,593	19,607

We noted the following concerns with payments made to the former City Clerk/Collector:

- A. The McDonald County Assessor printed the city's current property tax books for the 2003 and 2002 tax years which totaled to \$115,615 and \$105,935, respectively. The delinquent tax list prepared by the former City Clerk/Collector for the 2003 and 2002 tax years totaled to \$5,458 and \$2,388, respectively. Based on these reports, the maximum commission received would have been \$7,711 (7% of \$110,157) and \$5,177 (5% of \$103,547), resulting in overpayments of at least \$838 and \$4,649, respectively.

Two tax commission payments were recorded incorrectly by the former City Clerk/Collector in the city's accounting records, further concealing the overpayments. For example, one payment for \$2,143 was recorded as a payment to a local utility company and another payment for \$696 was recorded as a

payment to a chemical company. The former City Clerk had no explanation for why these tax commission payments were recorded in this manner.

In addition, the former City Clerk/Collector was not entitled to receive the two percent increase in tax commission during the 2003 tax year, and as a result, was overpaid an additional \$2,203. The former City Collector was elected in April 2003 to a two year term, and the Board of Alderman approved an increase in tax commissions to seven percent in June 2003. Section 79.270, RSMo 2000, requires the salary of an officer shall not be changed during the time for which he was elected or appointed.

Further, the former City Clerk/Collector did not report the tax commissions on her W-2 forms for the years ended December 31, 2003 and 2002. The IRS regulations require employers to report wages on W-2 forms and withhold federal income taxes.

- B. The former City Clerk was apparently overpaid \$1,185 in salary during the period January 2003 through March 2004, because recorded hours in the city's computerized payroll system exceeded those reported on her timecards. For example, for the week ending June 12, 2003, the former City Clerk's time card reported 40 hours worked; however, the former City Clerk recorded 44 hours on the city's computerized payroll system which was used to prepare the payroll checks. The former City Clerk indicated that normal procedure was to record the hours worked in the computerized payroll system from the city's timecards and she had no explanation why the two records would not agree. In addition, the timecards prepared by the former City Clerk contained numerous errors in the calculations of total hours worked. For example, the former City Clerk calculated total hours worked on her time card for the week ending January 16, 2003 to be 45 hours; however, we recalculated the time worked to be 43.5 hours. Additional payments to the former City Clerk for vacation also appear questionable (See MAR No. 4).
- C. The City Clerk is paid a \$20 fee for attending board meetings and recording the meeting minutes. Between January 2003 and March 2004, the former City Clerk attended approximately 28 board meetings, according to board minutes, and should have been paid approximately \$560. However, the former City Clerk paid herself \$1,060, resulting in apparent overpayments of \$500.

These apparent overpayments were allowed to occur and not be detected due to a lack of control procedures being in place as noted in MAR Nos. 2-4.

WE RECOMMEND the Board of Aldermen request repayment of the apparent overpayments from the former City Clerk/Collector. In addition, the city should file amended W-2 forms for the unreported income of the former City Clerk/Collector.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following response:

A-C. We will work with the City Attorney and County Prosecutor to obtain repayment of these overpayments. We will also amend the former City Clerk's W-2 Forms with the IRS.

2. Expenditures

Controls and procedures over city expenditures are in need of improvement. Unauthorized purchases appear to have been made by the former City Clerk with a city credit card. Also the city does not have a formal bidding policy, did not retain adequate supporting documentation of expenditures, and the former City Clerk underpaid the amount of Social Security and Medicaid liability due and reported these liabilities incorrectly on the city's quarterly federal tax return. In addition, detailed financial reports are not prepared for the board's review, and the city did not always file Forms 1099 with the Internal Revenue Service (IRS) when required. The city also did not maintain mileage or maintenance logs for vehicles and equipment.

- A. Unauthorized purchases totaling \$1,270 appear to have been made by the former City Clerk with a city credit card during December 2002. These purchases included toys, electronics, children and men's clothing, candy, holiday dinner supplies, and a sewing machine. The city had no explanation how such items were used by or on behalf of the city.

The former City Clerk provided the board with a payment authorization form on the November credit card statement totaling \$816 which was due to a retailer on November 17, 2002. The payment authorization form appears to have been subsequently altered and a check was issued by the former City Clerk on December 9, 2004 to the retailer for \$2,000. Additional purchases of \$336 and late fees of \$5 were charged to the card on November 19, 2002. As a result of the December purchases, the January credit card statement showed a balance due of \$427. The city did not retain documentation to support the \$1,270 of purchases made in December. At our request, the city obtained these invoices from the retailer and found the above noted purchases.

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The city should review the information and take appropriate action.

- B. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the past year, bids were either not solicited or bid documentation was not retained in some instances. Examples of items purchased or services rendered for which bid documentation could not be located are as follows:

<u>Item or Service</u>	<u>Cost</u>
Fire department equipment (90 day period)	\$54,090
Water tower maintenance	19,513
Insurance (annually)	15,052
Fuel (annually)	7,305
Repairs to city streets (annually)	5,478
Street equipment repairs	3,700
Office supplies (annually)	3,502
Trash service (city-wide clean up)	2,053

In addition, the city paid \$350 on June 11, 2003 to a city employee for a used patrol car light bar. No documentation of informal price quotations was retained.

Formal bidding procedures for purchases would provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- C. Adequate supporting documentation was not available for 5 of 30 expenditures reviewed. Although the board reviewed a summary bill of monthly expenditures for four of these bills, including unauthorized purchases noted above in Part A., (\$1,270), office supplies (\$787), fuel (\$743), and Christmas turkeys and hams (\$223), documentation of each purchase was not always retained. In addition, an invoice or receipt for the purchase of a used patrol car light bar (\$350) was either not obtained or retained by the city. All expenditures should be supported by a vendor invoice to ensure the obligation was actually incurred and the expenditure represents an appropriate use of public funds.
- D. The former City Clerk underpaid the amount of Social Security and Medicaid liability due for October, November, and December 2002, and reported these liabilities incorrectly on the city's quarterly federal tax return to make it agree to the monthly payroll tax deposits made. As a result, the former City Clerk failed to pay the IRS \$2,023 of payroll taxes due for the 4th quarter of 2002. The error was subsequently identified and billed by the IRS, and the city paid the bill in March 2003. Good business practices require accurate and timely payments of payroll taxes. Failure to reconcile amounts due and make timely payments could result in unnecessary penalties and interest.
- E. In December 2003, the city entered into a verbal agreement with a local business owner to share the cost of a paving project which totaled to \$1,845. The city paid

the entire amount of the paving invoice and recorded a balance due of \$923 from the local business owner on the city's copy of the invoice. In February 2004, the business owner paid the city \$100 and submitted invoices totaling \$287 for auto repairs performed on city vehicles in exchange for a portion of the paving costs. The business owner submitted additional invoices to the city in December 2004 totaling \$536.

It is not prudent for a city to pay expenses of a local business in exchange for future services. Doing so could result in the city paying for services not performed.

- F. The Board of Aldermen does not consistently receive a detailed monthly financial report, and as a result, numerous recording errors made by the former City Clerk in the city's accounting records went undetected. For example, in January 2003, the Board of Aldermen authorized a \$2,650 utility bill to be paid from the General Fund (\$750), the Water Fund (\$1,000), and the Street Fund (\$900); however, the former City Clerk recorded the entire amount in the General Fund. (See MAR No. 1.A. for an additional example.)

The preparation of monthly financial reports for the board's review helps ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. In addition, without accurate financial information, the Board of Aldermen can not make informed decisions about the city's operations.

- G. In December 2003, the board approved the purchase of a turkey or a ham for each city employee from a local store as a Christmas bonus. Each employee was allowed to select the turkey or ham of their choice and charge it to the city. Eight purchases totaling \$223 were made ranging from \$12 to \$48 each.

Bonuses given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- H. The city has no procedures in place to ensure Forms 1099 are always filed with the Internal Revenue Service (IRS) when required. As a result, the city did not file 1099s with the IRS for payments to a contractor for street repairs totaling \$3,535.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- I. The city does not maintain mileage or maintenance logs for any of the vehicles and equipment owned by the city. The city maintains seventeen vehicles and equipment, and expended approximately \$7,305 in fuel costs during the year ending December 31, 2003. Mileage logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The mileage and maintenance logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the Board of Aldermen to ensure vehicles and equipment are used only for city business, are being properly utilized, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

WE RECOMMEND the Board of Aldermen:

- A. Review the unauthorized purchases and take the appropriate action. In addition, ensure all expenditures from city monies are a prudent use of public funds.
- B. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected.
- C. Require adequate supporting documentation prior to approving expenditures for payment.
- D. Ensure the correct amount of payroll taxes due are paid in a timely manner.
- E. Discontinue the practice of exchanging the payment of expenses for future services.
- F. Ensure monthly financial reports are prepared and reviewed.
- G. Discontinue the practice of giving bonuses to employees.
- H. Ensure IRS Forms 1099 are prepared and submitted as required by the Internal Revenue Code.
- I. Maintain mileage and maintenance logs for all city vehicles and equipment.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *We will work with the City Attorney and County Prosecutor to request repayment of items purchased.*
- B. *We will establish and implement a bid policy and retain documentation of bids received.*

- C. We will retain and review all documentation of expenditures in the future.*
- D. We will ensure payments made to the IRS are correct and timely.*
- E. This will be implemented immediately.*
- F. We will require detailed monthly financial statements be prepared for our review.*
- G. This has been implemented.*
- H. We will ensure 1099 Forms are issued when appropriate.*
- I. We have implemented mileage logs and will require them to be used.*

3. Property Tax Procedures

Significant problems were identified in the control procedures used by the city related to the property tax system. The former and current City Collector did not prepare monthly or annual reports of taxes collected, and the city has not adequately monitored or pursued collection of delinquent taxes. In addition, the former City Collector did not charge penalties on delinquent taxes. As a result of these weaknesses, there is less assurance that all property tax monies have been properly accounted for.

The City Clerk also serves as the City Collector and is responsible for billing, collecting, and posting property tax payments to city records. The former City Clerk served as City Collector from February 2000 until her resignation on April 15, 2004 and the new City Clerk was appointed on April 26, 2004. City taxes assessed to city residents totaled approximately \$115,000 and \$106,000 during the tax years ending February 28 (29), 2004 and 2003.

- A. Neither of the City Collectors prepared monthly or annual reports of taxes collected. Although the City Collectors prepared a report of taxes collected periodically to receive payment for commissions, neither collector prepared monthly or annual reports, and the Board of Aldermen did not review and approve the reports prepared. Documentation of the collection reports prepared by the former City Collector was not always retained. In addition, the former City Collector's 2002 delinquent tax listing only included a total of delinquent taxes due from each tax payer and did not list taxes due by each tax year.

Sections 79.310, 94.320, and 94.330, RSMo 2000, require the City Collector to prepare monthly and annual reports to the Board of Aldermen of the amount of taxes collected and to prepare annual lists of delinquent taxes including a detailed list of persons who have not paid. The board is to examine and approve the reports and charge the City Collector to collect the amount of delinquent taxes due.

Monthly and annual reports which comply with state law would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the City Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. Without such a report examined by the board, any errors or irregularities that might occur are likely to go undetected.

- B. The city does not adequately monitor or pursue collection of delinquent taxes. The city has not mailed delinquent tax statements for amounts due, and the city has not conducted sales of real property to collect delinquent taxes on such property, as allowed by state law. Delinquent taxes were approximately \$6,898 and \$2,388 for the tax years ending February 28 (29), 2004 and 2003, respectively. The delinquent tax report noted above for the year ending February 28, 2004 includes delinquent taxes assessed for the tax years 2003, 2002, 2001, and 2000.

Section 94.330, RSMo 2000, provides that the Board of Aldermen may declare worthless and abate any and all personal delinquent taxes which they deem uncollectible. Section 140.150, RSMo 2000, provides that all land on which there are delinquent taxes may be offered for sale at public auction, and Section 140.160, RSMo 2000, provides the sale shall not be valid unless initial proceedings are commenced within three years after the delinquency of such taxes.

- C. The former City Collector did not charge interest and penalties on delinquent taxes collected, and as a result, interest and penalties were not paid. For example, delinquent taxes of \$104 were due in December 2002, but were not paid until October 2003, which should have resulted in interest and penalties of \$19 being assessed and paid by the tax payer. City ordinance number 130.100 and Section 140.100.1, RSMo 2000, currently provide for a penalty of two percent per month up to a maximum of eighteen percent per year for each delinquent tax bill.

WE RECOMMEND the Board of Aldermen:

- A. Require the City Collector to prepare and maintain detailed monthly and annual reports of taxes collected and delinquent taxes. In addition, the reports should be reviewed and approved by the Board of Aldermen.
- B. Adopt policies for the collection of delinquent taxes, including tax sales, and abating uncollectible personal property taxes.
- C. Ensure the penalty for the collection of delinquent property taxes is charged in accordance with city and state law.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *We will require monthly and annual reports of taxes collected to be prepared and will establish procedures to review these reports.*
- B. *We will implement procedures to collect delinquent taxes.*
- C. *We are currently charging penalties on delinquent taxes.*

4. Personnel Policies and Procedures

An adequate review of city employees' timecards, computerized payroll reports, and payroll checks was apparently not performed by the board which allowed inaccuracies to go undetected. Also, timecards prepared by city employees were not always signed by the employee. In addition, the city does not maintain records of vacation, sick leave, and compensatory time earned, taken, or accumulated for each employee.

City employees are required to prepare timecards and submit them to the City Clerk for processing weekly. Each time card is then approved by the Mayor, and the City Clerk records the information from the timecards into the city's computerized payroll system. The City Clerk manually prepares the payroll checks, which are signed by both the City Clerk and Mayor.

- A. An adequate review of city employees' timecards, computerized payroll reports, and payroll checks was apparently not performed which allowed inaccuracies to go undetected (See MAR No. 1). For example, the timecards prepared by the former City Clerk contained numerous errors in the calculations of total hours worked. In addition, numerous errors were noted between the former City Clerk's timecards and the computerized payroll reports used to prepare the actual payroll checks. Although the Mayor signed the former City Clerk's timecards and payroll checks; the timecards, computerized payroll reports, and paychecks prepared by the former City Clerk were not properly reviewed by the Mayor or Board of Aldermen to ensure their accuracy. Also, weekly timecards prepared by city employees were not always signed by the employee.

The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, timecards should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.

- B. The city does not maintain records of vacation, sick leave, and compensatory time earned, taken, or accumulated for each employee. The city's personnel policy provided for full time city employees to receive 5 days of vacation after their first

anniversary date of employment, 10 days of vacation after their third anniversary date, and 15 days of vacation after their 4 year anniversary date. The policy also provided for 5 unused vacation days to be carried over into the next year and all other unused vacation time to be paid out in the final paycheck for that year.

As a result of the lack of leave records, it appears questionable whether payments to the former City Clerk for vacation were appropriate. For example, the former City Clerk paid herself \$638 for 80 hours of vacation on December 4, 2003 and another \$957 for 120 hours of vacation on March 4, 2004, and then resigned her position on March 8, 2004.

Adequate documentation of vacation and sick leave earned, taken, and accumulated is necessary to ensure employees are properly compensated for accumulated leave and to ensure leave time used is not in excess of time accumulated. Leave records will also aid the city in determining unused vacation leave upon termination of employment.

WE RECOMMEND the Board of Aldermen:

- A. Ensure to perform an adequate review of timecards, computerized payroll reports, and pay checks for accuracy. In addition, ensure all timecards have been signed by both the employee and the employee's supervisor.
- B. Maintain accurate records of vacation, sick leave, and compensatory time in a manner that provides a complete record of the amount of time earned, taken, and any accumulated balances.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *Timesheets and payroll records will be properly reviewed and we will require all employees and supervisors to sign the timecards.*
- B. *We are currently tracking leave for all city employees.*

5. Utility System Controls and Procedures
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Many significant problems were identified in the control procedures used by the city related to the utility system. The city does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid. In addition, there is no independent approval of adjustments posted to the utility system, and the city does not monitor its water usage on a monthly basis. Further, adequate efforts have not been made to pursue collection of delinquent utility accounts. As a result of these weaknesses, there

is less assurance that all utility monies have been accounted for properly, and water usage has been properly monitored.

The City Clerk is responsible for billing, collecting, and posting utility payments to the city's accounting software as well as generating monthly activity reports, making credit adjustments, and reconciling the water and sewer bank accounts. The Utility Supervisor and his staff are responsible for reading customer meters and the meters at the city's wells and monitoring the city's water usage.

- A. The city does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid for utility services including water, sewer, and trash. The City Clerk utilizes a computerized system to prepare bills and record payments of utility fees. Meter readings are recorded monthly by the maintenance department workers. The City Clerk then generates and mails the monthly utility bills, generates meter reading and billing reports, receives payments, records the payments on the system, and generates a delinquent listing. The utility system operating revenues were in excess of \$83,000 for the year ended December 31, 2002 according to the city's independent audit report.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis.

- B. There is no independent approval of adjustments posted to the utility system. The City Clerk has the ability and authority to post adjustments to the computer system without obtaining independent approval. The city made twenty seven adjustments to sixteen different utility accounts totaling \$23,581 for the month of December 2003. The City Clerk indicated \$22,000 of these adjustments were made because the city agreed to receive services valued at approximately \$11,000 from a citizen in exchange for adjusting his utility account for future utility bills and then the city rescinded their decision. The city also made forty three adjustments to twenty one different utility accounts totaling \$48,425 for the month of April 2003. The Utility Supervisor indicated \$48,000 of the adjustments were made because twenty seven meters had to be replaced.

To ensure that all adjustments are valid, someone independent of receipting and recording functions should review and approve all adjustments, and proper supporting documentation should be maintained of such adjustments.

- C. Accounting duties were not adequately segregated, and there was no independent review of the water and sewer bank reconciliations, or monthly activity reports. To ensure monies are properly recorded and handled, the duties of depositing need to be segregated from reconciling the accounts and preparing monthly activity reports. At a minimum, there should be a reconciliation of receipts to deposits as well as an independent review of bank reconciliations and monthly reports.

- D. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped on a monthly basis. The City Clerk prepares a monthly billing report showing the number of gallons billed, and the Utility Supervisor records meter readings of the city's water wells each month, so information is available to perform such reconciliations.

During November 2003, the gallons of water pumped exceeded the total gallons billed by 663,710 gallons, or 27 percent. The city's Utility Supervisor indicated that he believed the loss was due to the local fire department filling fire trucks, water used at the city park and city hall, and water leaks.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences. The Public Service Commission generally recommends investigation if water usage not billed exceeds 15 percent.

- E. Adequate efforts have not been made to pursue the collection of delinquent accounts. At December 31, 2003 and 2002, the city had \$4,479 and \$2,235 in utility accounts receivable, respectively. Several of these accounts have remained on the delinquent accounts receivable listing for several months.

To help maximize utility revenues, the city should develop adequate procedures for the handling of delinquent utility accounts. This should include a periodic review of delinquent accounts and appropriate action being taken to pursue amounts owed. In addition, the city should consider writing off those accounts that are considered uncollectible, after proper review and approval.

WE RECOMMEND the Board of Aldermen:

- A. Ensure that monthly reconciliations of the amounts billed to amounts collected and delinquent accounts are performed.
- B. Require someone independent of the utility system review and approve all adjustments and ensure adequate documentation is retained of such adjustments.
- C. Provide for an adequate segregation of duties or the performance of independent reviews of the utility accounting records.
- D. Ensure the gallons of water pumped is compared to the gallons billed on a monthly basis and investigate any significant differences.
- E. Ensure adequate procedures are established for the handling of delinquent utility accounts. This should include a periodic review of delinquent accounts and appropriate action being taken to pursue amounts owed.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. We will require monthly reconciliations to be performed.*
- B. We are currently approving all adjustments and will request the City Clerk to prepare a summary report of adjustments made for each month.*
- C. We will consider establishing procedures to review the utility accounting records.*
- D. We will require the Utility Supervisor to reconcile water usage monthly and investigate any significant water losses.*
- E. We will work with the City Attorney to establish ordinances and policies to pursue amounts owed or write off uncollectible accounts.*

6. Accounting Controls and Procedures
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The City Clerk is responsible for the maintenance of the city's financial records. The former City Clerk resigned and a new City Clerk was appointed in March 2004. Many significant problems were identified in the control procedures used by the prior and new City Clerk to account for city transactions, including not issuing receipt slips for monies received, and not depositing all monies intact and on a timely basis. In addition, controls over the city's petty cash funds need improvement, the city maintains nine bank accounts and eight certificates of deposit (CDs), eight of the nine bank accounts are non-interest bearing accounts, and the city has not currently designated an employee to serve as City Treasurer or City Collector. As a result of these weaknesses, there is less assurance that all city monies have been accounted for properly.

- A. The city does not issue receipts slips for some monies received. For example, during cash counts conducted on July 20, 2004, \$186 of cash receipts received for copy, fax, notary, and garage sale permit fees had not been issued receipt slips. In addition, although the method of payment is documented on the receipt slips issued, the city does not reconcile the composition of receipt slips to the composition of deposits.

To account for all receipts and ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received and reconciled to the composition of monies deposited.

- B. Receipts were not always deposited intact and on a timely basis. For example, a cash receipt received on July 12, 2004 and included in our cash count on July 20, 2004 was held and not deposited until August 4, 2004.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

C. The city maintains two change funds which also serve as petty cash funds for small disbursements. The balance of the two petty cash funds at July 20, 2004 totaled to \$164. In addition, invoices, dating between October 2002 and July 2004, were maintained in the petty cash boxes and totaled to \$348. We noted the following concerns with the city's petty cash procedures:

1. The city does not maintain either of the petty cash funds on an imprest basis and both funds appear to be used by the city for the same purpose. The City Clerk indicated miscellaneous cash receipts collected from copies, faxes, and notary fees are placed in the petty cash fund and are not deposited into the city's bank accounts.
2. The city does not maintain an adequate petty cash ledger or proper documentation to support the receipts and disbursements of the petty cash fund.
3. Some expenditures of the petty cash fund do not appear to be a prudent use of taxpayer monies. For example, clothing was purchased for \$70 on November 24, 2003 from a local store, and pizzas and drinks totaling \$38 were apparently purchased for city employees on November 26, 2003.

To ensure all receipts are appropriately handled and recorded, and disbursements are proper, the city should consolidate the two petty cash funds and maintain the remaining petty cash fund on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should only be reimbursed by city checks equal to the amount of paid invoices, and other city receipts should not be added to the fund. In addition, the city should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund. Further, the city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner.

D. The city maintains nine bank accounts and eight CDs. Except for separate accounts for the Water and Sewer Fund and the General Obligation Bond Fund, it appears that the remaining bank accounts and CDs could be consolidated to help simplify the city's records and reduce the number of accounts that must be monitored and controlled.

In addition, of the nine bank accounts noted above, eight are non-interest bearing accounts and totaled \$63,259 at December 31, 2003. The failure to have funds in

interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.

- E. The city has not currently designated an employee to serve as City Treasurer or City Tax Collector; however, the City Clerk primarily fulfills the duties of both these positions which include the responsibility for maintenance of the city's financial records and collecting all of the city's property tax revenues.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. This situation does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not feasible, the Board of Aldermen, at a minimum, should require an independent review of the accounting records to be performed.

WE RECOMMEND to the Board of Aldermen:

- A. Require receipt slips be issued for all monies received, and reconcile the composition of monies collected to receipt slips and bank deposits.
- B. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.
- C. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. The city should also ensure that a petty cash ledger is adequately maintained. In addition, the city should ensure that all expenditures from the petty cash fund are a prudent use of taxpayer monies.
- D. Consider consolidating the city's bank accounts and CDs. In addition, maintain all funds to the extent possible in interest-bearing accounts.
- E. Provide for an adequate segregation of duties or the performance of independent reviews of the accounting records.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. We will issue receipt slips for all monies received and reconcile them to the deposits.*
- B. We will deposit all monies received intact and on a timely basis.*
- C. We will establish one petty cash fund and maintain it on an imprest basis and retain all documentation of expenditures.*
- D. We will review the bank accounts and CD's and implement this recommendation as applicable.*
- E. We will consider establishing separate positions for the City Clerk, City Collector, and City Treasurer.*

7. Budgetary Procedures

The Board of Aldermen is responsible for preparing and approving a city budget which serves as a complete financial plan for the city. The city did not prepare a budget for the years ending December 31, 2003 and 2002, and the budget prepared for the year ending December 31, 2004 was not complete. In addition, an annual maintenance plan for city streets has not been prepared.

- A. A city budget was not prepared for the years ending December 31, 2003 and 2002. Although a city budget was prepared for the year ending December 31, 2004, it did not include a budget message, accurate actual (or estimated for the years not yet ended) revenues and expenditures for the two preceding budget years, or the beginning and the estimated ending available resources.

Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- B. An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be

performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law.
- B. Prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *We have already implemented this for the 2005 year.*
- B. *We will consider implementing a city street maintenance plan.*

8. Restricted Revenues

Procedures have not been established to ensure expenditures are properly allocated among the various funds and to ensure restricted revenues are expended only for their intended purposes. In addition, property tax revenues are not allocated to the various funds appropriately.

- A. Some law enforcement training monies were not spent for law enforcement training. The city expended \$600 from the Law Enforcement Training Fund in July 2003 for crime lab services. Section 488.5336 RSMo 2000, requires law enforcement training fees to be used only for the training of law enforcement officers.
- B. The city levies a property tax to pay the principal and interest on its general obligation bonds. The former City Collector collected \$2,185 of property taxes related to debt service during the period January 30, 2003 through October 30, 2003 and deposited it into the city's General Fund rather than the General

Obligation Bond Fund. State law requires debt service taxes be used only to pay bond principal, interest, and related fees.

- C. Documentation does not exist to support the allocation of some expenditures to the city's funds. For example, in April 2003 the city paid a fuel company \$743 and allocated \$443 to the General Fund and \$100 each to the Water Fund, the Street Fund, and the Fire Department Fund; however, there was no documentation to support this allocation. Fuel is used for city owned vehicles maintained by the police, water, sewer, street, and fire departments. See MAR No. 2D. for additional examples of recording errors.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities. Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. User rates should be set to cover costs of producing and delivering the service and not to generate profits to subsidize other services provided by city government.

WE RECOMMEND the Board of Aldermen:

- A. Ensure law enforcement training fees are used solely for their intended purpose and repay the Law Enforcement Training Fund for any monies spent for other purposes.
- B. Transfer \$2,185 from the General Fund to the General Obligation Bond Fund, and ensure that all debt service related revenues are accounted for in the General Obligation Bond Fund.
- C. Ensure all revenues and expenditures are properly allocated to the applicable city funds to ensure compliance with the Missouri Constitution and develop and implement a reasonable method for allocating common costs between the city's funds.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *We will transfer \$600 from the General Fund to the LET Fund and ensure restricted revenues are spent only for their intended use.*
- B. *We will review this and implement as applicable.*
- C. *This will be implemented.*

9.**Board Meetings, Records, and Ordinances**

Open meeting minutes of the Board of Aldermen did not always disclose the final disposition of applicable matters discussed in closed session, and it is questionable whether the city complied with the provisions of the Sunshine Law when discussing some items in closed session. In addition, some board minutes were not signed by the City Clerk and Mayor. Also, city ordinances are not complete and up-to-date, and the city does not have a formal policy regarding public access to city records.

- A. The Board of Aldermen frequently held closed meetings. The open meeting minutes did not always publicly disclose the final disposition of applicable matters discussed in closed session.

Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transaction, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The board minutes are prepared by the City Clerk, but some minutes were not signed. The board minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

- C. The city's ordinances are not complete and up-to-date. Our review noted the following:

1. The city maintains a table of contents documenting ordinances passed by the city; however, several ordinances and the date each ordinance was passed was not always included.
2. The city has not adopted ordinances to establish the compensation of the City Clerk and other city employees. Sections 79.270 and 79.290, RSMo 2000, require the compensation and duties of city officials and employees to be set by ordinance.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city ordinances be maintained in a complete, well organized, and up-to-date manner.

- D. The city does not have a formal policy regarding public access to city records. A formal policy regarding access and obtaining copies of city records would establish guidelines for the city to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure closed meetings are conducted according to state law.
- B. Ensure minutes are signed by the City Clerk and the Mayor or another board member.
- C. Ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.
- D. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

A&D. These will be implemented in the future.

B. We will ensure all minutes are approved and signed by the Mayor and City Clerk.

C.1. We will ensure ordinances are correct and up to date.

2. We will establish ordinances for all city officials and employees.

10. Property Records

The city has not established records to account for all property owned by the city. Although the financial statements presented in the most recent CPA audit report for the year ended December 31, 2002, showed \$629,206 in city assets, the city does not maintain adequate asset records of their own. The CPA firm updates its asset listing each year to include any assets purchased or disposed of by the city during the year.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of

disposition of the assets. In addition, all property items should be identified with a tag or other similar device, and the city should conduct annual inventories.

WE RECOMMEND the Board of Aldermen ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. Additionally, the city should properly tag, number, or otherwise identify all applicable city property and conduct an annual inventory.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following response:

We will implement procedures to track all city property and perform periodic inventories.

11. Municipal Court and Police Department Controls and Procedures
--

Many significant problems were identified in the control procedures used by the municipal court to account for court receipts, including the lack of proper segregation of duties or an independent review of accounting records. In addition, receipt slips were not issued for some monies received, receipts were not always deposited intact on a timely basis, and receipt slips were not always retained. In addition, monthly listings of open items (liabilities) were also not prepared, and the court did not disburse the correct amount of fees to the state and city in September 2003. The City Clerk also serves as the Court Clerk. Given the court processes approximately \$32,400 annually, overall controls need improvement.

- A. The duties of receiving, recording, and depositing monies collected by the municipal court are not adequately segregated. The Court Clerk performs all of these duties.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Since this is currently an office of one employee and proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of the composition of receipt slips issued to composition of amounts deposited. Any unusual items or discrepancies should be investigated.

- B. The court's cash receipt procedures need improvement.

1. Receipt slips were not issued for some monies received. For example, during a cash count conducted on July 20, 2004, \$50 in cash was counted that had not been issued a receipt slip and could not be identified by the Court Clerk. In addition, although the method of payment is documented

on the receipt slips that are issued, the Court Clerk does not reconcile the composition of the receipt slips to the composition of the deposits. To account for all receipts and ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received and reconciled to the composition of monies deposited.

2. Receipts are not always deposited intact or on a timely basis. For example, the court received a \$350 check on September 15, 2003 and did not deposit it until October 7, 2003. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made intact daily or when accumulated receipts exceed \$100.
 3. The city could not locate receipt books containing 125 receipt slips which appeared to have been used during the period June 2003 through January 2004. In addition, court receipts totaled \$22,483 during the time period January through June 2003 and then decreased to \$9,993 during July 2003 through December 2003. The Municipal Court Judge indicated there was a large volume of turnover in police department staff during this time period and fewer tickets might have been issued. As a result, there is no assurance court receipts were handled properly during this time period. To properly account for all receipts, all receipt slips should be retained.
- C. Monthly listings of open items (liabilities) had not been prepared. As a result, the municipal court could not ensure the amounts for open court bonds, fines, and costs were sufficient to cover the liabilities. At December 31, 2003, the police departments reconciled bank balance was \$349. We requested an open items listing be prepared by the current Court Clerk; however, a listing had not been prepared and reconciled with cash balances as of September 24, 2004. A monthly listing of open items is necessary to ensure accountability over open cases and to ensure monies held by the municipal court are sufficient to meet liabilities.
- D. The court did not disburse the correct amount of Crime Victims Compensation (CVC) fees to the state for cases heard during the year ending December 31, 2003. The city only remitted \$4.75 instead of \$7.13 (95% of \$7.50) for each of the 253 cases heard. As a result, the city underpaid the state \$602 during the year ending December 31, 2003. Section 595.045, RSMo 2000, requires 95% of CVC fees to be disbursed to the state.

In addition, although the city maintains two separate funds for Law Enforcement Training (LET) and Judicial Education (JE) fees collected by the court, the city retained the LET and JE fees collected on cases heard in September 2003 in the city's Police Department Fund. The city collected \$16 of LET fees and \$8 of JE fees during September 2003. Section 488.5336, RSMo 2000, requires LET fees to be deposited into a fund to be used for law enforcement training purposes. Section 479.260.1, RSMo 2000, requires JE fees to be deposited into a fund to be

used for judicial education and training of the Municipal Judge, Court Administrator, or Court Clerk.

Given these errors, the city should review court records to determine additional amounts owed to the state and the city's Law Enforcement Training Fund and Judicial Education Fund.

- E. The court does not file a monthly report of all cases heard with the city. Section 479.080.3, RSMo 2000, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Clerk or Municipal Judge and filed with the City.
- F. Neither the police department nor the court maintains adequate records to account for the numerical sequence and ultimate disposition of all traffic tickets and summonses issued. The city ordered 500 and 2,000 traffic tickets from the Missouri State Highway Patrol during the years ending December 31, 2004 and 2002, respectively to be used by the police department.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets and summonses, the police department and the municipal division cannot be assured all tickets and summonses issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets and summonses as well as the ultimate disposition of each document.

- G. A control log of evidence and seized property is not maintained nor is an inventory periodically conducted by the police department of evidence and seized property in its custody. In addition, evidence and seized property items are not always tagged to identify the property to a specific case.

A complete log of evidence and seized property should be maintained to ensure the property is adequately safeguarded. The log should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, to ensure that seized property is properly accounted for, periodic physical inventories should be performed and the results reconciled to the log, and evidence and seized property items should be tagged to identify it to a specific case.

WE RECOMMEND the Board of Aldermen work with the municipal court to:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, establish a documented periodic review of municipal court records by an independent person which includes reconciling the composition of court receipts to the composition of deposits to the city.
- B.1. Require receipt slips be issued for all monies received, and reconcile the composition of monies collected to the receipt slips and bank deposits.

2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
 3. Retain copies of all receipt slips issued.
- C. Prepare monthly listings of open items and reconcile the listing to the monies held by the municipal court.
 - D. Ensure CVC fees collected are disbursed to the state in accordance with state law. In addition, ensure LET and JE fees collected by the court are deposited into city funds in accordance with state law.
 - E. Prepare monthly reports of cases heard in court and file these with the city in accordance with state law.
 - F. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets and summonses issued.
 - G. Work with the police department to ensure a complete log of all seized property is maintained. In addition, a periodic inventory should be taken and reconciled to the log, and all seized property should be properly tagged.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *We will consider establishing procedures to ensure an independent review is performed on a monthly basis.*
- B.1. *We will ensure receipt slips are issued for all monies received.*
 2. *We will ensure all monies are deposited intact and on a timely basis.*
 3. *We will retain all receipt slips.*
- C. *We have implemented a listing of all bonds held by the court.*
- D. *We will review and implement as applicable.*
- E. *Currently a court docket is prepared for the Board to review, and we will require a report of the monthly financial activity of the court be prepared for our review.*
- F. *This has been implemented. We are maintaining a log and retaining all tickets.*
- G. *This will be implemented in the future.*

The Municipal Judge concurred with the board's responses to A.-E.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF SOUTHWEST CITY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Southwest City is located in McDonald County. The city was incorporated in 1886 and is currently a fourth class city. The population of the city in 2000 was 855.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2003, are identified below. The compensation of these officials is established by ordinance. The Mayor and each member of the Board of Aldermen are paid \$25 and \$20, respectively, for attendance at each regular board meeting.

<u>Elected Officials</u>	<u>Dates of Service During the Year Ended December 31, 2003</u>
Alfred Dixon, Mayor (1)	April 2003 to December 2003
George Frye, Mayor	January 2003 to April 2003
Ryan McKee, Alderman (2)	July 2003 to December 2003
Edward Soltow, Alderman	January 2003 to July 2003
Mildred Warner, Alderwoman (1)	June 2003 to December 2003
Darrell Longdon, Alderman	January 2003 to June 2003
Leonard Ford, Alderman (1) (3)	July 2003 to December 2003
Edward Drake, Alderman	April 2003 to July 2003
Sandra Marrs, Alderwoman	January 2003 to April 2003
Trinidad Serna, Alderwoman (4)	January 2003 to December 2003

Other Principal Officials	Dates of Service During the Year Ended December 31, 2003	Compensation Paid for the Year Ended December 31, 2003
Dehonna Shields, City Clerk/Court Clerk (5)	January 2003 to December 2003	\$ 19,607
Dehonna Shields, City Collector (6)	January 2003 to December 2003	11,336
Christopher J. Starr, Utility Supervisor	October 2003 to December 2003	4,845
James Boston, Utility Supervisor	January 2003 to October 2003	28,476
Ronald Beaudry, Chief of Police (7)	July 2003 to December 2003	10,243
Robert C. Knight, Chief of Police	June 2003 to July 2003	1,680
Christopher G. Owens, Chief of Police	January 2003 to June 2003	12,338
Greg Bridges, City Attorney/Prosecutor	January 2003 to December 2003	7,344
Ray Gordon, Municipal Judge	January 2003 to December 2003	1,737

- (1) Elected not to receive any compensation.
- (2) Resigned in April 2004 and was replaced by Judith Pendergaff in November 2004.
- (3) Farley Martin was elected in April 2004 to fill this seat.
- (4) Resigned and was replaced by Betty Coyle in July 2004.
- (5) Resigned and was replaced by Sandra Marrs in March 2004.
- (6) Resigned and was replaced by Sandra Marrs in April 2004.
- (7) Terminated in May 2004 and was replaced by Toi Cannada in August 2004.

In addition to the officials identified above, the city employed 4 full-time employees and 1 part-time employee on December 31, 2003.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 5,496,957
Personal property	7,034,945
Total	<u>\$ 12,531,902</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	Rate
General Fund	\$.6180
Debt service	.3055

The Debt Service tax rate will expire in 2016.

TAX RATE(S) PER \$1 OF RETAIL SALES

	Rate
General	\$.0100
Transportation	.0050
Fire Department	.0025



Claire McCaskill

Missouri State Auditor

February 2005

PUBLIC SAFETY

Missouri State Highway Patrol



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri State Highway Patrol.

In June 2001, our office issued report no. 2001-47, *Use of Highway Funds by Other State Agencies*. This report concluded some state agencies, including the Missouri State Highway Patrol (MSHP), had expended highway funds for purposes that were not highway related. In February 2002, the MSHP prepared a study of its utilization of state highway funds. The study estimated 98 percent of funding received from the State Highway Fund appeared to be directly related to highway related activities, leaving 2 percent, or approximately \$2.6 million, that was expended for non-highway related purposes. Based on the findings of its study, the MSHP began implementing record-keeping changes to better track highway-related expenses and requested reallocations of funding from highway funds to the state's General Revenue Fund totaling approximately \$3.2 million in its fiscal year 2004 budget request. However, only \$661,000 in reallocations were approved and further reallocations were not made in the fiscal year 2005 budget.

The Criminal Records and Identification Division (CRID) serves as the official state repository for criminal history information and disseminates criminal history information to various entities. The CRID reports a backlog of data entry for arrest records, prosecutorial charges, and case dispositions of six weeks, one week, and three weeks, respectively. Additionally, the state's judicial system has not reported conviction information to the CRID in a timely manner. Also, the CRID reports a back log of data entry for incarceration information of up to one year. Arrest, charge, disposition, and incarceration information needs to be recorded in a timely manner to provide complete criminal history information to the law enforcement community and the public.

Background checks are requested by public, private, and governmental entities for law enforcement, employment, licensure, adoption, and personal purposes. Background check requests that are submitted electronically are generally processed within 24 hours of submission, while requests received at the service window are generally performed while the requestor waits. However, other background check requests submitted manually are not processed for up to six weeks due to a large backlog.

During performance of duties, the MSHP officers sometimes seize cash and property as evidence. Monies seized may be subject to various state forfeiture proceedings. If monies are subject to state forfeiture, the officer is to initiate forfeiture paperwork which is forwarded to the appropriate prosecutor for further processing. To ensure that all monies

(over)

YELLOW SHEET

subject to state forfeiture are properly remitted, the Division of Budget and Procurement should be notified at the time forfeiture proceedings are commenced and monies are removed from the evidence room.

The MSHP is not in compliance with state law regarding audits of forfeited monies. Under federal forfeiture proceedings, the courts may order disbursement of seized monies to the MSHP. The MSHP has not acquired an independent audit of the federal forfeiture activities or proceeds received during either of the two years ended June 30, 2003 or 2002. The MSHP should acquire an independent audit annually to ensure compliance with state law.

The audit report also notes some other concerns related to Motor Equipment Division, revenue collection, and bank account procedures.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Colonel Roger D. Stottlemire, Superintendent
Missouri State Highway Patrol
Jefferson City, MO 65102

We have audited the Department of Public Safety, Missouri State Highway Patrol. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the agency, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the agency.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri State Highway Patrol.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	John Long
	Mapwesera Munlo
	Julie Tomlinson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Use of Highway Funds
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The Missouri State Highway Patrol (MSHP) receives appropriated funding from the State Highway Fund, the General Revenue Fund-State, and various other funds. While appropriations from all funds totaled over \$190 million, appropriations from the State Highway Fund totaled approximately \$130 million in fiscal year 2004. Article IV, Section 30(b) of the Missouri Constitution, and Constitutional Amendment 3 passed by the voters in November 2004, both limit the MSHP's use of highway funds to activities related to administering and enforcing state motor vehicle laws or traffic regulations. In addition, Section 226.200.3, RSMo Cumulative Supp. 2003, specifies:

"Appropriations allocated from the state highways and transportation department fund to the highway patrol shall only be used by the highway patrol to administer and enforce state motor vehicle laws or traffic regulations. Beginning July 1, 2007, any activities or functions conducted by the highway patrol not related to enforcing or administering state motor vehicle laws or traffic regulations shall not be funded by the state highways and transportation department fund, but shall be funded from general revenue or any other applicable source. Any current funding from the highways and transportation department fund used for activities not related to enforcing state motor vehicle laws or traffic regulations shall expire on June 30, 2007."

In June 2001, we issued report no. 2001-47, *Use of Highway Funds by Other State Agencies*. This report concluded some state agencies, including the MSHP, had expended highway funds for purposes that were not highway related. As a result of this report, in February 2002, the MSHP prepared a study of its utilization of state highway funds. The study evaluated activities of the patrol by program area and estimated 98 percent of funding received from the State Highway Fund appeared to be directly related to highway related activities, leaving 2 percent, or approximately \$2.6 million, that was expended for non-highway related purposes. The report also indicated that the analysis was subjective due to difficulty in determining if some activities were truly highway related and due to lack of detailed records to determine what percentage of some activities were highway related or non-highway related.

Based on the findings of its study, the MSHP began implementing record-keeping changes to better track highway-related expenses. In its fiscal year 2004 budget request, the MSHP requested reallocations of funding from highway funds to the General Revenue-State totaling approximately \$3.2 million. This request resulted in reallocations by the legislature totaling \$661,000. MSHP officials stated they were instructed by the

Office of Administration, Division of Budget and Planning not to include additional funding reallocations in fiscal year 2005. The MSHP intends to include requests for reallocations totaling \$1.9 million in its fiscal year 2006 budget.

To ensure compliance with Section 226.200.3, RSMo Cumulative Supp. 2003, by July 1, 2007, the MSHP should continue to perform reviews of funding sources and uses for the agency's activities and pursue appropriate funding changes in the fiscal year 2006 and 2007 budgets.

WE RECOMMEND the MSHP perform annual studies of funding sources and uses for the agency's activities, and pursue appropriate reallocations of funding in future budgets.

AUDITEE'S RESPONSE

The Patrol will continue to monitor the relationship between its funding sources and its activities, and pursue appropriate reallocations as necessary in future budgets.

2. Criminal Records and Information Division

The Criminal Records and Identification Division (CRID) serves as the official state repository for criminal history information and disseminates criminal history information to various entities. The CRID does not process and record criminal history information in the database in a timely manner, the criminal history database is not complete, requests for criminal history background checks are not processed in a timely manner, and controls over revenue generated by CRID activities should be tightened.

- A. Arrest (fingerprint), prosecution (charge), court disposition, and incarceration information is not recorded in the CRID criminal history system in a timely manner as required by Section 43.503, RSMo Cumulative Supp. 2003.
1. Arrest records are submitted to the CRID by law enforcement agencies for each arrest that meets reporting criteria. Criminal charge information is submitted to the CRID by prosecutors after charges are filed. Court case dispositions are reported to the CRID by judicial circuit courts upon final disposition of the court proceedings. However, information is not recorded in the criminal history system in a timely manner. The CRID reports a backlog of data entry for arrest records, prosecutorial charges, and case dispositions of six weeks, one week, and three weeks, respectively.
 2. The state's judicial system has not reported conviction information to the CRID in a timely manner. Based on discussions with the CRID staff, the CRID and the Office of State Courts Administrator (OSCA) have been working to allow electronic conviction reporting which automatically interfaces with the criminal history system. However, the necessary

software and training has not yet been implemented by the OSCA at numerous circuit courts.

As of May 1, 2004, five circuit courts were submitting convictions electronically, fifteen circuit courts had not received the necessary software and were submitting convictions manually, and the remaining 25 circuit courts had received the necessary software but had not been placed in on-line reporting status. The 25 courts were waiting to report conviction information on-line. Some courts had not reported convictions for up to five years and the average length of time for failure to report was approximately three years.

CRID staff indicated that if the criminal history system does not include conviction information for an arrest or charge record, the case can be looked up on the OSCA's case-dot-net database. With this database, the conviction information can sometimes be determined and added to the criminal history system. However, this information is not readily available to law enforcement agencies performing suspect identification during enforcement activities and is an inefficient method of determining case status during the CRID background check activities.

3. The Department of Corrections reports information regarding incarcerated individuals including the movement and relocation of these individuals as they are transferred among the state's prison facilities. However, the CRID reports a backlog of data entry for Corrections information of up to one year.

Incomplete criminal history information negatively impacts officer safety during enforcement activities and hinders appropriate prosecution of repeat offenders in accordance with established law. Arrest, charge, disposition, and incarceration information should be recorded in the criminal history system in a timely manner to provide complete information to the law enforcement community and the public.

- B. Background checks are requested by public, private, and governmental entities for law enforcement, employment, licensure, adoption, and personal purposes. The background checks are requested manually by submitting a formal request or electronically by submitting a tape or disk of the request information. Most background checks are not submitted in person; however, a service window is available for walk-in requests. Background check requests that are submitted electronically are generally processed within 24 hours of submission while requests received at the service window are generally performed while the requestor waits. However, other background check requests submitted manually are not processed for up to six weeks due to a large backlog.

Background checks should be performed in a manner that will provide more timely information to the requesting entities.

- C. Fees ranging from \$5 to \$24 are charged for the various levels of background checks performed. Receipts generated by these background checks totaled approximately \$4,510,000 and \$4,111,000, for the years ended June 30, 2004 and 2003, respectively. We noted the following concerns regarding the handling of these monies.

1. The duties of billing, collecting, depositing, and accounting for CRID receipts is not segregated. One CRID employee is responsible for receiving and logging payments submitted with the requests, billing entities which do not submit the required payments, monitoring accounts receivable, preparing deposits, and reconciling daily logged activity to deposits. In addition, there are no consistent supervisory reviews performed to review accuracy and completeness of the deposit records.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, at a minimum, there should be a supervisory review of reconciliations between receipt records and deposits recorded in the statewide accounting system (SAM II).

2. A record of receipts is not prepared immediately upon receipt and endorsement is not applied to payments as they are received. CRID mail room staff open CRID mail including background request payments while CRID staff monitoring the front desk receive payments through the service window. These payments are forwarded to another employee for processing and depositing. This employee logs and endorses the payments.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be receipted or logged and endorsement should be applied immediately upon receipt.

3. Payments are not processed and deposited in a timely manner. CRID staff indicated that unprocessed payments are held up to three weeks until they are logged, endorsed, and deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

4. Several state agencies are allowed direct access to the criminal records data and perform self-service background checks. These agencies then

process interagency payments to the CRID. The CRID does not verify the accuracy of these payments with the number of record checks performed by the agencies during the month. In addition, the FBI bills the CRID for background checks processed through the FBI criminal history database. Although, the CRID does verify the mathematical accuracy of the billing, it does not verify the number of record checks requested agrees to the number billed by the FBI prior to processing the payment.

Without proper reviews and controls, CRID personnel cannot ensure that payments received through direct deposit and payments made to the FBI for background checks are for appropriate amounts.

WE RECOMMEND the MSHP:

- A. Enter arrest, charge, disposition, and incarceration information in the criminal history system in a timely manner. In addition, the MSHP should continue to work with the OSCA to obtain timely records of convictions.
- B. Process background check requests in a timely manner.
- C.1. Segregate the duties of billing, collecting, depositing, and accounting for CRID receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits recorded in SAM II.
 - 2. Record and endorse receipts immediately upon receipt.
 - 3. Deposit receipts daily or when accumulated receipts exceed \$100.
 - 4. Review interagency payments and FBI billings to ensure that amounts received or paid agree to the number of background checks performed.

AUDITEE'S RESPONSE

- A. *The Patrol agrees that criminal history information should be entered in a timely manner, and continues to work overtime projects to enter information into the system as quickly as possible and reduce the current backlog. Effective January 2005, the Patrol will also begin 24 hour a day, 7 day a week operations, in a further effort to reduce this backlog. The Patrol will continue to work with OSCA to obtain timely records of convictions.*
- B. *The Patrol agrees that background check requests must be processed in a timely manner, and has initiated a plan of action to improve the current response time. With a target date of May 2005, this will involve the establishment of a state fingerprint applicant process, in which a private vendor will capture the fingerprints, collect the fees, and electronically forward the fingerprints to the Patrol for processing. This new process will minimize the manual work being done at the Patrol, which will allow its employees*

to operate more efficiently and reduce the backlog. In addition, completion of a majority of the Criminal History Integration Project within the next two or three years will help eliminate redundant entry, and if successful, the Patrol's ongoing efforts to acquire necessary staffing and enhance technology will also improve timeliness and accuracy of the information provided.

- C.1. The Patrol will work to reorganize its accounting process in this division and better segregate duties through reclassification of current personnel.*
- C.2. The Patrol will develop new processing procedures and begin recording and endorsing receipts at the time of receipt.*
- C.3. The Patrol agrees with this recommendation, and the CRID does deposit receipts daily. However, due to a current backlog caused by a lack of sufficient personnel, these receipts are generally ones that arrived approximately two weeks prior. Without additional personnel, it is not feasible for the division to deposit a given receipt on the day it is received.*
- C.4. The Patrol agrees with the second part of this recommendation, and is currently reviewing FBI billings to ensure proper amounts are received and to verify the number of background checks performed. However, the Patrol disagrees with the first part of this recommendation, as it believes it is not practical to perform such a review of interagency payments since agencies are depositing directly into the Criminal Records System Fund through SAM II. In addition, there is no direct correlation between the fees collected for background check requests and the number of background checks processed, since the Family Care Registry collects the \$5 fee for the initial registration and background check but collects no fee for any subsequent check on the same individual.*

3. Motor Equipment Division

The Motor Equipment Division (MED) is responsible for procuring, maintaining, and monitoring use of the MSHP vehicle fleet.

- A. The MED and the Aircraft Division both deposit receipts in the Highway Patrol Motor Vehicle and Aircraft Fund. For administrative purposes, the MED has chosen to maintain an internal spreadsheet instead of using the SAM II system to document and track the receipts, disbursements, and fund balances that result from MED financial activities. Although the MED reconciles the MED accounting transactions from the spreadsheet to SAM II data, a joint reconciliation of the MED and Aircraft Division fund balances has not been performed. If the MSHP chooses to continue to keep these spreadsheets instead of utilizing the features with the SAM II system, joint reconciliation of the MED and Aircraft Division fund balance records to the SAM II balance is necessary to ensure that transactions and cash balances are appropriately accounted for in SAM II.

- B. The MED monitors road patrol vehicle mileage and schedules vehicle retirements to occur at 50,000 miles. According to MED personnel, patrol vehicles are retired at 50,000 miles to coincide with maximum resale value and to provide the officers with physically sound vehicles for maximum safety. However, no documentation existed to document efforts to determine maximum resale value or historical records of maintenance issues associated with vehicle safety. To ensure financial and safety benefits are maximized, the MED should periodically analyze costs and benefits associated with the current vehicle replacement policy and maintain documentation to support any such analyses.
- C. The MED provides vehicles, some fuel, and related maintenance to the Director of the Department of Public Safety and the Director of Homeland Security. However, neither of the directors are MSHP employees nor are their duties solely dedicated to the accomplishment of MSHP objectives. To ensure that the state accounting system properly associates expenditures with appropriate agencies and organizations, the MSHP should request that funding for these vehicles and any others provided under similar circumstances be shifted to other agency budgets.

WE RECOMMEND the MSHP Motor Equipment Division:

- A. Reconcile MED and Aircraft Division fund balances to SAM II.
- B. Periodically analyze costs and benefits associated with the current vehicle replacement policy and retain documentation to support conclusions reached.
- C. Request funding shifts to other agencies' budgets for expenditures not associated with MSHP objectives.

AUDITEE'S RESPONSE

- A. *The Patrol's Motor Equipment Division will begin performing a joint reconciliation of its own fund balances and the Aircraft Division's fund balances to SAM II.*
- B. *The Patrol will periodically perform studies to compare the costs and benefits associated with its current vehicle replacement policy and document the conclusions.*
- C. *The Patrol will request that the directors of the Department of Public Safety and of Homeland Security begin funding their vehicles from their agencies' budgets.*

4.	Revenue Collection Procedures
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Various MSHP divisions receive, deposit, and record receipts for revenue cycles, including motor equipment sales, accident report fees, enforcement activity recoupments, information system access fees, motor vehicle inspection stickers, and federal reimbursements. Other similar revenue collection cycles occur throughout the MSHP.

- A. Duties regarding receipts and any related account receivable records for motor equipment sales, accident report fees, enforcement activity recoupments, information system access fees, and federal reimbursements were not adequately segregated. In these instances the same individual or individuals receive, record, and deposit receipts as well as maintain applicable account receivable records. In addition, appropriate supervisory reviews have not been established to mitigate risks associated with inadequate segregation of duties.

To safeguard against possible loss or misuse of funds, internal controls should segregate the duties of receiving, depositing, and recording receipts as well as maintaining account receivable records. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of reconciliations between the accounting records and deposits recorded in SAM II.

- B. Accident report fees, enforcement activity recoupments, and motor vehicle inspection sticker receipts are not recorded in the accounting records immediately upon receipt. The employees responsible for initially receiving accident report fees at seven of the nine troops do not endorse, deposit, and record the fees at the time they are received. Instead, they forward the fees to another employee for processing or hold the fee until the availability of an accident report is verified. Motor vehicle mail is opened and sorted by one person and receipts are forwarded to the appropriate individual for recording and depositing. Trooper reimbursement receipts are not recorded in the accounting records until the reimbursement request forms are located.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be recorded immediately upon receipt by the person first opening the mail.

- C. Adequate reconciliations have not been established to ensure that all accident report fees received and recorded in the accident report system are appropriately accounted for in SAM II. Supervisors in some troops review daily deposits and accounting records; however, none of the troops perform periodic reconciliations of monies received to monies deposited and recorded in SAM II. Adequate reconciliation procedures ensure errors or irregularities are detected in a timely manner.

WE RECOMMEND the MSHP Budget and Procurement Division:

- A. Segregate the duties of receiving, depositing, and recording receipts and maintaining any account receivable records. At a minimum, there should be a documented supervisory review of reconciliations between the accounting records and deposits recorded in SAM II.
- B. Record receipts immediately upon receipt.

- C. Periodically reconcile monies received to monies deposited and recorded in SAM II.

AUDITEE'S RESPONSE

- A. *The Patrol will work to reorganize the accounts receivable processes in its troops and divisions and better segregate the duties of receiving, depositing, recording receipts, and maintaining records. Where it is not feasible to adequately segregate duties, the Patrol will ensure that there is documented supervisory review of reconciliation between accounting records and SAM II deposits.*
- B. *The Patrol will develop new processing procedures in its troops and divisions to ensure the recording of receipts at the time of receipt by the person first opening the mail.*
- C. *The Patrol's Traffic Division will work with troops to reconcile receipt records with deposits and ensure that all accident report fees received are accounted for in SAM II.*

5. Bank Accounts

The MSHP Budget and Procurement Division maintains five bank accounts for the activities of the Personal Equipment Fund, Emergency Expense Fund, Benefits Fund (two accounts), and the Criminal Forfeiture Fund. At June 30, 2004, the fund balances were approximately \$17,000; \$4,000; \$26,000; and \$927,000, respectively. The Personal Equipment Fund accounts for monies received from MSHP uniformed staff for special order uniform items and payments to applicable vendors. The Emergency Expense Fund accounts for short-term loans to MSHP employees for approved travel expenses and repayments of these loans. The Benefits Fund accounts for monies received through gifts and memorials and the fund is used to provide cash payments to the families of officers killed in the line of duty or to officers upon retirement. The Criminal Forfeiture Fund accounts for monies seized by officers during enforcement activities.

- A. Accounting and bookkeeping duties are not adequately segregated. The account custodians perform incompatible duties for all five accounts. Incompatible duties include receiving, recording, depositing, disbursing, and reconciling the accounts. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording, disbursing, and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.
- B. Monies received for the Personal Equipment, the Emergency Expense, and the Criminal Forfeiture funds are not receipted immediately upon receipt. In addition, checks and money orders received for the Personal Equipment and Criminal Forfeiture funds are not endorsed immediately upon receipt. Receipts

for the Personal Equipment and the Criminal Forfeiture funds are received, sorted, and forwarded to the account custodian by a division staff person; however, there is no record of the monies being received until the account custodian prepares the deposit. Receipts of the Emergency Expense Fund are received and accounted for by the same staff person; however, the monies received are not recorded in a receipt book or log but are documented as being received on the original loan application maintained in a pending file. After full repayment of the loan is received, the original loan application is filed with closed (paid) loans. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded on receipt slips or mail logs, and restrictively endorsed immediately upon receipt.

- C. The MSHP has established bank accounts for the Personal Equipment, Emergency Expense, and Benefits funds outside of the state treasury. However, the MSHP has no authority to open bank accounts outside the state treasury. Article IV, Section 15, of the Missouri Constitution and Section 30.240, RSMo Cumulative Supp 2003, require state funds to be held and disbursed by the state treasurer. Furthermore, by maintaining program funds outside the state treasury, the department increases the risk that state monies may be misused.
- D. Personal Equipment Fund receipts are not deposited in a timely manner. During the two years ended June 30, 2004, deposits were normally made five times per month, with an average deposit amount of approximately \$1,500. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made daily or when receipts exceed \$100. In addition, failure to deposit timely results in a loss of interest income.
- E. An open items spreadsheet for the Criminal Forfeiture Fund which documents individual case balances is not accurate or complete. As cases are disbursed, case information is deleted from the spreadsheet, old copies of the spreadsheet are not always retained, and there is no documentation to verify that cases are added back to the spreadsheet when disbursement checks are voided. In addition, the spreadsheet for the Criminal Forfeiture Fund is not reconciled to the bank statement, check register, or open case file information. Open items at June 30, 2004, were approximately \$941,200, which exceeded the balance in the account at that date by approximately \$14,400. The cause of the difference has not been identified by MSHP personnel.

Periodic reconciliation of the open-items spreadsheet to the bank statement, check register, and open case file information is an essential tool in ensuring that all records are in balance and that sufficient assets exist to cover the liabilities. To help prevent possible misappropriations of funds and to ensure that liabilities are ultimately distributed to the proper parties, an accurate and updated listing of all liabilities should be maintained and periodically reconciled to the cash and case file balances. Retention of previous versions of the spreadsheet is necessary to provide an adequate audit trail.

- F. Bank account reconciliations for the Benefits Fund are not performed in a timely manner. As of February 2004, bank reconciliations had not been documented for the Benefit accounts since August 2003. Monthly bank reconciliations are necessary to ensure accurate accounting and financial reporting and that any errors are detected and corrected on a timely basis.

WE RECOMMEND the MSHP:

- A. Segregate accounting and bookkeeping duties to the extent possible, or at a minimum, perform and document periodic reviews of the work performed.
- B. Record all monies received on receipt slips or mail logs and endorse checks and money orders immediately upon receipt.
- C. Obtain authority to maintain these bank accounts outside of the state treasury or close the Personal Equipment, Emergency Expense, and Benefit bank accounts that are currently held outside the state treasury. The balances remaining in any of these accounts should be deposited to the state treasury and the patrol should review how to best account for these programs through the state treasury.
- D. Deposit Personal Equipment Fund monies daily or when accumulated receipts exceed \$100.
- E. Maintain and retain accurate and complete Criminal Forfeiture Fund open items spreadsheet data to support criminal forfeiture case balances and activity. In addition, we recommend the MSHP periodically reconcile the open-items spreadsheet to the bank statement, check register, and open case file balances.
- F. Prepare monthly bank reconciliations for the Benefits Fund accounts.

AUDITEE'S RESPONSE

- A. *The Patrol agrees with this recommendation. Of the five bank accounts mentioned, however, four have since been discontinued, leaving only the Criminal Forfeiture Fund as an ongoing account. The Patrol will segregate duties for this account to the extent possible, and will ensure that any necessary supervisory reviews of the records are performed and documented.*
- B. *The Patrol agrees with this recommendation. Again, however, of the bank accounts mentioned, only the Criminal Forfeiture Fund remains as an ongoing account. The Patrol will ensure that all monies received for this account are properly recorded, and will immediately endorse all receipts.*
- C. *The Patrol agrees with this recommendation, and all three of those accounts have since been discontinued. Instead, the Patrol received three new appropriations in its FY05*

budget, and will deposit any remaining balance in the three accounts to the state treasury.

- D. The Patrol agrees with this recommendation, but this account has since been discontinued.*
- E. The Patrol agrees with this recommendation, and has already implemented significant changes in its maintenance of this account. The account is undergoing a comprehensive reconciliation, and approximately 75% of the difference between the open items and the balance in the account has so far been resolved (the difference has been reduced from \$14,400 to \$3,100, as the reconciliation continues). The problems identified with the management of this account have been corrected, and the Patrol will ensure that it receives proper reconciliation from this point forward.*
- F. The Patrol agrees with this recommendation, but this account has since been discontinued.*

6. Seized and Forfeited Monies

- A. During performance of enforcement duties, the MSHP officers sometimes seize cash and property as evidence. Monies seized may be subject to state forfeiture proceedings. When monies are seized, the seizure is documented in investigation and property reports and the seized monies are remitted to the evidence custodian for safekeeping. If monies are subject to state forfeiture, the officer is to initiate forfeiture paperwork which is forwarded to the appropriate prosecutor for further processing. When forfeiture proceedings have been commenced, the evidence custodian removes the money from evidence storage, forwards the money to a supervising officer who obtains a cashiers check and remits it along with a copy of the forfeiture paperwork to the Division of Budget and Procurement. The Division of Budget and Procurement maintains these monies in a bank account until further instructions are received from the court regarding distribution of the seized monies. There is no procedure or control to ensure the bank account custodian is aware of all monies that have had forfeiture proceedings filed and that these monies are remitted to the Division of Budget and Procurement. Controls would be improved if the evidence custodian would notify the Division of Budget and Procurement at the time monies were removed from the evidence room.

To ensure that all monies subject to state forfeiture are remitted to the Division of Budget and Procurement, the MSHP should provide notification to the Division of Budget and Procurement at the time forfeiture proceedings are commenced and monies are removed from the evidence room. The Division of Budget and Procurement should then track active cases to ensure monies are remitted for safekeeping.

- B. The MSHP is not in compliance with state law regarding audits of forfeited monies. Under federal forfeiture proceedings, the courts may order disbursement of seized monies to the MSHP. The MSHP is required to use these forfeited monies for specific enforcement activities. Section 513.653, RSMo Cumulative Supp. 2003, requires the MSHP "... at the end of their respective fiscal year to acquire an independent audit of the federal seizures and the proceeds received therefrom...". The MSHP has not acquired an independent audit of the federal forfeiture activities or proceeds received during either of the two years ended June 30, 2003 or 2002. The MSHP should acquire an independent audit annually to ensure compliance with state law.

WE RECOMMEND the MSHP:

- A. Establish controls to ensure monies from state forfeiture proceedings are remitted to the Division of Budget and Procurement.
- B. Acquire annual independent audits of federal seizures and the proceeds received therefrom as required by state law.

AUDITEE'S RESPONSE

- A. *The Patrol is working to modify an existing system to allow the evidence custodian to electronically notify the Budget and Procurement Division whenever money is being forwarded from the evidence room.*
- B. *The Patrol agrees with this recommendation, but was temporarily behind on acquiring the annual independent audits of this fund. It has since gotten the process back on schedule, however, and has recently received favorable audit reports on fiscal year 2002 and on fiscal year 2003. The audit for fiscal year 2004 should be conducted in the spring of 2005.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

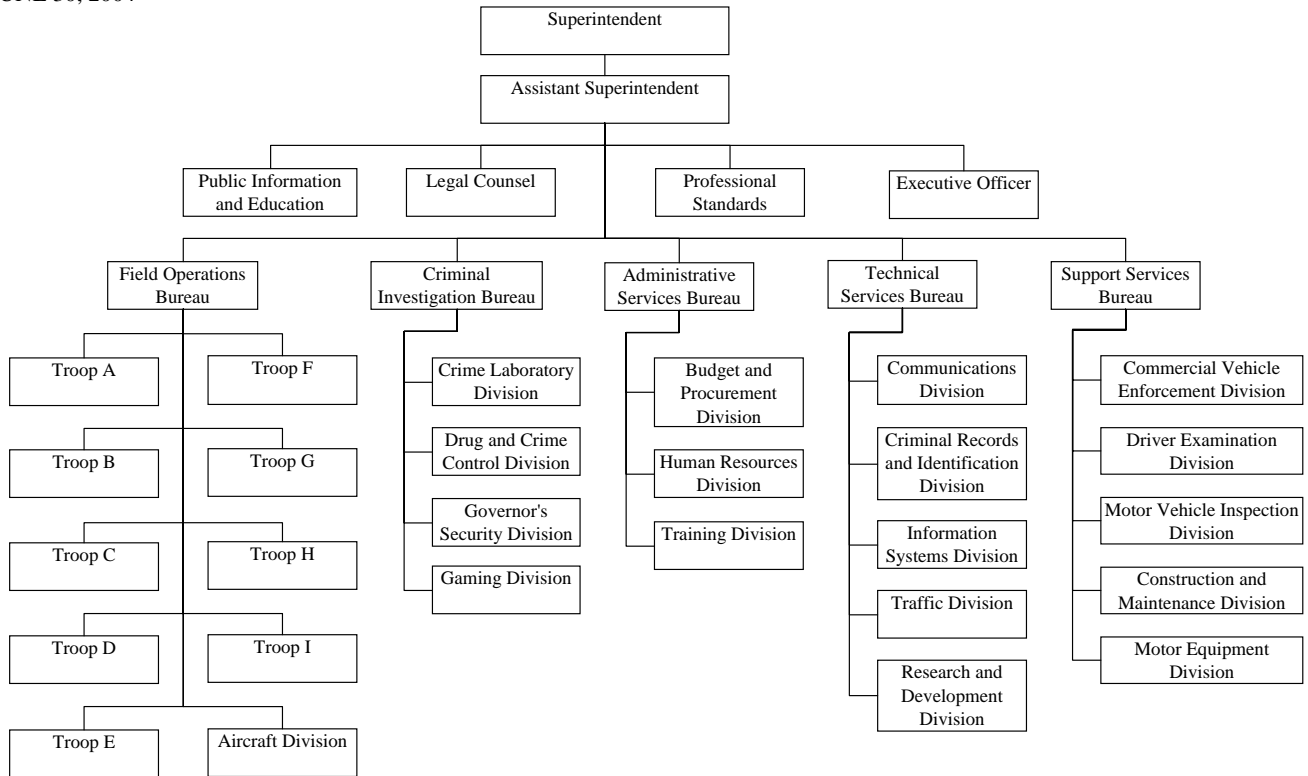
The Fifty-Sixth General Assembly created the Missouri State Highway Patrol with the approval of the Governor on April 24, 1931. The Patrol operated as an independent agency under the control of the executive branch until the Omnibus State Reorganization Act of 1974 made it a division of the Department of Public Safety. The Patrol carries out its primary purpose of enforcing traffic laws and promoting safety on the highways, and works closely with other law enforcement agencies in crime control activities. The Missouri State Highway Patrol has received additional responsibilities since its inception, including administration of driver's license tests, motor vehicle inspection, weight enforcement, and river boat gambling enforcement.

Colonel Roger D. Stottlemire was named Superintendent on June 1, 2001, and currently holds that position. On June 30, 2004, the Highway Patrol employed 2,356 employees. The distribution of these employees is shown in the following table:

<u>Position</u>	<u>Number of Employees</u>
Highway patrol officers (non-gaming)	937
Gaming officers	105
Radio operators	125
Driver examiners	199
Motor vehicle inspectors	165
Commercial vehicle officers	165
Professional, clerical, and other	551
Temporary	<u>109</u>
Total	2,356

The Patrol is organized into two executive offices, an executive officer, a legal counsel, and five bureaus that report directly to the Superintendent of the Patrol. An organization chart of the Missouri State Highway Patrol follows.

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances**	Appropriation Authority	Expenditures	Lapsed Balances**
GENERAL REVENUE FUND-STATE						
Technical services personal service	\$ 403,247	389,398	13,849	388,111	370,174	17,937
Enforcement program personal service	5,284,147	5,088,142	196,005	5,636,557	5,401,148	235,409
Enforcement program expense and equipment	915,516	879,046	36,470	1,084,997	803,633	281,364
Law enforcement academy expense and equipment	0	0	0	53,260	28,361	24,899
Technical services expense and equipment	88,564	81,854	6,710	289,505	195,141	94,364
Gasoline expenses	138,437	130,131	8,306	144,743	133,164	11,579
Vehicle replacement expense and equipment	0	0	0	165,538	49,203	116,335
Law enforcement academy personal service	0	0	0	126,328	119,268	7,060
Enforcement program expense and equipment	397,000	291,422	105,578	562,380	490,130	72,250
Crime labs expense and equipment	0	0	0	13,800	12,526	1,274
Technical services expense and equipment	0	0	0	135,410	135,402	8
Crime labs personal service	687,182	662,743	24,439	1,218,981	1,177,421	41,560
Crime labs expense and equipment	322,586	312,905	9,681	337,281	250,067	87,214
Fringe benefits personal service	3,134,661	2,873,041	261,620	3,010,509	2,868,280	142,229
Fringe benefits expense and equipment	305,899	287,155	18,744	278,337	261,888	16,449
Administration expense and equipment	20,850	6,987	13,863	0	0	0
Total General Revenue Fund-State	11,698,089	11,002,824	695,265	13,445,737	12,295,806	1,149,931
DEPARTMENT OF PUBLIC SAFETY FUND						
High intensity drug trafficking program	3,200,000	1,470,866	1,729,134	3,200,000	1,273,126	1,926,874
Law Enforcement Academy DARE training center personal service	142,782	101,431	41,351	94,004	56,393	37,611
Technical services personal service	248,527	136,008	112,519	275,197	140,899	134,298
Law enforcement academy personal service	0	0	0	83,129	78,542	4,587
Law Enforcement Academy	87,859	34,196	53,663	87,859	33,584	54,275
Vehicle and driver safety expense and equipment	82,550	0	82,550	82,550	0	82,550
Enforcement program personal service	1,900,491	1,475,464	425,027	1,747,094	1,434,016	313,078
Enforcement program expense and equipment	9,343,607	2,652,724	6,690,883	9,986,867	2,594,336	7,392,531
Law Enforcement Academy DARE training center expense and equipment	159,256	0	159,256	159,256	2,955	156,301
Technical services expense and equipment	12,672,169	1,118,029	11,554,140	10,107,263	3,741,113	6,366,150
Fringe benefits personal service	986,784	812,783	174,001	826,070	724,583	101,487
Fringe benefits expense and equipment	64,647	11,498	53,149	59,010	17,467	41,543
Crime lab grants to St. Louis County and St. Louis City	377,698	169,690	208,008	377,698	152,090	225,608
Enforcement program expense and equipment	233,171	233,171	0 *	274,829	274,829	0
Crime labs personal service	171,643	134,520	37,123	300,723	151,989	148,734
Crime labs expense and equipment	361,223	48,106	313,117	177,191	114,562	62,629
Total Department of Public Safety Fund	30,032,407	8,398,488	21,633,919	27,838,740	10,790,484	17,048,256
GAMING COMMISSION FUND						
Technical services personal service	18,582	8,655	9,927	18,582	1,848	16,734
Enforcement program expense and equipment	84,908	74,673	10,235	84,908	84,675	233
Gasoline expenses	186,661	186,661	0	186,661	186,661	0
Fringe benefits personal service	67,507	52,966	14,541	63,042	62,896	146
Fringe benefits expense and equipment	4,803	85	4,718	7,655	77	7,578
Enforcement program personal service	21,265	4,920	16,345	21,265	14,705	6,560
Administration expense and equipment	4,865	4,178	688	4,865	2,284	2,581
Vehicle replacement expense and equipment	510,065	0	510,065	510,065	8,109	501,956
Law Enforcement Academy DARE training center personal service	143,232	117,245	25,987	143,232	135,999	7,233
Law Enforcement Academy DARE training center expense and equipment	132,112	130,798	1,314	132,112	126,265	5,847
Total Gaming Commission Fund	1,174,000	580,181	593,819	1,172,387	623,519	548,868
HIGHWAY PATROL INSPECTION FUND						
Vehicle and driver safety expense and equipment	37,725	37,725	0	37,725	37,638	87
Total Highway Patrol Inspection Fund	37,725	37,725	0	37,725	37,638	87

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances**	Appropriation Authority	Expenditures	Lapsed Balances**
OFFICE OF ADMINISTRATION REVOLVING						
ADMINISTRATIVE TRUST FUND						
Statewide maintenance and repair	12,191	9,995	2,196 *	10,584	2,709	7,874
Replace roof air conditioner controls	0	0	0	12,767	10,286	2,481
Connect buildings to sewer	0	0	0	32,607	31,652	955
Replace emergency generator	0	0	0	33,870	1,451	32,419
Replace two rooftop HVAC units	0	0	0	26,164	26,164	0
Replace cooling tower construction	0	0	0	105,617	105,616	1
Replace roof	0	0	0	70,291	70,291	0
Replace two rooftop HVAC units	0	0	0	58,159	58,159	0
Statewide fire alarm	283,147	252,403	30,744 *	27,923	27,923	0
Statewide electrical test	5,149	4,988	161 *	66,968	62,949	4,019
Law Enforcement Academy HVAC	6,416	6,416	0 *	127,802	8,555	119,247
Law Enforcement Academy dorm carpet	0	0	0	14,326	0	14,326
General headquarters HVAC	189,047	189,047	0 *	52,753	32,000	20,754
General headquarters exterior wall panels	52,204	52,204	0 *	241,715	221,715	20,001
Troop A exterior walls	47,606	47,606	0 *	165,852	165,852	0
Troop B HVAC	104,018	95,405	8,613 *	42,353	42,352	1
Troop D HVAC	36,221	33,619	2,602 *	240,163	240,163	0
Troop D firing range	0	0	0	0	0	0
Troop E firing range	0	0	0	17,015	14,166	2,849
Troop F driveway	0	0	0	592	592	0
Troop I HVAC	33,694	22,627	11,067 *	91,387	91,386	1
Total Office of Administration Revolving						
Administrative Trust Fund	769,693	714,311	55,382	1,438,909	1,213,981	224,928
STATE FORENSIC LABORATORY FUND						
Crime labs expense and equipment	60,000	40,040	19,960	60,000	53,464	6,536
Total State Forensic Laboratory Fund	60,000	40,040	19,960	60,000	53,464	6,536
STATE HIGHWAYS AND TRANSPORTATION						
DEPARTMENT FUND						
Technical services personal service	9,493,274	8,906,481	586,793	9,117,639	8,843,904	273,735
Administration personal service	4,818,821	4,656,202	162,619	3,566,636	3,409,931	156,705
Administration expense and equipment	402,877	393,450	9,427	316,607	256,435	60,172
Enforcement program personal service	46,487,217	43,069,785	3,417,432	48,638,260	44,430,441	4,207,819
Law Enforcement Academy DARE						
training center personal service	1,162,648	958,124	204,524	828,971	798,148	30,823
Law Enforcement Academy DARE						
training center expense and equipment	144,139	136,068	8,071	144,139	116,364	27,775
Vehicle and driver safety personal service	9,124,606	7,828,116	1,296,490	8,857,396	7,720,378	1,137,018
Vehicle and driver safety expense and equipment	916,412	910,191	6,221	827,137	737,284	89,853
Enforcement program expense and equipment	4,269,446	4,200,833	68,613	4,253,046	4,070,561	182,485
Technical services expense and equipment	6,024,425	6,015,210	9,215	5,131,647	4,802,876	328,771
Real property leases, related services, utilities, systems furniture, and structural modifications expense and equipment	1,193,136	470,349	722,787 *	1,160,874	512,032	648,842
Refund unused motor vehicle inspection stickers	40,000	39,991	9	44,000	41,255	2,745
Fringe benefits personal service	33,041,053	31,055,148	1,985,905	28,898,692	27,121,388	1,777,304
Fringe benefits expense and equipment	3,128,820	3,052,208	76,612	2,907,341	2,905,279	2,062
Vehicle replacement expense and equipment	3,823,946	3,488,374	335,572	3,823,946	3,812,650	11,296
Gasoline expenses	1,962,184	1,961,882	302	1,733,377	1,642,798	90,579
Crime labs personal service	1,514,667	1,288,946	225,721	463,175	442,704	20,471
Crime labs expense and equipment	105,957	101,627	4,330	89,989	85,697	4,292
Planning, design, and construction of a commercial drivers license site in Strafford	314,772	0	314,772 *	0	0	0
General headquarters annex elevator	84,673	16,889	67,784 *	0	0	0
General headquarters pavement repair	328,081	23,262	304,819 *	0	0	0
General headquarters HVAC	338,277	16,997	321,280 *	0	0	0
General headquarters annex electrical	486,425	44,877	441,548 *	0	0	0
Troop B roof	127,742	0	127,742 *	0	0	0
Troop C HVAC	615,476	75,471	540,005 *	0	0	0
Troop C roof	181,421	69,909	111,512 *	0	0	0
Troop F garage pavement repair	132,129	1,462	130,667 *	0	0	0
Total State Highways and Transportation Department Fund	130,262,624	118,781,851	11,480,773	120,802,872	111,750,127	9,052,745

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances**	Appropriation Authority	Expenditures	Lapsed Balances**
CRIMINAL RECORD SYSTEM FUND						
Technical services personal service	418,556	311,209	107,347	718,856	436,351	282,505
Enforcement program expense and equipment	2,694,121	1,199,441	1,494,680	1,560,102	1,176,555	383,547
Technical services expense and equipment	1,246,884	431,886	814,998	3,613,970	1,168,130	2,445,840
Fringe benefits personal service	1,086,086	950,615	135,471	700,547	499,569	200,978
Fringe benefits expense and equipment	64,138	52,303	11,835	53,185	40,845	12,340
Enforcement program personal service	1,971,802	1,888,639	83,163	933,482	872,032	61,450
Crime labs personal service	61,376	50,029	11,347	61,376	44,041	17,335
Crime labs expense and equipment	3,600	3,599	1	3,600	3,594	6
Total Criminal Record System Fund	7,546,563	4,887,720	2,658,843	7,645,118	4,241,116	3,404,002
HIGHWAY PATROL ACADEMY FUND						
Law Enforcement Academy DARE training center expense and equipment	653,260	292,292	360,968	600,000	264,308	335,692
Law Enforcement Academy DARE training center personal service	81,059	67,426	13,633	0	0	0
Fringe benefits personal service	46,638	32,518	14,120	0	0	0
Fringe benefits expense and equipment	1,888	0	1,888	0	0	0
Total Highway Patrol Academy Fund	782,845	392,236	390,609	600,000	264,308	335,692
MISSOURI AIR POLLUTION CONTROL FUND						
Refund unused motor vehicle inspection stickers	0	0	0	10,000	0	10,000
Vehicle and driver safety expense and equipment	0	0	0	137,347	0	137,347
Total Missouri Air Pollution Control Fund	0	0	0	147,347	0	147,347
HIGHWAY PATROL MOTOR VEHICLE/ AIRCRAFT FUND						
Enforcement program expense and equipment	330,500	29,896	300,604	262,000	27,196	234,804
Vehicle replacement expense and equipment	6,051,134	3,672,044	2,379,090	6,051,134	4,145,494	1,905,640
Total Highway Patrol Motor Vehicle/ Aircraft Fund	6,381,634	3,701,940	2,679,694	6,313,134	4,172,689	2,140,445
CRIMINAL JUSTICE NETWORK/ TECHNOLOGY REVOLVING FUND						
Fringe benefits personal service	15,894	14,836	1,058	13,770	12,479	1,291
Fringe benefits expense and equipment	1,022	968	54	1,138	842	296
Technical services personal service	29,756	28,765	991	29,394	28,215	1,179
Technical services expense and equipment	2,201,000	1,633,490	567,510	2,201,000	1,659,399	541,601
Total Criminal Justice Network/ Technology Revolving Fund	2,247,672	1,678,059	569,613	2,245,302	1,700,935	544,367
Total All Funds	\$ 190,993,252	150,215,375	40,777,877	181,747,271	147,144,067	34,603,204

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

** Agency officials indicated the lapsed balances included the following withholdings made at the Governor's request.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Governor's requested withholdings:	
	Year Ended June 30,	
	2004	2003
GENERAL REVENUE FUND		
Technical services personal service	\$ 12,097	17,359
Enforcement program personal service	158,524	228,211
Enforcement program expense and equipment	27,465	276,330
Law enforcement academy expense and equipment	0	24,728
Technical services expense and equipment	2,657	85,429
Gasoline expenses	4,153	11,579
Vehicle replacement expense and equipment	0	116,335
Law enforcement academy personal service	0	7,059
Crime labs personal service	20,615	41,080
Crime labs expense and equipment	9,678	86,259
Fringe benefits personal service	0	90,315
Fringe benefits expense and equipment	0	8,350
Administration expense and equipment	626	0
Total General Revenue Fund	235,815	993,034
OFFICE OF ADMINISTRATION REVOLVING ADMINISTRATIVE TRUST FUND		
Replace roof air conditioner controls	0	2,480
Replace emergency generator	0	30,055
General headquarters exterior wall panels	0	20,000
Troop E firing range	0	2,511
Total Office of Administration		
Revolving Administrative Trust Fund	0	55,046
STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND		
Technical services personal service	284,798	273,529
Administration personal service	144,565	106,999
Administration expense and equipment	0	33,498
Enforcement program personal service	1,688,735	1,459,148
Law Enforcement Academy DARE training center personal service	34,879	24,869
Law Enforcement Academy DARE training center expense and equipment	4,324	4,324
Vehicle and driver safety personal service	301,230	265,722
Vehicle and driver safety expense and equipment	0	75,034
Enforcement program expense and equipment	0	127,591
Technical services expense and equipment	0	153,949
Real property leases, related services, utilities, systems furniture, and structural modifications expense and equipment	35,794	0
Fringe benefits personal service	991,232	866,961
Vehicle replacement expense and equipment	114,718	11,107
Gasoline expenses	0	52,001
Crime labs personal service	45,440	13,895
Crime labs expense and equipment	3,179	2,700
Total State Highways and Transportation Department Fund	\$ 4,120,524	5,567,487

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,			
		2004		2003	
		Expenditures From	Expenditures From	Expenditures From	Expenditures From
		Missouri State	Office of Administration	Missouri State	Office of Administration
		Highway Patrol	State-Wide	Highway Patrol	State-Wide
		Appropriations	Appropriations	Appropriations	Appropriations
Salaries and wages	\$	77,172,246	0	76,108,545	0
Benefits		35,791,908	0	31,289,195	0
Travel, in-state		401,170	0	484,476	0
Travel, out-of-state		133,008	0	171,289	0
Fuel and utilities		960,524	0	907,421	0
Supplies		6,134,776	0	5,418,694	0
Professional development		239,684	0	166,898	0
Communication services and supplies		2,763,863	0	2,737,166	0
Professional services		4,941,228	3,799	5,483,433	4,975
Housekeeping and janitorial services		96,970	0	91,803	0
Maintenance and repair services		1,769,969	0	1,850,468	0
Computer equipment		3,017,957	0	5,323,224	0
Motorized equipment		7,257,463	0	8,040,540	0
Office equipment		141,454	0	188,192	0
Other equipment		1,207,600	0	835,746	0
Property and improvements		956,682	44,316	1,155,721	0
Debt service		6,499	0	0	0
Building lease payments		653,098	0	573,308	0
Equipment rental and leases		232,187	0	255,132	0
Miscellaneous expenses		3,778,516	0	3,755,142	0
Refunds		42,934	0	44,657	0
Program distributions		2,515,639	0	2,263,017	0
Transfers out		0	291,422	0	638,058
Total Expenditures	\$	150,215,375	339,537	147,144,067	643,033



Claire McCaskill

Missouri State Auditor

February 2005

Caldwell County, Missouri

Years Ended

December 31, 2003 And 2002



Office Of
Missouri State Auditor
Claire McCaskill

February 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Caldwell, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Caldwell County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Clerk does not maintain a ledger of revenues, expenditures, and fund balances which could be reconciled to the County Treasurer's records. The County Clerk is not properly completing the cash reconciliations on the budgets, failed to include certificates of deposits in the available resources, and did not ensure budgets were prepared for numerous county funds.
- The county did not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA). The county's SEFA did not include one of their major programs and expenditures for the other two major programs were not reported correctly in 2003.
- The county did not ensure prevailing wages were paid to all detention center laborers, as required by the Davis-Bacon Act.
- The General Revenue Fund's poor financial condition has continued since 1998. The County Commission needs to take into consideration the additional liabilities that resulted from errors which have been noted in the past and current audits. The county exceeded the allowable transfer by \$15,670 and \$4,408 from the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund, respectively, to the General Revenue Fund during the two years ended December 31, 2003. In addition, the county has collected \$24,709 in excess General Revenue property taxes at December 31, 2003.
- The county's annual published financial statements did not include the financial activity for most of the county funds. In addition, expenditures were made in excess of budgeted amounts for several funds.

(over)

YELLOW SHEET

- Elected officials salaries were not set consistent with the salary commission decisions, and the County Clerk does not maintain centralized compensatory time records for each employee. The county also does not maintain documentation to support the amount of salary reimbursed by the Multi-County (ACCD 911) System or Special Road and Bridge, nor do they maintain detailed timesheets for the employees. In addition, the Sheriff's department is not following the county's policy for awarding compensatory time or overtime to emergency service employees.
- The County Commission is not adequately monitoring the use of monies from the \$200,000 Outdoor Recreation Grant. The county does not maintain documentation of how the county is meeting the fifty percent matching requirements for the grant, or maintain invoices, bids, and contracts related to the park grant. In addition, the county paid \$70 per hour to a park grant administrator, but the invoices submitted by the administrator, totaling \$12,745, did not include detail of the tasks performed or the dates the services were provided.
- Property tax assessment data can be accessed by the County Assessor during periods when changes to the data are not allowed by statute. The County Clerk does not maintain an account book with the Ex Officio Collector nor does she review the computer delinquent tax book for accuracy. The County Commission does not review or approve the Ex Officio Collector's annual settlement as required by law, controls over tax book additions and abatements are not sufficient, and the various officials do not maintain confidential passwords to the property tax system. Additionally, the County Clerk does not ensure that township collectors turn in signed receipts from the various political subdivisions to document that the monies were properly distributed.
- The county does not adequately monitor townships use of County Aid Road Trust (CART) monies, some township collectors were under bonded, and the county did not ensure township road boards' financial statements were prepared and published as required by law.

The audit also included recommendations related to expenditures, general capital assets, and planning and zoning. Additional recommendations were made to improve the records and/or procedures of the County Treasurer, Health Center, Circuit Clerk, Sheriff, Prosecuting Attorney, and County Clerk.

All reports are available on our website: www.auditor.mo.gov

CALDWELL COUNTY, MISSOURI

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CALDWELL COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Caldwell County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Caldwell County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Caldwell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 9, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Caldwell County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Lori Bryant
	Gek Mui Melinda Tan
	Liang Xu
	Christopher L. Holder



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Caldwell County, Missouri

We have audited the financial statements of various funds of Caldwell County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Caldwell County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Caldwell County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation

that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Caldwell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CALDWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (138,819)	895,209	840,800	(84,410)
Special Road and Bridge	404,146	1,125,896	1,082,388	447,654
Assessment	17,205	87,798	106,448	(1,445)
Road and Bridge Sales Tax	147,665	234,444	227,924	154,185
Law Enforcement Sales Tax	(7,305)	226,742	219,869	(432)
Prosecuting Attorney Training	158	521	644	35
Law Enforcement Training	1,874	3,571	3,800	1,645
Domestic Violence	158	954	924	188
Record Storage	27,901	9,821	17,352	20,370
Prosecuting Attorney Bad Check	967	12,912	12,161	1,718
Sheriff Civil Fees	18,130	8,082	9,163	17,049
Election Services	216	836	1,048	4
Prosecuting Attorney Delinquent Tax	3,809	1,353	2,600	2,562
Tax Maintenance	1,095	9,679	1,796	8,978
Health Center	11,874	367,909	306,299	73,484
Law Library	1,110	3,530	3,968	672
Circuit Clerk Interest	68	4,045	130	3,983
Local Emergency Planning Commission	2,687	7,907	3,818	6,776
Election	(16,035)	35,379	13,901	5,443
Donations	335	0	0	335
Jail Construction	133,991	2,311,957	1,383,043	1,062,905
Block Grant	0	268,769	268,769	0
Associate Circuit Division Interest	3,335	139	3,474	0
Little Otter Creek Sales Tax	0	184,275	0	184,275
Total	\$ 614,565	5,801,728	4,510,319	1,905,974

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CALDWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (65,388)	806,398	879,829	(138,819)
Special Road and Bridge	262,488	943,915	802,257	404,146
Assessment	18,140	114,074	115,009	17,205
Road and Bridge Sales Tax	153,736	226,942	233,013	147,665
Law Enforcement Sales Tax	692	229,055	237,052	(7,305)
Prosecuting Attorney Training	637	469	948	158
Law Enforcement Training	4,138	3,632	5,896	1,874
Domestic Violence	172	1,056	1,070	158
Record Storage	17,200	11,345	644	27,901
Prosecuting Attorney Bad Check	3,783	9,152	11,968	967
Sheriff Civil Fees	19,379	8,595	9,844	18,130
Election Services	812	1,128	1,724	216
Prosecuting Attorney Delinquent Tax	3,565	244	0	3,809
Tax Maintenance	0	1,375	280	1,095
Health Center	(8,026)	333,727	313,827	11,874
Law Library	1,843	3,810	4,543	1,110
Circuit Clerk Interest	7,674	5,129	12,735	68
Local Emergency Planning Commission	2,687	0	0	2,687
Election	900	15,140	32,075	(16,035)
Donations	335	0	0	335
Jail Construction	0	150,000	16,009	133,991
Block Grant	0	459,323	459,323	0
Associate Circuit Division Interest	7,512	490	4,667	3,335
Sheriff's Radio Grant	0	6,446	6,446	0
Total	\$ 432,279	3,331,445	3,149,159	614,565

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,983,174	2,993,302	10,128	3,118,335	2,698,671	(419,664)
DISBURSEMENTS	3,081,041	2,837,314	243,727	2,886,406	2,630,359	256,047
RECEIPTS OVER (UNDER) DISBURSEMENTS	(97,867)	155,988	253,855	231,929	68,312	(163,617)
CASH, JANUARY 1	374,936	490,252	115,316	305,557	420,845	115,288
CASH, DECEMBER 31	277,069	646,240	369,171	537,486	489,157	(48,329)
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	188,964	191,958	2,994	128,592	202,644	74,052
Sales and use taxes	224,785	221,592	(3,193)	231,975	224,956	(7,019)
Intergovernmental	85,993	140,223	54,230	106,607	86,218	(20,389)
Charges for services	302,491	223,180	(79,311)	186,317	214,208	27,891
Interest	1,340	640	(700)	1,775	1,179	(596)
Other	79,831	19,851	(59,980)	143,350	16,538	(126,812)
Transfers in	93,614	97,765	4,151	106,973	60,655	(46,318)
Total Receipts	977,018	895,209	(81,809)	905,589	806,398	(99,191)
DISBURSEMENTS						
County Commissioner	68,223	69,149	(926)	67,826	71,030	(3,204)
County Clerk	61,228	68,614	(7,386)	66,904	67,813	(909)
Elections	0	0	0	5,000	0	5,000
Buildings and grounds	23,962	28,618	(4,656)	29,661	56,644	(26,983)
Employee fringe benefit	119,440	114,082	5,358	110,174	115,351	(5,177)
County Treasurer and Ex Officio Collecto	45,432	44,508	924	44,520	44,121	399
Recorder of Deeds	44,367	43,924	443	0	3,916	(3,916)
Circuit Clerk	9,450	6,895	2,555	30,411	28,818	1,593
Associate Circuit Court	10,950	8,415	2,535	13,610	8,283	5,327
Public Administrator	21,600	21,996	(396)	21,850	21,403	447
Sheriff	236,688	245,098	(8,410)	228,335	259,204	(30,869)
Prosecuting Attorney	71,502	73,152	(1,650)	76,623	95,540	(18,917)
Juvenile Officer	10,809	6,154	4,655	10,999	5,982	5,017
County Coroner	8,390	7,353	1,037	10,890	9,486	1,404
Other	102,702	81,727	20,975	97,000	71,382	25,618
Transfers out	0	21,115	(21,115)	20,856	20,856	0
Total Disbursements	834,743	840,800	(6,057)	834,659	879,829	(45,170)
RECEIPTS OVER (UNDER) DISBURSEMENTS	142,275	54,409	(87,866)	70,930	(73,431)	(144,361)
CASH, JANUARY 1	(138,955)	(138,819)	136	(65,388)	(65,388)	0
CASH, DECEMBER 31	3,320	(84,410)	(87,730)	5,542	(138,819)	(144,361)

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	38,175	40,030	1,855	40,907	38,189	(2,718)
Intergovernmental	979,112	1,061,557	82,445	1,142,372	886,242	(256,130)
Interest	7,010	5,426	(1,584)	9,675	7,218	(2,457)
Other	24,950	18,883	(6,067)	31,950	12,266	(19,684)
Total Receipts	1,049,247	1,125,896	76,649	1,224,904	943,915	(280,989)
DISBURSEMENTS						
Salaries	135,330	118,888	16,442	114,253	102,920	11,333
Employee fringe benefit	28,000	36,540	(8,540)	21,500	22,948	(1,448)
Supplies	64,300	44,368	19,932	38,300	35,160	3,140
Insurance	13,000	14,323	(1,323)	10,000	11,132	(1,132)
Road and bridge materials	242,000	121,278	120,722	162,000	161,869	131
Equipment repairs	50,000	16,291	33,709	40,000	9,397	30,603
Rentals	6,200	0	6,200	1,200	0	1,200
Equipment purchases	140,000	83,548	56,452	5,000	8,870	(3,870)
Construction, repair, and maintenance	561,500	607,079	(45,579)	681,267	416,389	264,878
Debt service	17,500	0	17,500	0	0	0
Other	800	2,315	(1,515)	1,760	1,224	536
Transfers out	37,758	37,758	0	33,122	32,348	774
Total Disbursements	1,296,388	1,082,388	214,000	1,108,402	802,257	306,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	(247,141)	43,508	290,649	116,502	141,658	25,156
CASH, JANUARY 1	303,867	404,146	100,279	162,488	262,488	100,000
CASH, DECEMBER 31	56,726	447,654	390,928	278,990	404,146	125,156
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	90,284	85,918	(4,366)	95,493	90,436	(5,057)
Charges for services	500	661	161	620	591	(29)
Interest	500	354	(146)	0	590	590
Other	0	865	865	250	1,601	1,351
Transfers in	15,640	0	(15,640)	20,856	20,856	0
Total Receipts	106,924	87,798	(19,126)	117,219	114,074	(3,145)
DISBURSEMENTS						
Assessor	104,643	106,448	(1,805)	117,744	115,009	2,735
Total Disbursements	104,643	106,448	(1,805)	117,744	115,009	2,735
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,281	(18,650)	(20,931)	(525)	(935)	(410)
CASH, JANUARY 1	17,205	17,205	0	18,140	18,140	0
CASH, DECEMBER 31	19,486	(1,445)	(20,931)	17,615	17,205	(410)

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD AND BRIDGE SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	226,940	221,593	(5,347)	230,295	224,838	(5,457)
Intergovernmental	0	11,294	11,294	0	0	0
Interest	2,250	1,557	(693)	4,375	2,104	(2,271)
Total Receipts	229,190	234,444	5,254	234,670	226,942	(7,728)
DISBURSEMENTS						
Gravel to townships	214,893	217,063	(2,170)	195,500	228,230	(32,730)
Other	0	6	(6)	0	7	(7)
Transfers out	6,446	10,855	(4,409)	5,865	4,776	1,089
Total Disbursements	221,339	227,924	(6,585)	201,365	233,013	(31,648)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,851	6,520	(1,331)	33,305	(6,071)	(39,376)
CASH, JANUARY 1	132,665	147,665	15,000	138,736	153,736	15,000
CASH, DECEMBER 31	140,516	154,185	13,669	172,041	147,665	(24,376)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	224,225	221,590	(2,635)	230,295	224,837	(5,458)
Intergovernmental	0	3,598	3,598	0	0	0
Interest	350	332	(18)	445	193	(252)
Other	31,460	1,222	(30,238)	10,230	4,025	(6,205)
Total Receipts	256,035	226,742	(29,293)	240,970	229,055	(11,915)
DISBURSEMENTS						
Office expense:	20,650	24,112	(3,462)	23,850	29,207	(5,357)
Vehicles	34,000	43,438	(9,438)	34,000	40,157	(6,157)
Mileage and training	6,400	4,224	2,176	5,500	1,404	4,096
Jail	135,408	73,136	62,272	97,273	138,918	(41,645)
Utilities	5,250	7,954	(2,704)	0	5,040	(5,040)
Detention center	0	5,244	(5,244)	0	0	0
Insurance	16,875	28,261	(11,386)	16,875	12,326	4,549
Transfers out	30,000	33,500	(3,500)	63,700	10,000	53,700
Total Disbursements	248,583	219,869	28,714	241,198	237,052	4,146
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,452	6,873	(579)	(228)	(7,997)	(7,769)
CASH, JANUARY 1	(7,305)	(7,305)	0	692	692	0
CASH, DECEMBER 31	147	(432)	(579)	464	(7,305)	(7,769)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,675	521	(1,154)	700	469	(231)
Total Receipts	1,675	521	(1,154)	700	469	(231)
DISBURSEMENTS						
Prosecuting Attorney	1,800	644	1,156	1,300	948	352
Total Disbursements	1,800	644	1,156	1,300	948	352
RECEIPTS OVER (UNDER) DISBURSEMENTS	(125)	(123)	2	(600)	(479)	121
CASH, JANUARY 1	158	158	0	637	637	0
CASH, DECEMBER 31	33	35	2	37	158	121

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,486	1,486	0	1,757	1,757
Charges for service:	3,500	2,085	(1,415)	4,000	1,875	(2,125)
Total Receipts	3,500	3,571	71	4,000	3,632	(368)
DISBURSEMENTS						
Sheriff	5,300	3,044	2,256	4,000	5,466	(1,466)
Other	0	756	(756)	0	430	(430)
Total Disbursements	5,300	3,800	1,500	4,000	5,896	(1,896)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(229)	1,571	0	(2,264)	(2,264)
CASH, JANUARY 1	1,874	1,874	0	4,138	4,138	0
CASH, DECEMBER 31	74	1,645	1,571	4,138	1,874	(2,264)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	625	954	329	875	1,056	181
Total Receipts	625	954	329	875	1,056	181
DISBURSEMENTS						
Abuse shelter	780	924	(144)	1,000	1,070	(70)
Total Disbursements	780	924	(144)	1,000	1,070	(70)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(155)	30	185	(125)	(14)	111
CASH, JANUARY 1	158	158	0	172	172	0
CASH, DECEMBER 31	3	188	185	47	158	111
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for service:	11,000	9,672	(1,328)	5,575	11,111	5,536
Interest	0	149	149	0	234	234
Total Receipts	11,000	9,821	(1,179)	5,575	11,345	5,770
DISBURSEMENTS						
Recorder of Deeds	3,500	7,352	(3,852)	2,300	644	1,656
Transfers out	10,000	10,000	0	0	0	0
Total Disbursements	13,500	17,352	(3,852)	2,300	644	1,656
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	(7,531)	(5,031)	3,275	10,701	7,426
CASH, JANUARY 1	27,901	27,901	0	17,200	17,200	0
CASH, DECEMBER 31	25,401	20,370	(5,031)	20,475	27,901	7,426

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	9,500	7,967	(1,533)	11,885	7,259	(4,626)
Interest	0	10	10	0	29	29
Other	0	4,935	4,935	0	1,864	1,864
Total Receipts	9,500	12,912	3,412	11,885	9,152	(2,733)
DISBURSEMENTS						
Prosecuting Attorney	9,795	1,574	8,221	10,885	5,043	5,842
Restitution to merchants	0	4,935	(4,935)	0	1,894	(1,894)
Transfers out	0	5,652	(5,652)	0	5,031	(5,031)
Total Disbursements	9,795	12,161	(2,366)	10,885	11,968	(1,083)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(295)	751	1,046	1,000	(2,816)	(3,816)
CASH, JANUARY 1	967	967	0	3,783	3,783	0
CASH, DECEMBER 31	672	1,718	1,046	4,783	967	(3,816)
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	7,565	7,596	31	7,500	7,643	143
Other	0	486	486	0	952	952
Total Receipts	7,565	8,082	517	7,500	8,595	1,095
DISBURSEMENTS						
Sheriff	25,000	9,163	15,837	680	9,386	(8,706)
Transfers out	0	0	0	0	458	(458)
Total Disbursements	25,000	9,163	15,837	680	9,844	(9,164)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,435)	(1,081)	16,354	6,820	(1,249)	(8,069)
CASH, JANUARY 1	18,130	18,130	0	19,379	19,379	0
CASH, DECEMBER 31	695	17,049	16,354	26,199	18,130	(8,069)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	800	836	36	1,875	1,128	(747)
Total Receipts	800	836	36	1,875	1,128	(747)
DISBURSEMENTS						
County Clerk	850	1,048	(198)	1,525	1,724	(199)
Total Disbursements	850	1,048	(198)	1,525	1,724	(199)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(212)	(162)	350	(596)	(946)
CASH, JANUARY 1	315	216	(99)	812	812	0
CASH, DECEMBER 31	265	4	(261)	1,162	216	(946)

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	200	1,353	1,153	595	244	(351)
Total Receipts	200	1,353	1,153	595	244	(351)
DISBURSEMENTS						
Prosecuting Attorney	3,500	2,600	900	500	0	500
Total Disbursements	3,500	2,600	900	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,300)	(1,247)	2,053	95	244	149
CASH, JANUARY 1	3,809	3,809	0	3,565	3,565	0
CASH, DECEMBER 31	509	2,562	2,053	3,660	3,809	149
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	6,000	9,640	3,640			
Interest	0	39	39			
Total Receipts	6,000	9,679	3,679			
DISBURSEMENTS						
Ex Officio Collector	3,900	1,796	2,104			
Total Disbursements	3,900	1,796	2,104			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,100	7,883	5,783			
CASH, JANUARY 1	1,095	1,095	0			
CASH, DECEMBER 31	3,195	8,978	5,783			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	184,000	194,514	10,514	180,750	126,722	(54,028)
Intergovernmental	106,453	137,747	31,294	126,428	149,413	22,985
Charges for service:	27,695	33,384	5,689	26,500	39,630	13,130
Interest	1,200	1,050	(150)	675	517	(158)
Other	1,372	1,214	(158)	23,750	17,445	(6,305)
Total Receipts	320,720	367,909	47,189	358,103	333,727	(24,376)
DISBURSEMENTS						
Salaries	166,129	172,370	(6,241)	190,915	182,125	8,790
Fringe benefits	35,824	37,189	(1,365)	37,871	36,293	1,578
Office expenditures:	41,355	45,790	(4,435)	37,850	35,253	2,597
Equipment	10,570	4,596	5,974	6,150	1,226	4,924
Mileage and training	15,590	13,428	2,162	14,600	11,141	3,459
Debt service	15,000	15,373	(373)	45,000	42,269	2,731
Other	24,052	17,553	6,499	25,717	5,520	20,197
Total Disbursements	308,520	306,299	2,221	358,103	313,827	44,276
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,200	61,610	49,410	0	19,900	19,900
CASH, JANUARY 1	11,874	11,874	0	(8,026)	(8,026)	0
CASH, DECEMBER 31	24,074	73,484	49,410	(8,026)	11,874	19,900

Exhibit B

CALDWELL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,575	3,530	955	2,700	3,810	1,110
Total Receipts	2,575	3,530	955	2,700	3,810	1,110
DISBURSEMENTS						
Publications	1,950	3,968	(2,018)	1,870	4,543	(2,673)
Total Disbursements	1,950	3,968	(2,018)	1,870	4,543	(2,673)
RECEIPTS OVER (UNDER) DISBURSEMENTS	625	(438)	(1,063)	830	(733)	(1,563)
CASH, JANUARY 1	1,110	1,110	0	1,843	1,843	0
CASH, DECEMBER 31	1,735	672	(1,063)	2,673	1,110	(1,563)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	600	592	(8)	1,175	603	(572)
Other	0	0	0	0	4,526	4,526
Transfers in	0	3,453	3,453	0	0	0
Total Receipts	600	4,045	3,445	1,175	5,129	3,954
DISBURSEMENTS						
Circuit Clerk	450	130	320	875	4,235	(3,360)
Transfers out	0	0	0	0	8,500	(8,500)
Total Disbursements	450	130	320	875	12,735	(11,860)
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	3,915	3,765	300	(7,606)	(7,906)
CASH, JANUARY 1	68	68	0	7,386	7,674	288
CASH, DECEMBER 31	218	3,983	3,765	7,686	68	(7,618)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CALDWELL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Caldwell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tax Maintenance Fund	2002
Local Emergency Planning Commission Fund	2003 and 2002
Election Fund	2003 and 2002
Donations Fund	2003 and 2002
Jail Construction Fund	2003 and 2002
Block Grant Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Sheriff's Radio Grant Fund	2002
Little Otter Creek Sales Tax Fund	2003

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2003 and 2002
Assessment Fund	2003
Road and Bridge Sales Tax Fund	2003 and 2002
Law Enforcement Training Fund	2002
Domestic Violence Fund	2003 and 2002
Record Storage Fund	2003
Prosecuting Attorney Bad Check Fund	2003 and 2002
Sheriff Civil Fees Fund	2002
Election Services Fund	2003 and 2002
Law Library Fund	2003 and 2002
Circuit Clerk Interest Fund	2002

A deficit budget balance is presented for the Health Center Fund for the year ended December 31, 2002. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year state reimbursements not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Road and Bridge Sales Tax Fund	2003 and 2002
Prosecuting Attorney Training Fund	2003 and 2002
Law Enforcement Training Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Record Storage Fund	2003 and 2002
Prosecuting Attorney Bad Check Fund	2003 and 2002
Sheriff Civil Fees Fund	2003 and 2002
Election Services Fund	2003 and 2002
Prosecuting Attorney Delinquent Tax Fund	2003 and 2002
Tax Maintenance Fund	2003 and 2002
Law Library Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Local Emergency Planning Commission	2003 and 2002
Election Fund	2003 and 2002
Donations Fund	2003 and 2002
Jail Construction Fund	2003 and 2002
Block Grant Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Sheriff's Radio Grant Fund	2002
Little Otter Creek Sales Tax Fund	2003

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance, commercial insurance provided through a surety bond, or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized Health Center Board balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2003, Caldwell County collected \$24,709 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Caldwell County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Election Fund's and Donation Fund's cash balance of \$900 and \$335, respectively, at January 1, 2002, were not previously reported but have been added.

Supplementary Schedule

Schedule

CALDWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.559	Summer Food Service Program for Children	ERS 146-21121	\$ 0	60
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	95-PF-747 2002-ED-03	2,250 240,752	451,250 8,073
	Program Total		<u>243,002</u>	<u>459,323</u>
U.S. DEPARTMENT OF JUSTICE				
	Direct program:			
16	U.S. Marshals Service Cooperative Agreement Program	N/A	744,853	0
	Passed through:			
	State Department of Public Safety			
16.575	Crime Victim Assistance	2000-VOCA-0008 2000-VOCA-0108 2001-VOCA-0080	40,497	31,170
16.592	Local Law Enforcement Block Grants Program	2001-LBG-086	0	5,987
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	0	769
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-013 (18) BRO-013 (19) BRO-013 (20) BRO-013 (21) BRO-013 (22) BRO-013 (23) BRO-013 (24)	0 776 617 34,805 236,260 169,801 26,693	545 68,519 171,929 0 31,125 34,312 0
	Program Total		<u>468,952</u>	<u>306,430</u>

Schedule

CALDWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,419	0
	GENERAL SERVICES ADMINISTRATION			
	Passed through state:			
	Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	966	2,394
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state:			
	Department of Public Safety			
83.552	Emergency Management Performance Grant	LEPC	424	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A	14,529	11,906
		PGA064-2112A	350	120
		PGA064-3112A		
	Program Total		<u>14,879</u>	<u>12,026</u>
93.288	Centers for Disease Control and Prevention Investigations and Technical Assistance	3020-A	6,700	0
93.575	Child Care and Development Block Grant	PGA067-2112C PGA067-3112C PGA067-4112C PGA067-2112S PGA067-3112S PGA067-4112S	1,915	535
93.994	Maternal and Child Health Services Block Grant to the States	N/A	151	128
		ERS146-2112M	12,935	14,002
		ERS146-3112M		
		ERS146-4112M		
	Program Total		<u>13,086</u>	<u>14,130</u>
	Total Expenditures of Federal Award:		<u>\$ 1,537,693</u>	<u>832,824</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

CALDWELL COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Caldwell County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Caldwell County, Missouri

Compliance

We have audited the compliance of Caldwell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Caldwell County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-2 through 03-3.

Internal Control Over Compliance

The management of Caldwell County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-2 through 03-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 03-2 through 03-3, to be material weaknesses.

This report is intended for the information and use of the management of Caldwell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

Schedule

CALDWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? x yes no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
16	U.S. Marshals Service Cooperative Agreement Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

03-1. County Budgetary and Financial Procedures

The County Clerk does not maintain a ledger of revenues, expenditures, and fund balances which could be reconciled to the County Treasurer's records. The County Clerk is not properly completing the cash reconciliations on the budgets, failed to include certificates of deposits in the available resources, and did not ensure budgets were prepared for numerous county funds.

- A. The County Clerk does not maintain a ledger of revenues, expenditures, and fund balances which could be reconciled to the County Treasurer's records. Instead, she uses copies of manual receipt slips and her manual warrant register to compile budget document information for revenues and expenditures after year end. However, she does not reconcile these amounts to the County Treasurer's records, and retains documentation of the revenue compilation information only for the General Revenue Fund and Special Road and Bridge Fund. The 2002 revenues for the General Revenue Fund on the budget were overstated by \$18,000 caused by double counting a \$4,700 transfer from the Road and Bridge Sales Tax Fund and including a \$13,300 transfer from the Road and Bridge Sales Tax Fund which actually went to the Special Road and Bridge Fund. The 2002 revenues for the Special Road and Bridge Fund on the budget did not include \$10,000 received from the Multi-County (ACCD 911) System. Sales tax revenues were understated for the Road and Bridge Sales Tax Fund for 2003 and 2002 by \$6,900 and \$3,000, respectively.

A similar condition was included in our prior report.

B. The county does not have procedures in place to ensure the county's budget documents accurately present financial activities of the county. Numerous inaccuracies were noted in the actual information presented in the county's budget documents for 2003 and 2002. This is primarily the result of the County Clerk not maintaining a ledger of revenues, expenditures and fund balances which could be reconciled to the County Treasurer's records, as discussed above.

- The county does not have procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the two years ended December 31, 2003. The lack of budgetary information for these funds, especially the Jail Construction Fund and the Block Grant Fund, is a significant omission from the county's financial statements. Receipts which were not budgeted totaled approximately \$2,624,000 and \$491,000 in 2003 and 2002, respectively. Disbursements which were not budgeted totaled approximately \$1,673,000 and \$512,000 for 2003 and 2002, respectively.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

- The County Clerk is not properly completing the cash reconciliations on the budgets. Rather than showing the change in outstanding warrants as a reconciling item for the funds on which warrants are issued, she made adjustments to either reported expenditures or revenues. As a result, revenues and expenditures are not accurately presented on the budgets. Reported expenditures should be the total warrants issued during the year plus bank service charges and any disbursements by the County Treasurer. Reported revenues should agree to the County Treasurer's records.
- Total revenues and expenditures presented on the county's budgets are overstated due to the inclusion of transfers between county funds. In 2003, approximately \$1,374,000 was transferred from the Jail Construction Fund to the Law Enforcement Sales Tax Fund to reimburse that fund for expenditures paid on behalf of the Jail Construction Fund. In addition, the county had not budgeted for such activity to run through the Law Enforcement Sales Tax Fund.
- While the County Clerk issues warrants for the Election Service Fund and the Election Fund, she does not maintain a warrant register for either fund. Therefore, she did not have the amount of warrants issued to present on the budgets as expenditures. As a result, the expenditures reported on the budget for the Election Service Fund were inaccurate. No budgets were prepared for the Election Fund.

- Budget projections of monies available for spending were significantly understated for the Special Road and Bridge Fund and the Road and Bridge Sales Tax Fund as the County Clerk failed to include \$100,000 and \$15,000, respectively, in certificates of deposits in the available resources.

As a result of the errors, it was necessary to make numerous adjustments to the amounts presented in the financial statements. Considering the various errors and omissions noted, the approved budgets did not provide Caldwell County citizens with reliable information about the county's finances.

In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

WE RECOMMEND the County Commission ensure the budget documents for all funds contain complete and accurate information about the county's finances and require the County Clerk to maintain an independent record of revenue, expenditures, and fund balances that can be reconciled to the County Treasurer's records. In addition, the County Commission should evaluate whether the current warrant/check system is providing the necessary information.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission realizes major improvements are needed in the county's financial system. Effective January 1, 2005, we plan to require the County Clerk to maintain independent financial records. We will require the new County Treasurer and the County Clerk to reconcile their records monthly. We are also considering discontinuing the use of warrants which should help to simplify some of these processes.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-2.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	95-PF-747 and 2002-ED-03
Award Years:	2003 and 2002

Questioned Costs: Not applicable
Federal Grantor: U.S. Department of Justice
Federal CFDA Number: 16
Program Title: U.S. Marshals Service Cooperative Agreement Program
Pass-Through Entity
Identifying Numbers: Not applicable
Award Years: 2003
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Highway Planning and Construction
Pass-Through Entity
Identifying Numbers: BRO-013(18), BRO-013(19), BRO-013(20), BRO-013(21),
BRO-013(22), BRO-013(23), and BRO-013(24)
Award Years: 2003 and 2002
Questioned Costs: Not applicable

The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

The overall incompleteness and inaccuracies contained in the SEFA indicates that the County Clerk's efforts were lacking. The county's SEFA did not include one of their major programs, U.S. Marshals Service Cooperative Agreement Program (CFDA 16), and expenditures for the other two major programs, Community Development Block Grant (CFDA 14.228) and Highway Planning and Construction (CFDA 20.205), were not reported correctly in 2003. In addition, four other non-major programs were not reported. The 2003 and 2002 SEFA schedules prepared by the County Clerk understated total expenditures by \$659,711 and \$34,328, respectively.

Without an accurate SEFA, federal financial activity may not be properly reported and audited in accordance with federal audit requirements.

Although a similar condition was noted in the two prior reports, the County Clerk has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

I will continue to do the best I can to prepare this schedule.

03-3.

Federal Financial Assistance

Federal Grantor:	U.S. Department of Justice
Federal CFDA Number:	16
Program Title:	U.S. Marshals Service Cooperative Agreement Program
Pass-Through Entity	
Identifying Numbers:	Not applicable
Award Year:	2003
Questioned Costs:	Not applicable

The county did not obtain information to document that prevailing wage rates were paid to all laborers employed by the detention center contractors. As a result, the county did not ensure prevailing wages were paid to all detention center laborers, as required by the Davis-Bacon Act. The Davis-Bacon Act requires all laborers or mechanics employed by contractors on construction projects financed by federal assistance be paid prevailing wage rates.

WE RECOMMEND the County Commission consult with the grantor agency to determine if action is necessary. In the future, the County Commission should ensure all contract laborers are paid prevailing wage rates on federally funded construction projects.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will contact the grantor agency and resolve this by April 1, 2005.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CALDWELL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Caldwell County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Budgetary and Reconciliation Controls

Variance amounts were reported in Exhibit B in order for the statements to be mathematically accurate. The County Clerk's manual warrant register did not agree with the payroll and distribution of expenditures registers. The actual cash balances, receipts and disbursements in the budget did not agree with the County Clerk's registers. Furthermore, bank charges, some jury fees and some interfund transfers were omitted from the County Clerk's registers. The county and Health Center issued warrants in excess of budgeted amounts and cash balances. The County Treasurer reconciled the bank statements to the County Treasurer's checkbook which did not include consideration of outstanding warrants. The County Treasurer's and County Clerk's warrant amounts did not agree.

Recommendation:

The County Clerk use the computer program to record all receipts and disbursements for each fund of the county, including bank charges, jury fees and interfund transfers. This register should also provide the actual balance per fund that is available to issue warrants against. This register would provide an independent source for the County Treasurer to reconcile the bank statements to. Until this can be fully implemented, we recommend the County Clerk ensure the mathematical accuracy and agreement of the warrant register to the distribution of expenditures and payroll registers no less than monthly. We also recommend the County Clerk provide the County Commission with a monthly budget to actual comparison to assist in complying with budgetary and special revenue fund controls.

Status:

Not implemented. See finding number 03-1.

01-2. County Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues. The county's net excess property tax revenues collected as of December 31, 2001, were \$48,101.

Recommendation:

The County Commission reduce the property tax levy adequately to meet sales tax reduction requirements, including reductions for excess property taxes through 2001.

Status:

Partially implemented. Through December 31, 2003, the county has reduced the net excess property tax collections to \$24,709. See Management Advisory Report (MAR) finding number 1.

01-3. Excessive Interfund Transfer

The administrative transfer from the Road and Bridge Sales Tax Fund exceeded the 3 percent limitation by \$1,089.

Recommendation:

The County reduce the administrative transfer in 2002 by \$1,089 or return \$1,089 to the Road and Bridge Sales Tax Fund.

Status:

Partially implemented. While administrative transfers were reduced by \$1,089 during 2002, administrative transfers from the Road and Bridge Fund and the Road and Bridge Sales Tax Fund still exceeded the 3 percent limitation during the two years ending December 31, 2003. See MAR finding number 1.

01-4. Procurement

The county and Health Center did not always solicit bids on purchases of \$4,500 or more. Additionally, the county and Health Center did not document support for sole source procurements or reasons for not accepting the lowest bids.

Recommendation:

The County and Health Center solicit bids on items costing \$4,500 or more, and retain documentation supporting sole source procurements and acceptance of bids that are not the lowest.

Status:

Not implemented. See MAR finding numbers 5 and 10.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CALDWELL COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

01-5. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately identify federal assistance for the preparation of the schedule of expenditures of federal awards.

Recommendation:

The county prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 03-2.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CALDWELL COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Caldwell County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 9, 2004. We also have audited the compliance of Caldwell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 9, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Caldwell County or of its

compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
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The County Commission has not improved the General Revenue Fund's poor financial condition which has continued since 1998. The County Commission also needs to take into consideration the additional liabilities that resulted from errors which have been noted in past and current audits.

- A. The County Commission has continued to have negative balances in the General Revenue Fund since 1998. Although the General Revenue Fund negative cash balance has decreased in some years, the County Commission has not been able to maintain an improvement in the financial condition of the county. The County Commission has also allowed several other funds to have negative balances (see MAR 5). The following chart shows the General Revenue Fund revenues, expenditures, and cash balances for the three years ended December 31, 2003:

		2003	2002	2001
Cash Balance, January 1	\$	(138,819)	(65,388)	(101,321)
Revenues		895,209	806,398	942,785
Expenditures		840,800	879,829	906,852
Cash Balance, December 31	\$	(84,410)	(138,819)	(65,388)

The county budgets' estimated General Revenue Fund cash balances showed improvements for the two years ended December 31, 2003. However, the budget is not used to monitor the county's financial position. The budgeted and actual expenditures are not compared until the end of the year when the financial statements are prepared. As a result of not adequately monitoring the budget, actual expenditures exceeded budgeted amounts in the General Revenue Fund during the years ended December 31, 2003 and 2002, by approximately \$6,000 and \$45,000, respectively. Additionally, actual revenues were less than budgeted amounts for the General Revenue Fund during the same period by approximately \$82,000 and \$99,000, respectively. By expending more than the budgeted amount and receiving fewer revenues than the budgeted amount, the cash balance in the General Revenue Fund has declined.

The General Revenue Fund has continued to decline in 2004 according to the County Treasurer's records. As of November 30, 2004, the General Revenue Fund balance was negative \$160,118. In 2004, a significant factor in the declining financial

condition of the General Revenue Fund was expenses for establishing the detention center, such as bedding and transport vehicles.

Considering these factors, the County Commission should review expenditures and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all revenues in consideration of the General Revenue Fund's financial condition.

In addition to the financial difficulties addressed above, the additional factors in point B, if addressed will further contribute to the poor financial condition of the General Revenue Fund.

B. The county also needs to take into consideration the additional liabilities of the General Revenue Fund that resulted from errors noted in past and current audits.

- The County Commission transferred more than the amount allowed by state law for the General Revenue Fund's administrative service fees. The county exceeded the allowable transfer by \$15,670 and \$4,408 from the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund, respectively, during the two years ending December 31, 2003. At least part of the problem was caused by unreasonable budgets prepared for the Special Road and Bridge Fund, since the transfer is based on budgeted expenditures, rather than actual. Actual expenditures of the Special Road and Bridge Fund were well below budgeted expenditures and the transfers made were not adjusted.

Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund. The administrative service fee shall not exceed three percent of the total budget of the fund. These transfers have taken funds which are restricted to road and bridge purposes, and used them for the county's general operating expenses.

- The county has not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Caldwell County voters under the provisions of Section 67.505, RSMo 2000. Although the county has reduced the excess property taxes from \$48,101 at December 31, 2001, the county has still collected \$24,709 in excess General Revenue property taxes at December 31, 2003.

The county's assessed valuation in the 2002 and 2003 preliminary estimates was significantly less than the actual. In addition, the net excess was not properly taken into consideration when calculating the 2003 and 2002 property tax rollbacks. The County Clerk should ensure the preliminary

estimate is accurately calculated and any excess collections from prior years are included when computing future property tax rollbacks.

WE RECOMMEND the County Commission:

- A. Consider the various alternatives of increasing revenues and/or reducing expenditures. In addition, the County Commission needs to review discretionary expenditures and evaluate management practices to more efficiently use the resources available to the county.
- B. Develop a repayment plan for the money which is due from the General Revenue Fund to the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund. The County Commission should also ensure future administrative transfers do not exceed the statutory allowance. In addition, the County Commission needs to reduce the General Revenue Fund property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

AUDITEE'S RESPONSE

- A. *We agree and are trying to monitor the county's financial condition. The new detention center has been part of the declining cash balance in 2004. We believe that the revenues from the detention center should improve the General Revenue Fund's cash balance.*
- B. *We will develop a repayment plan for the administrative service fees. The commission has already rolled back the property tax levy by one cent in 2004 to resolve excess property tax collected, and plans to resolve any remaining excess by the 2006 tax year.*

2. Budgetary Practices and Published Financial Statements
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The county's annual published financial statements did not include the financial activity for most of the county funds. In addition, expenditures were made in excess of budgeted amounts for several funds.

- A. The county's annual published financial statements only included financial activity for five county funds. While this issue has been discussed with the County Commission and the County Clerk on several occasions in the past and has been recommended in previous audits, no changes in procedures regarding publishing financial statements has been made. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. In addition, the publishing of complete and timely financial statements, besides meeting statutory requirements,

provides information to citizens as to the operations of their county government and how tax dollars are spent.

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursement or expenditures, and beginning and ending balances for each county fund.

- B. Expenditures were made in excess of approved budgeted amounts for the following funds:

Fund	Year Ended December 31,	
	2003	2002
General Revenue	\$ 6,057	45,170
Assessment	1,805	N/A
Road and Bridge Sales Tax	6,585	31,648
Law Enforcement Training	N/A	1,896
Domestic Violence	144	70
Record Storage	3,852	N/A
Prosecuting Attorney Bad Check	2,366	1,083
Sheriff Civil Fees	N/A	9,164
Election Services	198	199
Law Library	2,018	2,673
Circuit Clerk Interest	N/A	11,860

For all funds listed above, reports comparing budgeted and actual expenditures are not prepared through out the year. Instead, these reports are prepared at the end of the year when the next years' budget information is compiled. The county's procedures and reports are resulting in ineffective monitoring of various budgets.

It was ruled in State ex rel. Strong v. Cribb. 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.
- B. Adopt procedures to compare budgeted and actual expenditures and ensure the county and applicable officials do not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE

- A. *We agree and will make strides to have the 2004 published financial statements include all funds.*
- B. *We agree and in 2005 will compare budget to the actual expenditures on a monthly basis.*

3. County Treasurer's Controls and Procedures
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Differences between reconciled bank balances and fund ledger balances are not always investigated and resolved by the County Treasurer and receipt slips issued do not always indicate method of payment.

- A. Although the County Treasurer prepares bank reconciliations, differences between reconciled bank balances and fund ledger balances are not always investigated and resolved. The County Treasurer did attempt to reconcile her semi-annual settlements to bank statements; however, details of reconciling items were not maintained. Because proper reconciliations have not been performed, errors have occurred without timely detection. For example, in September 2003, a \$776 state reimbursement was wire transferred into the main bank account without being receipted or recorded in the fund ledger. This error was not detected until June 2004 when, at our request, the Treasurer attempted to reconcile the bank balance for this account to the fund ledger balances. In addition, the Treasurer had included approximately \$2,100 in transfers made to correct errors in deposits in the General Revenue Fund's expenditures although the monies had not been receipted in General Revenue Fund. As a result, the General Revenue Fund's ending balance was understated.

To ensure errors are detected and corrected on a timely basis, bank balances should be reconciled to the Treasurer's fund ledgers on a monthly basis and any discrepancies noted should be investigated and resolved on a timely basis.

- B. The method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and composition of the receipt slips issued should be reconciled to the composition of deposits.

WE RECOMMEND the County Treasurer:

- A. Investigate and resolve differences between the reconciled bank balances and the fund ledger balances on a timely basis.
- B. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

- A. *I have always reconciled the statement monthly and am now investigating differences between bank and book balances on a monthly basis.*
- B. *My procedure is to always indicate cash payments as such. The instances noted by the auditors where this was not done were isolated. In the future, I will ensure the composition of the receipt slips agree with the deposit.*

4. Officials' Salaries and Payroll Policies and Procedures

Elected officials salaries were not set consistent with the salary commission decisions, and the County Clerk does not maintain centralized compensatory time records for each employee. The county also does not maintain documentation to support the amount of salary reimbursed by the Multi-County (ACCD 911) System or Special Road and Bridge, nor do they maintain detailed timesheets for the employees. In addition, the Sheriff's department is not following the county's policy for awarding compensatory time or overtime to emergency service employees.

- A. Officials' salaries were not handled consistently. The county salary commission met in 1999 and 2001 to set the salaries for the elected officials taking office in 2001 and 2003, respectively. Both county salary commissions approved the elected officials to be paid 98% of the statutory base rate. It appears from our review of salaries that some officials were not paid at 98% of the statutory base rate. The County Coroner's salary was set below the amount approved by the salary commission and the Prosecuting Attorney's salary was set above the approved amount.

The county should review this matter with the Prosecuting Attorney to ensure all elected officials salary was set at the level established by the salary commission.

- B. The county does not maintain adequate documentation to support the salary allocations of two employees paid from the Special Road and Bridge Fund. The Janitor was paid approximately \$17,000 annually and none of his salary was allocated to the General Revenue Fund, even though he performs various tasks related to general county government. The 911 Coordinator, who also performs some functions for the road and bridge department, was paid approximately \$18,000 annually, with 55 percent of her salary being reimbursed by the Multi-County (ACCD 911) System. While these employees complete timesheets, they do not contain detail to indicate the type of work performed which could support the allocations or lack thereof. Due to the lack of documentation on timesheets, none of the janitor's salary was taken into consideration when determining the administrative transfer from Special Road and Bridge Fund to the General Revenue Fund (See MAR 1.B.), which would have reduced the amount of the allowable transfer.

To ensure restricted funds are used for their intended purpose and to support the allocation of salaries to the various county funds, detailed time sheets should be maintained to support the amount of salary charged to each county fund.

- C. The County Clerk does not maintain centralized compensatory time records for employees. While the Sheriff's department is apparently the only county official/department where compensatory time is earned, the compensatory time records maintained by the Sheriff do not clearly indicate compensatory time earned, used, and accumulated balances. As a result, the county does not have adequate records to monitor overtime worked by county employees and its overall liability for compensatory time.

Centralized records help ensure that the employees' overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

- D. The Sheriff's Department is not following the county's policy for awarding compensatory time or overtime to emergency service employees. Although the policy states that overtime for the emergency service personnel is to be based on a 28 day work cycle, the county does not keep records to track the 28 day work cycle. The Sheriff's Department was awarding compensatory time or overtime for all hours worked each week in excess of forty hours or for additional work beyond normal on duty hours, such as court appearances. In addition, the county's policy indicates overtime compensation is to be awarded at straight time. The FLSA requires the county to pay overtime compensation or award compensatory time at time and a half. The county should review these matters and, if necessary, consult with the U.S. Department of Labor.

To verify the amount of compensatory time earned, the county should maintain records documenting the 28 day work cycle. The county is required under the FLSA

to account for and pay overtime or allow compensatory time off at the premium rate for any hours worked over the FLSA limit each week for all non-exempt employees.

WE RECOMMEND the County Commission:

- A. Consult with the Prosecuting Attorney regarding the salaries paid to all elected officials taking office in 2001 and 2003 to determine compliance with state law and the salary commission decisions.
- B. Require detailed timesheets from the 911 Coordinator and Janitor to ensure appropriate amounts are paid from the appropriate fund.
- C. Require all employees to report compensatory time earned and taken on their monthly time sheets and require the County Clerk to maintain centralized compensatory time records for all county employees.
- D. Ensure records are maintained that would allow the 28 day work cycles to be properly evaluated for FLSA compliance. In addition, the County Commission should review county payroll policies and ensure the county appropriately considers any policy changes needed along with FLSA requirements when handling employee payrolls. This policy review should include obtaining appropriate legal opinions and, if necessary, consult with the U.S. Department of Labor.

AUDITEE'S RESPONSE

- A. *We have obtained an opinion from the Prosecuting Attorney for the County Coroner's salary and have begun making payments for previous years underpayments. We have already had discussions with the Prosecuting Attorney regarding his salary and are developing a plan for repayment.*
- B. *We agree and will begin doing this immediately.*
- C. *We agree and will begin requiring the County Clerk to maintain these records.*
- D. *We are working with the Sheriff and County Clerk to ensure that this information is tracked in accordance with FLSA. We will review our policy regarding overtime and will update policy as necessary by January 31, 2005.*

5. Expenditures

The county issued warrants in excess of the cash balance for several funds. Improvements are needed for the policies and procedures over the procurement of goods and professional services and formal written agreements need to be entered into for contract services. In addition, the County Commission does not require acknowledgment of receipt of goods or

services to be noted or always document approval of invoices for payment. Furthermore, the county does not have adequate procedures to track payments for services which resulted in IRS Forms 1099-MISC not being issued.

- A. The county issued warrants in excess of the fund balance for three funds at December 31, 2003 and 2002. Caldwell County uses the warrant system to pay expenditures. Warrants are issued for payroll and payables of county funds, and the bank honors the warrants presented for payments as negotiable instruments. As monies are available in the various funds, the County Treasurer redeems the warrants honored by the bank with a check on the county bank account. At December 31, 2003 and 2002, the county had issued warrants which exceeded the fund balances of the following funds:

	2003	2002
General Revenue Fund	\$ (84,410)	\$ (138,819)
Assessment Fund	(1,445)	0
Law Enforcement Sales Tax Fund	(432)	(7,305)
Election Fund	0	(16,035)
	<u>(86,287)</u>	<u>(162,159)</u>

The county should refrain from issuing warrants which exceed the fund balance.

- B. The county needs to improve its policies and procedures over the procurement of goods and professional services. We noted the following problems during our review of expenditures:

1. Bids were not always solicited by the county. Examples of the items purchased without documentation of bids or advertisement included a gravel expenditure for approximately \$18,620 and a dispatch radio for approximately \$6,445.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

2. The County Commission signed two lease-purchases without soliciting proposals from various entities. The county received \$150,000 from a 15-year lease-purchase signed in 2002 to construct a jail facility. The county also received \$2.3 million from a 16-year lease-purchase signed in 2003 to construct the detention center. Both of the lease-purchases have a 5.75% interest rate. If the county follows the two payment schedules prepared by the lessor, the county will have paid approximately \$1.3 million in interest over the life of these leases. The County Commission should always seek proposals for professional services and document the basis for the selection to ensure the county is receiving quality service at a reasonable price.
- C. The county did not enter into formal written agreements for contract services, including election services costing \$6,850 and housing inmates at a private jail costing \$6,180. As a result, the county is unable to ensure the appropriate services were received at the proper price.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Commission minutes should document approval of all agreements.

- D. The County Commission does not require acknowledgment of receipt of goods or services or always document approval of invoices for payment. The Presiding Commissioner did not stamp some of the invoices to indicate the County Commission approval.

The county should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. In addition, expenditures made from county funds should be reviewed and approved by the County Commission before payment is made to ensure all expenditures represent valid operating costs of the county. To adequately document the County Commission's review and approval of all expenditures, all invoices should be approved prior to payment.

- E. The county does not have adequate procedures to track payments to vendors for services, which resulted in IRS Forms 1099-MISC not being issued. Forms 1099-MISC were not issued for four individual contractors with payments totaling \$7,700. These payments to each contractor exceeded \$600 a year. Section 6041 and 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 or more in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-MISC.

WE RECOMMEND the County Commission:

- A. Cease the practice of issuing warrants in excess of the fund balance on which the warrant is drawn.
- B.1. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances.
- B.2. Solicit and document proposals for professional services.
- C. Ensure that contracts are obtained and entered into for services received.
- D. Review and approve all expenditures of county funds. In addition, the County Commission should require acknowledgment of receipt of goods and/or services prior to payment.
- E. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

AUDITEE'S RESPONSE

- A. *We agree and are exploring options to keep our fund balances positive.*
- B.1. *Our procedure is to bid all expenditures in excess of \$4,500.*
 - 2. *We agree and will do this in the future. This was a unique opportunity suggested by our only local bank, which had an interest in the project.*
- C. *We agree and will do this in the future.*
- D. *We agree and will immediately begin doing these procedures.*
- E. *We agree.*

6. Outdoor Recreation Grant Controls and Procedures
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The County Commission is not adequately monitoring the use of monies from the \$200,000 Outdoor Recreation Grant. The county hired an administrator, at \$70 per hour, to oversee the construction of a park. The county does not maintain documentation of how the county is meeting the fifty percent matching requirement for the grant, or invoices, bids, and contracts related to the park grant.

The administrator used approximately \$125,000 of her own monies during 2003 to pay some of the contractors utilized for the park and indicated this was done due to a lack of available

county monies. The county reimbursed these monies when the grant monies were received in 2004. The reimbursement requests from the administrator did not include adequate documentation, such as invoices and bid documentation. The administrator's invoice, totaling \$12,745, did not include detail of the tasks performed or the dates the services were provided and also indicated additional hours were worked but not billed, which should be considered a donation. In addition, donations of cash and services by area businesses and volunteers were not tracked by the county, which could be used to meet the matching requirements of the grant. The county does not have a contract with the administrator detailing the services she will perform and the compensation to be paid and proposals were not solicited by the county for these administrative services.

Without adequate documentation for the grant, the County Commission has less assurance that monies were expended in compliance with the grant requirements and statutory provisions. The park grant monies should be maintained in the county treasury and the County Commission should authorize the use of these funds to the appropriate contractors.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing.

WE RECOMMEND the County Commission adequately monitor the use of grant monies and solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances. The County Commission should also ensure that contracts are obtained and entered into for services received. In addition, the County Commission should require adequate supporting documentation prior to approving expenditures for payment.

AUDITEE'S RESPONSE

In the future, we will adequately monitor all grants by ensuring all grant monies are held by the County Treasurer.

7. Property Tax Books and Procedures

The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by statute. The County Clerk does not maintain an account book with the Ex Officio Collector nor does she review the computer delinquent tax book for

accuracy. In addition, the County Commission does not review or approve the Ex Officio Collector's annual settlement as required by law, controls over tax book additions and abatements are not sufficient, and the various officials do not maintain confidential passwords to the property tax system. Furthermore, the County Clerk does not ensure that township collectors turn in signed receipts from the various political subdivisions to document that the monies were properly distributed.

- A. The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data from the assessment sheets. This data entry is to be completed by May 31 of each year. In addition, the County Assessor is allowed access to the assessment data in the property tax system during the meetings of the county Board of Equalization so she can change assessed valuations when approved by the board.

After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. However, the County Assessor and her staff are allowed access to the assessment data at all times. As a result, there is an increased risk that unauthorized changes can be made to the assessment data. In addition, Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission.

- B. The County Clerk does not maintain an account book with the Ex Officio Collector. In addition, when the County Clerk generates the delinquent tax book, she does not reconcile it to the township listings of delinquent taxes or the unpaid tax statements.

An account book would summarize all taxes charged to the Ex Officio County Collector and township collectors, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collectors each year is complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the Ex Officio County Collector's annual settlements.

- C. The County Commission does not review or approve the Ex Officio Collector's annual settlement as required by law. Review of the Ex Officio Collector's annual settlement would ensure that property tax collections and delinquent credits reconcile to taxes charged on the tax books.

The annual settlement prepared by the Ex Officio County Collector contained errors in amounts reported. Total collections and distributions were underreported by approximately \$58,000 for the year ending February 29, 2004 and were over reported

by approximately \$29,000 for the year ending February 28, 2003. Property tax collections by the township collectors were not broken down by type on the township annual settlements and were not on the monthly settlements for most of the township collectors. This information is available based on posting individual tax payments to the system, but the County Clerk does not retain this information to give to the Ex Officio County Collector, which is necessary for accurate preparation of the annual settlements.

Section 139.160, RSMo 2000 requires the collector to "... settle his accounts of all moneys received by him on account of taxes and other sources of revenue...". By incorrectly reporting collections and distributions, the Ex Officio County Collector had not provided the County Commission with an accurate and complete settlement.

- D. Controls over tax book additions and abatements are not sufficient. Additions and abatements are prepared by the County Assessor and given to the County Clerk who prepared court orders which are subsequently approved by the County Commission. While the County Clerk does number the court orders, she does not attempt to account for numerical sequence and reconcile total additions and abatements to the township collectors' annual settlements and Ex Officio County Collector's annual settlements. As a result, errors in the annual settlements could go undetected.

To ensure all additions and abatements have been accounted for properly and to help verify the accuracy of such activity reported by the Ex Officio County Collector and the township collectors on the annual settlements, the County Clerk should account for numerical sequence of court orders issued and reconcile total additions and abatements to the collectors' annual settlements.

- E. The County Clerk instituted a policy of requiring all township collectors to provide her with signed receipts from the various political subdivisions to document that monies were properly distributed. The County Clerk indicated she instituted this policy after it was discovered a township collector had not been distributing property tax monies as reported on the monthly settlements in 2000, as reported in our prior report. However, the County Clerk is not adequately following up township collectors who fail to turn in receipts.
- F. The Ex Officio County Collector does not prepare a listing of open items (liabilities) for reconciliation to the bank account balance. We reviewed the bank account balance and identifiable liabilities at February 29, 2004, and found approximately \$3,500 of the bank balance could not be identified.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- G. The County Assessor, County Clerk, and Ex Officio Collector do not maintain confidential passwords to the property tax system nor do they change their passwords periodically. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit unauthorized access to computer files.

Conditions similar to B and C were in our prior report.

WE RECOMMEND:

- A. The County Commission restrict access to the assessment data during periods when changes to the data are not allowed by statutes.
- B. The County Clerk establish and maintain an account book with the Ex Officio County Collector's and township collectors' transactions. In addition, the County Commission should consider using the account book to verify the Ex Officio County Collector's annual settlements.
- C. The County Commission review the Ex Officio Collector's annual settlements, reconciling tax collections and credits to taxes charged on the tax books, as required by law.
- D. The County Clerk account for the numerical sequence of court orders and reconcile additions and abatements to the Ex Officio County Collector's and township collectors' annual settlements.
- E. The County Clerk ensure that signed receipt slips from all political subdivisions are received in a timely manner from all township collectors.
- F. The Ex Officio Collector reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine the disposition of the remaining unidentified amounts in the bank account.
- G. The County Commission consult with the property tax system programmer and establish procedures including the use of unique passwords to restrict access to computer files to authorized individuals.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&G. We will contact our programmer to resolve these issues.

C. We agree and for the 2005 tax year we will ensure this is done.

The County Clerk provided the following responses:

- B. I agree and for the 2005 tax year I will maintain an account book.*
- D. I agree and will implement this recommendation in 2005.*
- E. In the past I have contacted the Township Collector, but did not maintain any documentation of contacting them. I will start sending letters requesting this information in the future.*

The Ex Officio Collector provided the following response:

- F. This recommendation has been implemented and the excess funds have been identified and distributed.*

8. Townships Controls and Procedures

The county does not adequately monitor townships use of County Aid Road Trust (CART) monies, some township collectors were under bonded, and the county did not ensure township road boards' financial statements were prepared and published as required by law.

- A. According to county ledgers, five of the twelve townships had negative CART balances totaling approximately \$5,000 on December 31, 2003. Each township is allocated a portion of the CART monies based on the number of road miles. The townships submit invoices for gravel purchases to the county for payment. The county does not compare available balances to the invoices submitted for payment, which in some instances caused balances to be negative. The County Commission should adequately monitor and refrain from paying invoices which exceed the township's available CART balance.
- B. Nine of the twelve township collectors were bonded for less than the amount required by state law. While a similar condition was noted in the prior two audit reports, the County Commission has not corrected this situation and has allowed township collectors to handle significant amounts of taxpayer monies without having this safeguard in place.

Section 65.460, RSMo 2000, requires a township collector to give bond in a sum for any month equal to the average total monthly collection for the same month during the preceding four years, but not to exceed one-half the largest amount collected during any one year preceding his/her election or appointment, including school taxes. This section also requires the County Commission to examine the bonds of township collectors annually for adequate coverage.

- C. The County Clerk does not ensure township boards' financial statements were published as required by state law. Section 231.290, RSMo 2000, requires the

County Clerk to ensure a detailed account of their financial activity, along with an inventory of the township's property, is published in a local newspaper and filed with the County Clerk.

WE RECOMMEND the County Commission:

- A. Closely monitor the township allocations and cease the practice of issuing warrants in excess of the townships allocation of CART monies.
- B. Require all township collectors to file bonds in amounts required by state law.
- C. And the County Clerk ensure all townships publish financial statements in a local paper in accordance with state law.

AUDITEE'S RESPONSE

- A. *We agree and are considering other methods of distributing these monies.*
- B. *We agree and will more closely monitor these bonds in the future.*
- C. *We agree and will implement procedures in the future to ensure these are published.*

9. General Capital Assets

Records accounting for county property need improvement. Vehicle and fuel usage logs were also not maintained.

- A. Records accounting for county property need improvement. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections.

Currently, the County Clerk maintains a manual inventory listing of capital assets held by county officials. The County Clerk indicated she gives each county official their inventory listing annually so a physical inventory can be performed. Officials are to notify the County Clerk of any discrepancies between the inventory listing and the physical inventory. We noted the following problems regarding various capital asset records:

- Records are not maintained in a manner that reconciliations could be performed from period to period (beginning balance plus additions less dispositions equals the ending balance).

- Property tags are not affixed to newly purchased assets immediately upon receipt.
- The acquisition fund and serial numbers are not recorded in the capital asset records.
- Documentation of annual physical inventories is not maintained.
- Written authorization is not obtained from the County Commission for the disposition of capital assets.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the county needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the county. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. The Sheriff's Department, Road and Bridge Department, and county do not maintain vehicle usage logs for any of their 19 vehicles to document how the vehicles are used. In addition, fuel purchases are not tracked for Sheriff's Department and county vehicles. Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should identify the employee the vehicle is assigned to, the dates used, miles driven, destination, and purpose of the trips. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to handling and accounting for general capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.
- B. Ensure the Sheriff's Department, Road and Bridge Department, and county maintains logs for vehicles which include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. Ensure these logs are reviewed by a supervisor to ensure vehicles are used only for county business.

AUDITEE'S RESPONSE

- A. *We agree and will take steps to implement this in 2005.*
- B. *Each department is tracking this information by various methods. At this time, we and Sheriff do not believe our current method is a problem.*

10. Health Center Controls and Procedures
--

Several weaknesses were noted with Health Center expenditures including bidding, entering into formal written agreements, and inadequate documentation of work performed for contract services. In addition, the Health Center Board did not ensure approval of invoices for payment and acknowledgment of receipt of goods or services was indicated. Furthermore, several weaknesses were noted with general capital assets.

- A. Bids were not always solicited by the Health Center. Examples of the items purchased without documentation of bids or advertisement included asphalt paving for approximately \$7,690 and two vaccine purchases for approximately \$9,555 and \$8,250. The Health Center Administrator indicated the vaccines were only available from two companies and verbal bids were obtained, but this was not documented in the Health Center Board minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of Health Center resources and helps to assure the Health Center receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom

bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.

- B. The Health Center did not enter into formal written agreements for contract services or take steps to ensure supporting documentation for work performed was obtained prior to payment. The contract services which could not be properly supported were bookkeeping services costing \$800 a month and clinic services costing \$540 a clinic.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a Health Center from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Board minutes should document approval of all agreements. Further, the Health Center Board should require adequate supporting documentation be provided by the contract laborers, including details regarding work performed.

- C. The Health Center Board does not require acknowledgment of receipt of goods or services to be noted or always document approval of invoices for payment. The Board President and Board Treasurer indicated they sign a detailed listing of bills, but some of the listings of bills we reviewed were not signed. In addition, these listings are not retained with the official minutes.

The Health Center Board should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of Health Center funds. In addition, expenditures made from Health Center funds should be reviewed and approved by the Board before payment is made to ensure all expenditures represent valid operating costs of the Health Center. To adequately document the Board's review and approval of all expenditures, a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval, and retained with the official board minutes.

- D. Records accounting for Health Center property need improvement. We noted the following problems regarding various capital asset records:

- Records are not maintained in a manner that reconciliations could be performed from period to period (beginning balance plus additions less dispositions equals the ending balance).

- Documentation of annual physical inventories is not maintained.
- Written authorization is not obtained from the Health Center Board for the disposition of capital assets.

Adequate general capital asset records are necessary to secure better internal control over Health Center property, and provide a basis for determining proper insurance coverage. Physical inventories of Health Center property are necessary to ensure the capital asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Further, the Health Center needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the Health Center. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with Health Center property.

WE RECOMMEND the Health Center Board:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.
- B. Ensure that contracts are obtained and entered into for services received. In addition, the Health Center Board should require adequate supporting documentation be submitted by the contractors.
- C. Review and approve all expenditures of Health Center funds which should be adequately documented by including a listing of all approved expenditures in the board minutes. In addition, the Health Center Board should require acknowledgment of receipt of goods and/or services prior to payment.
- D. Establish a written policy related to handling and accounting for general capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with Health Center property.

AUDITEE'S RESPONSE

- A. *We agree and will do this in the future.*
- B. *We agree and will ensure contracts are entered into in the future.*

- C. *We regularly approve a detailed listing of bills. In the future, the detailed listing of bills will be included with the minutes.*
- D. *We will review the recommendation.*

11. Circuit Clerk Controls and Procedures
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The Circuit Clerk oversees the Circuit, Associate, and Probate divisions which combined bank accounts in June 2003. Monies received are not deposited on a timely basis and receipt slips do not indicate the method of payment (cash, check, and money order). The Circuit Clerk also maintains monies that should be deposited into the county treasury. In addition, a listing of open items (liabilities) has not been prepared for the court bank account, outstanding checks are not followed up on, and accrued costs are not adequately monitored.

- A. Monies received are not deposited on a timely basis. Court monies averaging \$4,000 are deposited approximately once a week. In addition, the method of payment (cash, check, and money order) is not indicated on the Circuit Court receipt slips. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and the composition of the receipt slips issued should be reconciled to the composition of deposits.
- B. The Circuit Clerk has not prepared a listing of open items (liabilities) for the Circuit, Associate, and Probate divisions. These divisions' account balances at December 31, 2003 totaled \$52,590.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- C. The Circuit Clerk maintains monies in her fee account used for drug testing which totaled \$3,282 at December 31, 2003. These fees are received from the Sheriff, who offers drug tests to citizens for \$15 per test. The drug testing monies should be deposited into the county treasury and the County Commission or Circuit Judge should authorize the use of these funds. Section 50.370, RSMo 2000, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.
- D. The Circuit Clerk has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, thirty-nine checks totaling \$1,648 had been outstanding for over a year, including checks that had been outstanding for over seven years. Procedures should be established to routinely investigate any checks

remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If payees cannot be located, the amount should be disbursed in accordance with Sections 447.500 through 447.595, RSMo 2000, or other applicable statutes that allow for the disposition of unclaimed monies.

- E. The Circuit Clerk does not maintain a listing of accrued costs owed to the court and monitoring procedures are not adequate. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. However, if payment is not received, the Circuit Clerk does not initiate any further collection procedures. An estimate of total accrued costs could not be determined by the Circuit Clerk. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Circuit Clerk:

- A. Deposit monies daily or when accumulated receipts exceed \$100. In addition, the Circuit Clerk should ensure the method of payment is recorded on each receipt slip issued and the composition of receipts slips issued is reconciled to the composition of deposits.
- B. Attempt to identify the unidentified balances of the court bank account. Any monies remaining unidentified should be disposed of in accordance with state law.
- C. Remit drug fund monies to the County Treasurer as required by state law.
- D. Establish procedures to routinely follow up on old outstanding checks.
- E. Maintain a record of accrued costs and establish procedures to follow up and pursue timely collection.

AUDITEE'S RESPONSE

- A. *I will begin making deposits at least twice weekly. One of the reasons we have only been depositing weekly is because we have no bank in Kingston. We have already begun reconciling receipt slips to deposits.*
- B. *The unidentified balance has remained constant for the past several months. We will continue to investigate this difference.*
- C. *I distributed drug monies totaling \$3,138.39 to the County Treasurer on September 10, 2004 and am no longer handling these funds.*
- D. *This has been implemented.*
- E. *I have established a spreadsheet to track amounts due to the court and will pursue collection to the extent possible.*

The Planning and Zoning office collects approximately \$20,000 annually. The duties of cash custody and record-keeping have not been adequately segregated in the Planning and Zoning office. In addition, building permits issued are not accounted for and building permits issued are not reconciled to the building permit receipt slips and the monies transmitted to the County Treasurer.

- A. The duties of cash custody and record-keeping have not been adequately segregated in the Planning and Zoning office. The Planning and Zoning Director collects monies, records transactions, and prepares transmittals. There are no documented reviews of the accounting records performed by the County Commission.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The County Commission does not account for the numerical sequence of building permits. Also, building permits issued are not reconciled to the building permit receipt slips and the monies transmitted to the County Treasurer.

To provide additional assurance all monies are properly collected, recorded, and transmitted, the numerical sequence of building permits should be accounted for properly. In addition, building permits issued should be reconciled to the building permit receipt slips and building permit monies transmitted to the County Treasurer to ensure all building permit fees are being received, recorded, and transmitted.

WE RECOMMEND the County Commission:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the County Commission should ensure documented supervisory reviews of the accounting records are performed.
- B. Require the numerical sequence of building permits be accounted for properly. In addition, the building permits issued should be reconciled to the building permit receipt slips and fees collected for all building permits.

AUDITEE'S RESPONSE

- A. *We are currently reviewing monthly reports from the Planning and Zoning Director, and will ensure our review is documented in the minutes.*
- B. *We agree and will begin doing this in January 2005.*

13. Sheriff Controls and Procedures
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The Sheriff's Department has not maintained documentation of prisoner attendance and the number of meals served, prepared a listing of open items (liabilities) for the Sheriff's bank account, or retained documentation to support how monthly disbursement amounts were determined. In addition, deposits are not made timely and disbursements of various fees collected are not made timely.

- A. Monies received are not deposited on a timely basis. Sheriff's fees averaging \$430 are deposited approximately once a week. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- B. Disbursements to the state, county, and other applicable parties for fees collected are not made timely. We noted time lags between the date fees were received and the date fees were distributed frequently exceeded one month. For example, the fees collected in October 2003, totaling approximately \$960, were not disbursed until December 2003.

State law requires that all fees collected by the Sheriff be distributed monthly to the state and county treasurer. Timely disbursements of fees collected are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.

- C. The Sheriff's Department has not prepared a listing of open items (liabilities) for the fee bank account which had an account balance at December 31, 2003 of \$4,639.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- D. Documentation of prisoner attendance and the number of meals served are not maintained. Expenditures for local prisoner food totaled approximately \$5,500 and \$6,800 in 2003 and 2002, respectively. The Caldwell County jail does not house prisoners on a regular basis. Prisoners are booked at the Caldwell jail, and then

transported to neighboring county jails for incarceration. The only time prisoners are held in the Caldwell county jail is prior to arranging transport or when attending court.

Adequate, complete attendance records and records of prisoner meals served are necessary to ensure that county assets are not misused and that expenditures for prisoner meals are reasonable.

This was also noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Deposit monies daily or when accumulated receipts exceed \$100.
- B. Distribute fees collected in a timely manner.
- C. Attempt to identify the unidentified balances of the Sheriff's bank account. Any monies remaining unidentified should be disposed of in accordance with state law.
- D. Maintain records of prisoner attendance and the number of meals served at the jail.

AUDITEE'S RESPONSE

- A. *This has been implemented.*
- B. *We are now distributing monies the month after they are received.*
- C. *We are in the process of identifying these monies and will distribute them to the appropriate parties as soon as possible.*
- D. *Now that the detention center is opened, these records are now maintained.*

14. Prosecuting Attorney Controls and Procedures

The duties of cash custody and record-keeping have not been adequately segregated. The monies received for bad checks are not transmitted to the County Treasurer on a timely basis and the restitution monies received are not deposited on a timely basis. The Prosecuting Attorney's office has also not prepared a listing of open items (liabilities) for the restitution bank account and the petty cash fund is not maintained on an imprest basis.

- A. The duties of cash custody and record-keeping have not been adequately segregated in the Prosecuting Attorney's office. The Prosecuting Attorney's secretary collects monies, records transactions, prepares transmittals or deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Prosecuting Attorney.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Monies for bad checks received are not transmitted to the County Treasurer or restitution monies are not deposited on a timely basis. Bad check fees averaging \$600 are transmitted to the County Treasurer approximately twice a month. In addition, restitution monies averaging \$700 are deposited approximately once a month.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited or transmitted daily or when accumulated receipts exceed \$100.

- C. The Prosecuting Attorney's office has not prepared a listing of open items (liabilities) for the restitution bank account. The Prosecuting Attorney's restitution account balance at December 31, 2003 totaled \$746.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- D. The petty cash fund is not maintained on an imprest basis. The petty cash fund was established at \$50 in December 1999. A cash count on June 29, 2004 identified approximately \$118 and \$81 of paid receipts. While the Prosecuting Attorney was unable to explain the excess petty cash funds, apparently some monies have been received and not properly accounted for. Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should ensure documented supervisory reviews of the accounting records are performed.
- B. Deposit or transmit monies daily or when accumulated receipts exceed \$100.
- C. Attempt to identify the unidentified balances of the restitution bank account. Any monies remaining unidentified should be disposed of in accordance with state law.

- D. Maintain the petty cash fund on an imprest basis and ensure the monies are adequately accounted for.

AUDITEE'S RESPONSE

The Prosecutor's Office will take all possible steps to comply with these recommendations.

15. County Clerk Controls and Procedures

The County Clerk does not issue receipt slips for all monies, transmit monies to the County Treasurer on a timely basis, or restrictively endorse checks and money orders immediately upon receipt.

- A. Receipt slips are not issued for some monies received. The County Clerk indicated receipts slips are issued only upon request. Although a receipt log is maintained listing all monies collected and for what purpose, it is not updated as monies are received. The County Clerk compares the monies on hand to the receipt log when the transmittal to the County Treasurer is prepared. If monies on hand exceed the amount recorded in the log, the County Clerk indicated the excess would be noted and transmitted. During a cash count conducted July 15, 2004, we noted that receipt slips had not been issued for cash and money orders on hand totaling \$18 nor had these payments been posted to the receipt log. In addition, the receipt slips issued or receipt log do not always indicate the method of payment (cash, check, or money order).

To help ensure receipts are properly recorded and transmitted, receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the transmittal to ensure all receipts have been accounted for.

This was noted in our prior two reports.

- B. The County Clerk does not transmit monies to the County Treasurer on a timely basis or restrictively endorse checks and money orders immediately upon receipt. Monies averaging \$400 are transmitted to the County Treasurer once a month. The endorsement is applied at the time the monies are turned over to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be transmitted daily or when accumulated receipts exceed \$100 and checks should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Clerk:

- A. Issue receipt slips for all monies received, and indicate the method of payment on all receipt slips and reconcile receipts to transmittals made to the County Treasurer.
- B. Transmit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse all checks immediately upon receipt.

AUDITEE'S RESPONSE

- A. *I agree and have implemented this recommendation.*
- B. *I agree and will try to implement this recommendation.*

Follow-Up on Prior Audit Findings

CALDWELL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Caldwell County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for some county funds and budgets were not obtained from other county officials for some county funds held outside the county treasury.
- B. Actual expenditures exceeded budgeted amounts for several funds.
- C. The annual financial statement published by the county did not include the financial activity of several funds.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is included in the budgets and that separate budgets are prepared for each fund.
- B. Keep disbursements within budgetary limits. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following procedures required by state law.
- C. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is reconciled to the county's financial records and properly reported in the annual financial statements.

Status:

- A. Not implemented. See finding number 03-1.
- B&C. Not implemented. See MAR finding number 2.

2. Township Collectors' Commissions

An incorrect unadjusted levy and mathematical error resulted in the Hamilton township collector's commissions being misstated by approximately \$500.

Recommendation:

The County Clerk recalculate the township collectors' commissions, ensuring mathematical accuracy and that proper ratios are utilized when determining amounts to be withheld from school districts' tax collections.

Status:

Partially implemented. Although the township collectors' commission calculations appear to be mathematically accurate, the proper ratios are not utilized when determining amounts to be withheld from school districts' tax collections. Small errors resulted in some township collectors being under and over paid by approximately \$100. Although not repeated in the current MAR, the recommendation remains as stated above.

3. Kidder Township Collector

- A. Distributions totaling \$5,869 were not paid to political subdivisions. Additionally, numerous personal disbursements were made from the Kidder Township collector bank account. As of April 5, 2000, only \$93 remained in the account and the amount of personal disbursements exceeded allowable commissions by more than \$5,200.
- B. One taxpayer on the delinquent tax list produced a canceled check and paid receipt showing \$1,030 had been paid. There was no evidence that these collections were ever distributed to the various political subdivisions, and as a result, this \$1,030 would appear to be due from the Kidder township collector.
- C. There was no bond in force for the Kidder township collector. Additionally, one other township collector was not bonded in accordance with state law.

Recommendation:

- A. The County Commission work with law enforcement authorities regarding any criminal prosecution and to obtain restitution for the political subdivisions.
- B. The County Commission work with the County Clerk and County Treasurer to review and reconcile the final settlement filed by the Kidder Township collector. Consideration should be given to sending notification to all taxpayers on the delinquent tax lists.

- C. The County Commission and County Clerk ensure that bonds are received for all township collectors in accordance with state law.

Status:

- A. Implemented. This was resolved in court and restitution totaling \$5,783 was distributed to the appropriate political subdivisions. While the County Clerk started requiring township collectors to obtain signed receipt slips from the various political subdivisions to document that monies were properly distributed, she is not adequately following up with township collectors who fail to turn in receipt slips. See MAR finding number 7.
- B. Not implemented. The County Commission took no action related to this recommendation. Although not repeated in the current MAR, the recommendation remains as stated above.
- C. Not implemented. See MAR finding number 8.

4. Personnel Policies and Procedures

- A. Records of vacation and sick leave earned, taken, and accumulated for employees were maintained by each individual officeholder rather than by the County Clerk. In addition, time sheets for some employees did not indicate approval by a supervisor.
- B. The county's personnel manual stated that requests for leave must be made in advance, in writing, to the department head. County officials did not require a written request or other documentation of leave taken.

Recommendation:

- A. The County Clerk maintain centralized payroll and leave records for all county employees and ensure time sheets are approved and signed by each employee's supervisor.
- B. County officials follow procedures established in the personnel manual which requires written documentation of leave.

Status:

- A. Partially implemented. Although the County Clerk maintains some sick and vacation leave records, the County Clerk does not maintain sick and vacation records for the Sheriff's Department. The County Clerk also does not maintain compensatory leave records. Time sheets are approved and signed by each employee's supervisor except for the Assessor, Recorder, and Treasurer. See MAR finding number 4.

- B. Not implemented. Although not repeated in the current MAR, the recommendation remains as stated above.

5. Tax Book Controls and Procedures

- A. The County Clerk did not maintain an account book with the Ex Officio Collector, nor did she review the delinquent tax book for accuracy. When the County Clerk generated the delinquent taxes book, she did not reconcile it to the township listings of delinquent taxes or the Ex Officio Collector's records.
- B. The County Commission did not review or approve the Ex Officio Collector's annual settlements.
- C. Additions and abatements of property taxes were not approved or reviewed by the County Commission. Blank abatement and addition forms were pre-signed by the Presiding Commissioner and the County Clerk and were kept on a desk in the County Clerk's office and were completed as needed.
- D. The County Clerk was responsible for entering the townships' paid tax statement information into the computer system to update the records and provide information used for the preparation of the delinquent tax books. Although the County Clerk checked each township collector's monthly settlement, a comparison between the settlement amounts and taxes abstracted on the computer system was not done, which can result in the misstatement of the delinquent tax book.

Recommendation:

- A. The County Clerk establish and maintain an account book of the Ex Officio Collector's transactions, ensure accuracy of the delinquent tax book and the County Commission make use of this account book to verify the Ex Officio Collector's annual settlements.
- B. The County Commission review the Ex Officio Collector's annual settlements, reconciling tax collections and credits to taxes charged on the tax books, as required by law.
- C. The County Commission review and approve all additions and abatements, as they occur, prior to changes being made to the tax book information.
- D. Ensure paid tax statements are entered on the computer system timely and reconcile township collector settlements to the computer system monthly.

Status:

A&B. Not implemented. See MAR finding number 7.

- C. Implemented.
- D. Partially implemented. The County Clerk indicated she compares the monthly settlements to the computer; however, she does not always retain documentation of this comparison. Although not repeated in the current MAR, our recommendation remains as stated above.

6. County Expenditures

- A. Caldwell County had issued warrants which exceeded the cash balances for several funds.
- B. Bids were not always solicited, nor was bid documentation always retained for several purchases.

Recommendation:

The County Commission:

- A. Cease the practice of issuing warrants in excess of the fund balance on which the warrant is drawn.
- B. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

A&B. Not implemented. See MAR finding number 5.

7. Circuit Clerk and Ex Officio Recorder of Deeds Controls and Procedures

- A. An open-items listing was not maintained for the recorder's fee account.
- B. Recording receipts were not always deposited intact. Checks received in the mail which exceed the amount due were cashed rather than being deposited. The amount of the overpayment was then refunded in cash. The recording fee was recorded and the remaining cash was deposited the next day.

Recommendation:

The Circuit Clerk:

- A. Prepare accurate monthly listings of liabilities and reconcile the listings to book and bank balances. In addition, the Circuit Clerk should determine the proper disposition of the unidentified monies or dispose of the monies in accordance with state law.
- B. Deposit all receipts intact daily, and issue refunds by check.

Status:

- A. Implemented.
- B. Partially implemented. The Recorder of Deeds no longer issues refunds. Although recording receipts are deposited intact, deposits are made approximately once a week. Although not repeated in the current MAR, the recommendation remains as stated above.

8. Sheriff's Records and Procedures

The Caldwell County jail did not house prisoners on a regular basis. The Sheriff did not maintain records to document prisoner attendance and the number of meals served. It was noted that in 1999 and 1998, expenditures for local prisoner food totaled approximately \$4,000 and \$5,000, respectively.

Recommendation:

The Sheriff maintain attendance records for all prisoners held in the county jail and explore alternative methods of providing meals to prisoners temporarily housed in county jail.

Status:

Not implemented. See MAR finding number 13.

9. Prosecuting Attorney's Records and Procedures

- A. Restitution receipts were not deposited timely.
- B. Open items listings were not prepared. An open items listing for the restitution account was prepared as of December 31, 1999, which showed an excess cash balance of approximately \$234 that could not be identified.

Recommendation:

The Prosecuting Attorney:

- A. Deposit all monies received intact daily or when cash exceeds \$100.
- B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. In addition, the Prosecuting Attorney should determine the proper disposition of the unidentified monies and dispose of the monies in accordance with state law.

Status:

A&B. Not implemented. See MAR finding number 14.

10. General Fixed Asset Records and Procedures

A review of the county's general fixed asset record revealed that procedures were not adequate to ensure fixed asset purchases were properly recorded in the general fixed asset records.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or identified as county-owned property.

Status:

Not implemented. See MAR finding number 9.

11. County Clerk's Controls and Procedures

While receipt slips were not issued for some monies received, a log was maintained listing all monies collected and for what purpose. The method of payment (cash, check, or money order) was not indicated on the receipt slips issued or on the log of receipts.

Recommendation:

The County Clerk indicate the method of payment on all receipt slips and reconcile receipts to turnovers made to the County Treasurer.

Status:

Not implemented. See MAR finding number 15.

12. Cash Management

Two payments totaling \$44,248 were held for more than six days before disbursement. Additionally, two other payments totaling \$14,901 were held for longer than eighty-one days.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between receipt of federal funds and the disbursement of such funds.

Status:

Partially implemented. The county held six payments totaling \$28,578 from twelve to twenty-eight days. Although not repeated in the current MAR, the recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CALDWELL COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1836, the county of Caldwell was named after Captain Matthew Caldwell. Caldwell County is a township-organized, third-class county and is part of the Forty-third Judicial Circuit. The county seat is Kingston.

Caldwell County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining 167 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 544 miles of county roads.

The county's population was 8,660 in 1980 and 8,969 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	47.2	45.8	44.7	41.2	23.1 19.6
Personal property		22.7	21.7	21.2	19.5	6.3 6.0
Railroad and utilities		13.1	12.8	12.5	13.1	14.6 7.7
Total	\$	83.0	80.3	78.4	73.8	44.0 33.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Caldwell County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2400	.2300	.2400	.2500
Health Center Fund		.2497	.2497	.1455	.1455

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
State of Missouri	\$ 24,871	24,115	23,240	22,057
General Revenue Fund	207,679	194,943	201,727	201,214
Special Road and Bridge Fund	41,404	40,071	38,154	40,897
Assessment Fund	46,654	44,745	43,229	39,685
Health Center Fund	202,592	190,235	111,128	105,688
Townships	555,523	537,531	515,695	484,457
School districts	3,355,906	3,187,863	3,009,749	2,805,424
Ambulance district	104,813	152,765	143,499	135,915
Fire protection districts	95,508	55,225	51,467	48,066
Nursing home district	27,010	24,138	25,490	24,392
Cities	35,285	34,751	35,509	36,280
Tax Maintenance Fund	9,931	2,718	0	0
County Clerk	2,628	2,590	1,894	2,689
County Employees' Retirement	28,123	27,514	11,211	6,677
Commissions and fees:				
General Revenue Fund	50,138	48,441	37,416	36,482
Townships	36,669	35,817	34,313	32,846
Total	\$ 4,824,734	4,603,462	4,283,721	4,022,769

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2003	2002	2001	2000
Real estate	90	90	89	90 %
Personal property	83	85	85	86
Railroad and utilities	100	100	100	100

Caldwell County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road and Bridge	.0050	2005	None	
Law Enforcement	.0050	2006	None	
Local Parks and Storm Water Control	.0050	None	None	
Use Tax	.0150	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Dale Hartley, Presiding Commissioner		23,991	22,645	22,645	22,645
Donald Raymond Cox, Associate Commissioner		21,991	21,991	21,991	20,645
Gerald McBrayer, Associate Commissioner		21,991	21,991	21,991	
Earl Finch, Associate Commissioner					20,645
Charlene Ward, Recorder of Deeds (1)		33,320			
Shari Lee, County Clerk		33,320	31,280	31,280	31,280
Jason Kanoy, Prosecuting Attorney		41,380			
Kim Brown, Prosecuting Attorney		0	37,720	37,720	37,720
Kirby Brelsford, Sheriff		38,220	38,220	38,220	
Wayne Adkinson, Sheriff					35,880
Gary Brown, County Coroner		5,390	5,390	5,390	5,390
Bonnie L. Hill, Public Administrator (2)		19,600	19,600	21,882	18,829
Laurel Miller, Treasurer and Ex Officio County Collector, year ended March 31,	33,320	33,320	33,320	33,320	
Beverly Alden, County Assessor (3), year ended August 31,		34,220	34,220	34,220	
Robert Dean Orr, County Assessor (3), year ended August 31,					34,220

(1) Recorder of Deeds became a separate office in 2003.

(2) Includes salary of \$19,600 and fees received from probate cases in 2001 and salary of \$9,800 and fees from probate cases in 2000.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Carrie Miller, Circuit Clerk	47,300			
Beverly Sue Graham, Circuit Clerk and Ex Officio Recorder of Deeds (1)		47,300	47,300	46,127
Dan Chadwick, Associate Circuit Judge	96,000	96,000	96,000	97,382

In 2003, Caldwell County contracted with Caldwell County Development Company to finance the building of a Detention Center. Caldwell County entered into a 16-year lease-purchase agreement for \$2,300,000 with Caldwell County Development Company to pay for the building. At December 31, 2003, Caldwell County owed \$2,300,000 in principal.



Claire McCaskill

Missouri State Auditor

February 2005

Northwest Fire Protection District

Year Ended December 31, 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the Northwest Fire Protection District.

The district does not have a formal bidding policy. The informal policy was to bid all purchases over \$10,000; however, this was not in writing and there were no procedures for lower amounts. As a result, bids were either not solicited or there was no bid documentation for some purchases, including used vehicles. Additionally, the board made payments totaling \$35,621 and \$7,541 during the period January 2003 through August 2004 for insurance and propane, respectively, which were approved by the board in the minutes, but did not appear to be competitively bid. The district did not solicit requests for proposals for professional services and did not enter into written agreements for some of these services. In addition, the district has an informal policy requiring purchase orders for all items; however, approximately 52 percent of invoices tested did not have a purchase order and receipt of goods or services was not indicated on 18 of 22 items received. The district also did not maintain adequate documentation to support \$3,213 paid to the volunteer fire fighters for calls during 2003.

The district's fire chief is the husband of one of the board members. The board meeting minutes do not indicate that this board member abstained from the votes regarding the appointment of her husband or the approving of his salary.

Both the deputy fire chief and assistant fire chief own businesses that are vendors of the district. Their services were not competitively bid by the board. To help prevent the appearance of, or actual conflicts of interest, the board should solicit bids for the services these business provide.

Several problems were noted regarding two grants totaling \$96,984, received under the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant Program. In 2003 and 2004, the district claimed more than was spent on approved items and used the additional monies to purchase items not approved in the grant application. Additional items include three computers, five heat/motion detectors and a palm pilot. None of these additional items were approved by FEMA, and the three additional computers and the palm pilot are not currently being used for training. Other problems include the district failing to file the final grant report for the grant received in 2003, and that items purchased with the FEMA grants were not bid as required by the grant agreement.

(over)

YELLOW SHEET

The district does not have a written policy documenting appropriate vehicle use and logs maintained are not complete and do not always note required information.

In 2003, the board bought back its used fire truck, which had been wrecked and totaled out by the insurance company, for \$700 with the plan to repair the truck. Apparently, it was decided to not make the repairs and to sell the truck. The board advertised for sealed bids with a minimum bid requirement of \$750; however, no bids meeting the minimum requirement were received by the required date. More than 30 days after the bid closing, a written offer of \$300 was received and accepted by the Board. The rationale and decisions concerning such transactions should be completely documented.

The district did not maintain copies of certifications of the current EMTs listed on the district's roster. According to state records, only three of the four EMTs noted on the roster were currently certified with the state. In addition, training records of firefighters are not maintained, and the district did not have a permanent medical director, in violation of state regulations.

Also included in the report are recommendations related to IRS form 1099 reporting, budgetary practices and financial statements, minutes and by-laws, fixed assets, and district elections.

All reports are available on our website: www.auditor.mo.gov

NORTHWEST FIRE PROTECTION DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors and Fire Chief
Northwest Fire Protection District
P. O. Box 128
Climax Springs, MO 65324

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Northwest Fire Protection District. The district engaged Evers and Company, Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended December 31, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Northwest Fire Protection District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 8, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Heather M. Thompson, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

NORTHWEST FIRE PROTECTION DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Disbursements
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Controls and procedures over district disbursements need improvement. Bids and requests for proposals were not always solicited or documented. In addition, written contracts were not always prepared specifying the arrangements between applicable parties and Forms 1099-MISC were not prepared, as required. Payments were made without adequate supporting documentation and without acknowledgement of receipt of goods or services. In addition, the district does not have a formal purchasing policy.

- A. The district does not have a formal bidding policy. District officials indicated their informal policy was to bid all purchases over \$10,000; however, this was not in writing and there were no procedures for lower amounts. As a result, the decision of whether to solicit bids for a particular purchase less than \$10,000 is made on an item-by-item basis. Bids were either not solicited or there was no bid documentation for some purchases.

Used fire boat	\$ 26,000
Used brush truck	6,350
Pump for fire truck	5,000
Used fire truck	5,000
Boat motor	4,000

In addition, the board made payments totaling \$35,621 and \$7,541 during the period of January 2003 through August 2004 for insurance and propane, respectively. Although these items were approved by the board in the minutes, it does not appear that they were competitively bid.

Although not required by law, formal bidding procedures for major purchases provide a framework for economical management of district resources and help ensure the district receives fair value by contracting with the lowest and best bidders. A policy should be established outlining the various levels of bidding. Competitive bidding helps ensure all parties are given an opportunity to participate in the district's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The district did not solicit requests for proposals for professional services. In addition, the district did not enter into written agreements for some of these services. The district paid \$1,943 from January 2003 through August 2004 for

attorney services at a rate of \$175 per hour, and paid \$1,322 for the same time period for accounting services at \$15 per hour. In addition, the district paid \$4,500 in 2004 to an independent accounting firm to have a financial audit performed without soliciting requests for proposals.

Soliciting proposals for professional services helps provide a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities, and to prevent misunderstandings. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

- C. The district does not have a policy to track payments which may require preparation of Internal Revenue Service (IRS) Form 1099-MISC. As a result, during 2003, the district failed to prepare these forms for an individual paid \$1,745 for lawn work and for an auto repair shop paid \$3,460. Sections 6041 through 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-MISC. The district should track these payments to ensure IRS Forms 1099-MISC are prepared, as required. See MAR 2 for further discussion regarding these transactions.
- D. The district did not maintain adequate documentation to support the \$3,213 paid to the volunteer fire fighters for calls during 2003. The fire chief prepares a spreadsheet which tracks the number of calls made by each fireman per month. At the end of the year, the calls are totaled and each fireman receives \$3 per call to cover their mileage costs. However, some of the amounts noted on the spreadsheet prepared by the fire chief did not agree to the amounts disbursed to the firemen in 2003. The total amount paid by the district was \$201 greater than the amount recorded. The district could not explain why the amounts did not agree.

Disbursements to fire fighters for calls should be supported by adequate documentation to ensure the amounts paid agree to the amounts due.

- E. Although the district does not have a formal written purchasing policy, the district does have an informal policy requiring purchase orders for all items. The purchase orders can be prepared by the fire chief or any board member. All purchases over \$500 are to be approved by the Board of Directors. In addition, the fire chief and/or an individual board member can make purchases less than \$500 in emergency situations without a purchase order or approval of the Board. Our review noted 12 out of 23 (approximately 52 percent) invoices did not have a purchase order. In addition, all 12 of these purchases were for over \$500 and four

did not have any indication of board approval. To ensure accurate amounts are paid and that all disbursements are authorized, the Board should require purchase orders in accordance with district practice.

- F. Receipt of goods or services is not always indicated on invoices prior to payment. Of the 22 invoices tested, 18 (approximately 82 percent) did not indicate if the goods or services were received. For example, receipt of goods and services was not documented on invoices for medical supplies, lawn services, legal services, and auto and radio repairs. To help ensure goods or services were actually received by the district, all invoices should be reviewed prior to payment and initialed by applicable employees indicating receipt of goods or services.

WE RECOMMEND the Board of Directors:

- A. Establish a formal bidding policy and related procedures. Complete documentation of the bidding process should be maintained, including all bids received and justification for selecting and rejecting bids.
- B. Adopt a policy addressing the selection of all professional services and periodically solicit proposals for the selection of these service providers. All documentation regarding proposals solicited should be retained. In addition, the district should enter into written contracts with all applicable parties which clearly define the work to be performed and the compensation to be paid or benefits to be received.
- C. Ensure payments which may require an IRS Form 1099-MISC are tracked and those payments totaling greater than \$600 to nonemployees and unincorporated businesses are properly reported to the IRS.
- D. Ensure payments made to firefighters for calls are supported by adequate documentation.
- E. Adopt a formal written policy regarding purchase orders and ensure purchase orders are prepared for all purchases in accordance with the policy.
- F. Ensure the receipt of goods or services is indicated on invoices prior to being approved for payment.

AUDITEE'S RESPONSE

- A. *A formal bidding policy and related procedures will be implemented by June 1, 2005.*
- B. *A policy will be adopted and implemented by June 1, 2005 addressing the selection of all professional services.*

- C. *A policy has already been implemented by our accounting firm to obtain proper forms for the IRS.*
- D. *We will ensure that proper documentation is kept in the future to support payments to firefighters for calls.*
- E. *A formal written policy regarding purchase orders will be in place by March 1, 2005.*
- F. *A procedure has already been implemented to ensure receipt of goods/services are indicated on invoices prior to being approved for payment.*

2. Nepotism and Related Party Transactions

The wife of the fire chief serves on the Board of Directors. In addition, the Board of Directors approves purchases from businesses owned by related parties, which may represent potential conflicts of interest.

- A. The district's fire chief is the husband of one of the board members. The March 12, 2001, board meeting minutes indicate the board voted unanimously for the appointment of her husband as fire chief and there was no indication that she abstained from voting. In addition, the May 8, 2001 board meeting minutes indicate the board voted to pay the chief a stipend of \$400 per month. There was also no indication that the board member abstained from approving the salary of her husband.

Article VII, Section 6, of the Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office. In addition, because of the serious consequences which result by hiring or appointing a relative, the Board should ensure its members abstain from any decision to hire a relative and ensure that action is fully documented in the board minutes.

- B. Some of the district's fire fighters own businesses that are vendors of the district. The deputy fire chief, who owns a lawn and home business that mows the lawns and performs other grounds work for the district, was paid \$3,195 for these services from January 2003 through August 2004. In addition, the district paid \$3,509 during the same time period for vehicle maintenance and repair services to a business owned by the assistant fire chief. These services were not competitively bid by the board.

Good business practice prohibits individuals involved with any political subdivision, from performing a service for the political subdivision unless the transaction is made by competitive bidding and the lowest bid is accepted. To help prevent actual conflicts of interest or the appearance of conflict of interest, the board should solicit bids for these services.

WE RECOMMEND the Board of Directors:

- A. Ensure board members abstain from voting when a relative's employment or appointment is involved.
- B. Ensure purchases from companies owned by district officials or employees be made by competitive bidding as required by state law. Such matters should be completely documented so the public has assurance that no district official or employee has acted improperly.

AUDITEE'S RESPONSE

- A. *The previous March 12, 2001 minutes, regarding the appointment of Terry Walker to Fire Chief did not reflect that board member, Jenny Walker, abstained from this vote. Also, the May 8, 2001 board meeting where the board voted to pay Chief Walker a stipend of \$400 a month, did not reflect that board member, Jenny Walker, abstained from this vote. A letter from the previous Chairman and Vice-Chairman will be notarized and placed in the future board meeting minutes reflecting that she had abstained from the votes. The previous board meeting minutes will also be changed to reflect this change.*
- B. *A policy will be implemented by June 1, 2005 to receive competitive bids for these services.*

3. Budgetary Practices and Financial Statements
--

The annual budgets approved by the Board of Directors do not include all the necessary information as required by state law. In addition, the district has not properly filed annual financial reports or audits with the State Auditor's Office.

- A. The budgets approved by the board do not include all required and necessary information as follows:
 - 1) The district budgets do not include a budget message, the beginning cash balance or the projected ending cash balance for district funds.
 - 2) The budgets do not include a comparative statement of actual or estimated receipts and disbursements for the two previous years. Amounts for the two previous years provide comparative information to help evaluate the reasonableness of the budget estimates for the upcoming year.

Section 67.010, RSMo 2000, requires each political subdivision of the state to prepare an annual budget with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

A complete budget should include appropriate receipt and disbursement estimations by classification, and include the beginning available resources and reasonable estimates of the ending available resources of all funds. The budget should also include a budget message and comparisons of actual receipts and disbursements for the two preceding years.

- B. The district obtained an annual audit for the year ended December 31, 2003; however, the audit report was not submitted to the State Auditor's office by July 1, 2004. In addition, the district filed the annual financial report for the year ended December 31, 2002 in March 2004. The financial report is to be filed within four months after the end of the district's fiscal year. If an audit is performed, the district has six months to file the audited financial report. The district should ensure annual financial reports or audit reports are filed with the State Auditor's office in accordance with Sections 105.145, RSMo 2000.

WE RECOMMEND the Board of Directors:

- A. Ensure the annual budgets contain all required and necessary information, including a budget message, the beginning and projected ending cash balances, and a comparative statement of actual receipts and disbursements for the two previous years.
- B. Ensure annual financial reports or audit reports are filed in accordance with state law.

AUDITEE'S RESPONSE

- A. *This has been corrected in the 2005 budget.*
- B. *This is being implemented by the accounting firm.*

4. Federal and State Grants

Several problems were noted in our review of grants received by the fire district. The district was overpaid more than \$20,000 in grant receipts. In addition, the district failed to file a final report on one grant, did not competitively purchase items as required by the grants, and did not properly maintain all grant documentation.

The fire district received two grants under the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant program. The federal portion of the grants totaled \$41,103 and \$55,881 in 2004 and 2003, respectively. These grants were awarded to purchase various items for training and equipping the firefighters and required a ten percent local match. Several problems were noted in our review of these grants.

- A. The district was overpaid more than \$20,000 in grant receipts. The district claimed more than they spent on approved items and also purchased items not approved in the grant application.

In 2004, the district reported to the FEMA that the entire grant amount was spent on the 15 self contained breathing apparatus approved by the FEMA. However, the district was able to purchase the approved items for \$9,350 less than the budgeted amount. The district then purchased 21 spare tanks with the additional funds available; however, the purchase of these tanks was not approved by the FEMA.

In 2003, the district reported to the FEMA that the grant was spent on training videos and software, two computers and a computer projector for use in training, 35 sets of turnout gear, and ten heat/motion detectors as approved by the FEMA. However, the district was able to purchase the approved items for \$13,179 less than the budgeted amount. The district then purchased three additional computers (\$1,494), five additional heat/motion detectors (\$975), and a palm pilot (\$300) with the additional funds available. The chief indicated they planned to purchase a VHS recorder, large screen television, and other miscellaneous items with the remaining money; however, these items have not yet been purchased. None of these additional items were approved by FEMA. In addition, the three additional computers and the palm pilot are not currently being used for training.

While a FEMA representative stated that any changes to the approved budget items must be approved by the FEMA, there was no documentation of any such approvals at the district.

- B. The district failed to file the final grant report for the grant received in 2003, which was due by March 31, 2004. By not filing this report, the district has placed the entire grant amount at risk. FEMA officials indicated that no report had been filed and possible action in retrieving the federal funds could result.
- C. Items purchased with the FEMA grants were not bid as required by the grant agreement. FEMA guidelines indicate if the district has no established bidding procedures (see MAR 1), the district should obtain at least two quotes/bids for the items purchased with the grant funds. In addition, all bid documentation should be included in the grant files. We saw no documentation of price quotes or competitive purchasing. Lack of competitive purchasing places the entire grant amount of \$96,984 at risk.
- D. The district's grant files were incomplete. The FEMA grant files did not include the grant agreements or required reporting. In addition, the district received a grant totaling \$1,511 from the Missouri Department of Conservation (MDC) to purchase brush fire fighting equipment; however, the MDC grant file did not include the grant agreement, application, or any required reporting. Such

documentation should be maintained to comply with grant requirements. In addition, we saw no documentation that the board approved the applications for these grants.

WE RECOMMEND the Board of Directors:

- A. Contact the FEMA to resolve the overpayment and other questioned costs. In the future, the district should restrict purchases to only those items approved in the grant agreement or formally approved by the FEMA.
- B. File grant reports on a timely basis.
- C. Competitively bid all items purchased with FEMA funds as required by the grant.
- D. Maintain all required documentation in grant files. In addition, the Board should approve all grant applications.

AUDITEE'S RESPONSE

- A. *Chief Walker has been in touch with FEMA to discuss the alleged overpayment and other costs. He will be receiving the approval from FEMA and other paperwork to support these questions. He will fax them to the Auditor's office as soon as he receives them.*
- B. *The reports have been sent to FEMA and in the future the Board will be responsible for seeing that these reports have been filed in a timely manner.*
- C. *Future bids will be received and documented as required by the grant. Bids had been received but were not documented.*
- D. *The Board will implement a paper trail in the future. In the future, grant applications will be approved by motion in the board minutes.*

5. Minutes and Bylaws

The Board of Directors has not established bylaws. In addition, a review of the board meeting minutes noted concerns regarding the Sunshine Law.

- A. The Board of Directors has not developed bylaws. Good business practice dictates the district adopt bylaws to govern board elections, meetings, and rules for transacting district business. Bylaws can be used as a management tool for establishing district policies and procedures. The bylaws should be updated on a regular basis and should comply with applicable laws and regulations. Bylaws should include policies relating to bidding, purchasing, conflicts of interest, and vehicle usage, as noted in this report.

B. A review of closed meetings noted the following concerns:

- 1) The district did not document how some items discussed in closed session complied with state law. These items included use of district vehicles, citizen concerns, and building an addition to station one.

Section 610.021, RSMo 2004, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- 2) Open meeting minutes did not always document all items required by the Sunshine Law including the related vote to close the meeting, the specific reasons for closing the meeting and actions taken by the board in closed meetings.

Section 610.022, RSMo 2004, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2004, requires certain matters discussed in closed meetings to be made public upon final disposition.

WE RECOMMEND the Board of Directors:

A. Adopt written bylaws to govern district business.

B.1. Ensure only allowable, specified subjects are discussed in closed session.

2. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session.

AUDITEE'S RESPONSE

A. *The Board will develop bylaws and policies by June 1, 2005.*

B. *The Board will strive to comply with the Sunshine Law for closed sessions in the future.*

6.**Fixed Assets**

The Board of Directors does not maintain a current listing of fixed assets and does not perform annual inventories of assets owned by the district. In addition, the Board of Directors does not have adequate control over district vehicles. The Board did not ensure the best price was obtained for the sale of a used fire truck.

- A. The district does not maintain a current listing of fixed assets owned. The last fixed asset listing was updated in 1999. In addition, the district does not perform physical inventories and does not tag or otherwise identify the fixed assets as property of the district.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate fixed asset records are necessary to ensure better internal control over district property and provide a basis for determining proper insurance coverage required on district property. Physical inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, all property items should be identified with a tag or similar device.

- B. At the June 2003 Board of Director's meeting, citizens questioned why employees were using the district's vehicles for personal use. The Board indicated two employees, the fire chief and assistant fire chief, were assigned district vehicles. They were allowed to take the vehicles to and from work since both were certified emergency medical technicians and first responders and they could respond to the scene of an incident in a timely manner; however, the vehicles were not supposed to be used for personal reasons. Though discussed during the meeting that these employees were only permitted to drive vehicles to and from work and not for personal reasons, there is no written policy documenting appropriate vehicle use.

In addition, the district did not maintain usage logs for the district vehicles prior to the June 2003 meeting. From January 2003 through June 2003, the district paid \$2,777 for gasoline for the district vehicles; however, after the June meeting, the gasoline purchases totaled only \$1,463 for the following six months. From January 2004 through June 2004, although the number of calls was greater than the same time period in the previous year, the district paid only \$1,040 for gasoline for district vehicles. Although vehicle usage has decreased significantly, controls could still be improved.

The district began completing usage logs for vehicles after June 2003; however, the logs are not complete and do not always note the required information

including date, destination, purpose, starting and ending odometer reading, and the amount of fuel purchased in gallons.

Logs are necessary to document appropriate use of the vehicles and to support gasoline charges. A usage log should indicate the person using the vehicle/equipment, the date, destination, purpose, starting and ending odometer reading, and the amount of fuel purchased in gallons. Without adequate vehicle logs, the board cannot effectively monitor that vehicles are used for official business only. These logs should be reviewed by the board to ensure all mileage is recorded and the vehicles are being properly utilized. Information on the logs should be reconciled to fuel purchases on a monthly basis.

- C. The Board did not ensure the best price was obtained for the sale of a used fire truck in 2003. The truck had been wrecked and the insurance company had "totaled it out" and paid the district \$6,900 in January 2003. The district bought the truck back from the insurance company for \$700 and planned to repair the truck. Apparently, after some discussion, no repairs were made and the Board decided to sell the truck and advertised for sealed bids with a minimum bid requirement of \$750 to recover their cost. However, no bids meeting the minimum requirement were received by the required date. More than 30 days after the bid closing date, a written offer of \$300 was received and accepted by the Board.

The Board had no assurance that the amount accepted was the best price for this truck. Not selling equipment in accordance with set criteria may give the appearance of unfair treatment, and rationale and decisions concerning such transactions should be completely documented.

WE RECOMMEND the Board of Directors:

- A. Establish property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, serial number (if applicable), cost, acquisition date, fund of acquisition, location, and subsequent transactions. Additionally, the district should properly tag, number, or otherwise identify all district property and conduct periodic physical inventories.
- B. Require complete and accurate mileage/use logs be maintained. The Board of Directors should also establish a formal written policy documenting appropriate use of district owned vehicles and review the logs periodically to ensure compliance with the policy.
- C. Ensure the best offer is obtained for the sale of used equipment and that adequate documentation is available to support the decisions made.

AUDITEE'S RESPONSE

- A. *The Board will implement records for fixed assets, as recommended by the Auditors, and will have this in force by June 1, 2005.*
- B. *The Board has a procedure in force for mileage/use logs. The Board will review this procedure and establish a policy, as recommended by the Auditors, by June 1, 2005.*
- C. *This will be handled as recommended by the Auditors for the sale of used equipment and adequate documentation will be available to support decisions made.*

7. Training and Certifications

The Board of Directors does not maintain adequate documentation of emergency medical technician (EMT) certifications or fire fighter training records. In addition, the district currently does not have a permanent medical director.

- A. The district did not maintain copies of certifications for the current EMTs listed on the district's roster. According to state records, only three of the four EMTs noted on the roster were currently certified with the state. Although listed as an EMT on rosters dating back to October 2003, the fourth individual indicated she took the examination in August 2004 and had not yet received her actual certification. Without adequate documentation, the Board of Directors cannot be assured clients are being served by certified personnel.
- B. Training records are not maintained by the district. The district's Standard Operating Guidelines require fire fighters to attend no less than 25 percent of the regularly scheduled training meetings per month and accumulate a total of no less than forty-eight hours of department training each year. However, there is no record of the training provided by the district. A record of each class offered, date, number of training hours per class, and persons attending would help the Board of Directors ensure compliance with district policy. In addition, the records should be reviewed periodically by the Board of Directors to ensure fire fighters are meeting district requirements.
- C. The district does not have a permanent medical director. In addition, the prior medical director used by the district was not properly licensed as her medical license had been revoked by the state. During April 2004, the Board of Directors contacted a certified physician to be a temporary medical director for the district. As of September 30, 2004, the Board of Directors still had not obtained a permanent medical director.

19 CSR 30-40.303 requires emergency medical response agencies that provide basic life support services have a medical director who is licensed as a doctor of medicine or a doctor of osteopathy by the Missouri State Board of Registration

for the Healing Arts and can demonstrate current course completion or certification in advanced cardiac life support and pediatric advanced life support, or can document equivalent education in cardiac care and pediatric care within the past five years.

WE RECOMMEND the Board of Directors:

- A. Ensure the district maintains copies of licenses and an up-to-date listing for certified emergency medical technicians.
- B. Maintain adequate training records and review the training records periodically to ensure compliance with district policy.
- C. Obtain a certified medical director as required by state regulations.

AUDITEE'S RESPONSE

- A. *Copies will be on file by March 1, 2005 and will be kept up-to-date for certified emergency medical technicians in the future.*
- B. *A training officer has been appointed and has been given the responsibility of keeping these records up-to-date and ensuring compliance with district policy.*
- C. *The Board now has a permanent Medical Director, Dr. Looney. A training program has been set up through St. Johns Ambulance Service per Dr. Looney's request. The first class will be held January 25, 2005 at NWFPD Station 1. The training will continue one night a month and will be handled by St. Johns Ambulance Service's certified instructor.*

8. District Elections

The information published in the newspaper regarding the April 2004 election was not accurate. The members of the Board of Directors have not always served the appropriate terms as required by state law.

- A. The district published a public notice of the open positions on the Board of Directors ten weeks prior to the election in April 2004, as required by state law. The information included in the advertisement was not accurate. The notice indicated three positions were open on the Board of Directors, two positions for six year terms and one position for a three year term. However, there were actually four positions open on the Board of Directors, two for six year terms, one for a four year term, and one for a two year term.

Section 115.127.5, RSMo 2000, requires political subdivisions and special districts calling elections to notify the general public of the opening filing date, the office or offices to be filled, the proper place for filing and the closing filing date

of the election. Because of the errors in the election notice, the citizens and possible candidates were not properly informed regarding the positions open for election.

- B. In the past, the terms for members of the Board of Directors were not correctly established, as required by state law, and Board members did not serve their full six year terms. The Board has attempted to fix this situation; however, one position is still not on the correct term rotation. In April 1996, a board member was elected and instead of serving the entire six year term, the individual served only four years. In April 2000, a new board member was elected to this position for a six year term, causing this position to not be in the correct term rotation.

The Board should consult with their legal counsel to properly correct this situation. Section 321.120, RSMo 2000, provides that members of the board shall be elected to serve terms of six years and until their successors are duly elected and qualified.

WE RECOMMEND the Board of Directors:

- A. Ensure accurate information is included in the public notice for upcoming elections.
- B. Consult with their legal counsel and ensure all positions on the Board of Directors serve the appropriate terms as required by state law.

AUDITEE'S RESPONSE

- A. *The Board will ensure that accurate information is included in the public notice for upcoming elections.*
- B. *The District Attorney, Dave Welch, has been consulted and is presently ensuring that all positions on the Board of Directors serve the appropriate terms as required by state law.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

NORTHWEST FIRE PROTECTION DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Northwest Fire Protection District is located in Camden, Benton, and Hickory Counties. The district was incorporated in 1993 and is a volunteer district. The district provides emergency services to a geographical area of approximately 158 square miles.

The district government consists of a five member board of directors. The members are elected for 6-year terms. The members of the Board of Directors receive no compensation.

Board of Directors	Dates of Service During the Year Ended December 31, 2003	
Tom Wolfe, Chairman (1)	January 2003 – September 2003	
Gary Jones, Vice Chairman (2)	January 2003 – December 2003	
Leo Heidebrecht, Secretary (3)	January 2003 – December 2003	
Linda McGill, Treasurer (4)	January 2003 – November 2003	
Jennifer Walker	January 2003 – December 2003	
Steve Bailey (5)	October 2003 – December 2003	
Other Principal Officials	Dates of Service During the Year Ended December 31, 2003	Compensation Paid for the Year Ended December 31, 2003
Terry Walker, Fire Chief	January 2003 – December 2003	\$ 4,800

- (1) Resigned in September 2003 and Steve Bailey was appointed to the board.
- (2) Gary Jones served as Chairman from October 2003 until April 2004. There was no Vice Chairman from October 2003 to April 2004. In April 2004, Lee Narans was elected to the board and became the Chairman.
- (3) Jim Clowes was elected to the board in April 2004 and named Vice Chairman.
- (4) This board position was not filled until January 2004 when Lee Narans was appointed to the board. In April 2004, Linda Clemons was elected to the board and named Secretary.
- (5) In April 2004, Darlene Niehaus was elected to the board and was named Treasurer.

In addition to the officials identified above, the district had 35 volunteer firefighters at December 31, 2003.

Assessed valuations and tax rates for 2004 and 2003 were as follows:

ASSESSED VALUATIONS	2004	2003
Real estate	\$ 36,557,677	\$ 34,978,346
Personal property	7,043,820	6,450,610
Total	<u>\$ 43,601,497</u>	<u>41,428,956</u>

TAX RATE PER \$100 ASSESSED VALUATION

	2004 Rate	2003 Rate
General Fund	\$.2828	\$.2828



Claire McCaskill

Missouri State Auditor

February 2005

City of Nevada, Missouri

Year Ended
December 31, 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Nevada, Missouri.

This audit is the second of two reports of the City of Nevada. The first report issued in September 2004 identified receipts totaling at least \$39,701 collected by the City of Nevada from January 2002 to April 2004 but were not deposited, and apparently misappropriated. This report's 12 findings focus on the city's financial condition and internal controls over management and financial functions.

The city regularly uses water and sewer funds to compensate for negative balances in other city funds. City officials indicate that it has been approximately 20 years since water and sewer rates have been reviewed. Water and sewer revenues should be used to fund the operations of water and sewer services only, and should not generate profits to fund other services provided by the city. The existing water and sewer rate structures have allowed the city to, in effect, levy additional taxes without a vote of the citizens.

As of August 31, 2004 the city's General, Park, Park Construction, Street and Airport Funds had a negative cash balance totaling approximately \$1.3 million. The city's water and sewer fund had a cash balance of approximately \$2 million and was used to cover the shortfall in the city's checking account. Contributing to the city's negative cash balances were poor controls over city revenues, inadequate procurement procedures, and construction of the city's new swimming pool prior to receiving adequate funding.

The city regularly operates their general fund with a deficit cash balance throughout the year making interfund loans from water and sewer at year end to bring the cash balance above zero. The city's audited financial statements show that interfund loans to the city's general fund are a trend that has increased from \$90,000 in 2001 to \$450,000 in 2003.

The city's budget does not reflect the need for interfund loans to cover deficit balances. Additionally, budgets were amended during 2004 by the City Council to include additional expenditures without sufficient revenues to pay for the additional budgeted expenditures. As a result deficit budgets were approved which are prohibited by state law and the City Charter. Considering the poor financial condition of several city funds, it is imperative that the City Council adequately monitor the city's financial condition and develop a plan which will allow the city to operate without subsidies from the city's water and sewer funds.

(over)

YELLOW SHEET

In 1997, the city received land and a building (The Ozark Building) from the State Department of Mental Health (DMH), and \$587,104 in state appropriations representing an economic development grant for the building. The Ozark Building has remained unoccupied and no improvements have been made since it was transferred to the city. Reports have not been properly submitted to the state, and the monies have remained in the city's bank account.

The city needs to improve its process of procuring and monitoring most of its professional services. Proposals were not always solicited, written contracts were not always obtained, and documentation was not always adequate to support amounts paid. In one example, the city paid \$88,000 to a public relations firm between January and August 2004 without soliciting proposals or adequate supporting documentation, and approximately \$65,000 was incurred prior to the city signing an agreement.

The City Council does not adequately monitor the use of the hotel/motel tax monies paid to the Nevada/Vernon County Chamber of Commerce to provide tourism services. While the contract with the chamber indicates periodic reports will be provided to the city, no reports have been obtained from the chamber.

In 1999 the city entered into an exclusive ten-year contract with a local vendor to provide non-alcoholic beverages at city facilities. The city did not retain a copy of the contract, and there is no documentation to indicate proposals were solicited, or that the agreement was approved by the City Council. In addition, monthly commissions totaling \$8,464 paid to the city between January 2002 and October 2004 were not properly tracked. Commission monies were classified in several different accounts in the city's financial records, some commission monies were held as long as nine months before being deposited, and some commission monies are unaccounted for by the city.

The city purchased more than \$69,000 in fuel during 2003 through the use of 71 fuel credit cards. Additionally, the city has ten discount store credit cards, four bank credit cards, two home improvement store credit cards, and two office supply credit cards. Purchases on these cards totaled approximately \$126,400 during 2003. Credit card purchases are not always reviewed and approved by someone other than the credit card holder and adequate supporting documentation was not maintained for many credit card purchases.

Travel expenditures were not always supported by adequate documentation, and some appeared unreasonable and excessive.

Also included in the report are recommendations related to city expenditures, cellular phones, city vehicles, bonus and incentive payments, closed meetings, and the city code.

All reports are available on our website: www.auditor.mo.gov

CITY OF NEVADA, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of City Council
Nevada, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Nevada, Missouri. The city engaged Daniel, Schell, Wolfe, and Associates, P.C., Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Nevada.

An additional report, No. 2004-67, *City of Nevada Management of Cash Receipts*, was issued on September 7, 2004.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 30, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna K. Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF NEVADA, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition and Transfers
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The city regularly uses water and sewer funds to compensate for negative balances in other city funds and makes numerous transfers from water and sewer funds to the general fund.

- A. The city relies heavily upon water and sewer funds to help finance other city operations. According to the city's August 31, 2004 financial report several of the city's funds had a negative cash balance as follows:

<u>Fund</u>	<u>Balance at August 31, 2004</u>
Park Construction	\$ (669,078)
General	(461,646)
Street	(161,494)
Airport	(16,025)
Park	(7,049)
Total	\$ (1,315,292)

The city's water and sewer fund had a cash balance of approximately \$2 million and was used to cover the shortfall in the city's checking account. Approximately \$900,000 of the water and sewer fund balance was restricted by city ordinance for replacement reserves and customer deposits.

Factors contributing to the negative cash balances are as follows:

1. In September 2003 the City Council contracted to build a new swimming pool for \$1.5 million with park construction fund monies. Financial projections at that time indicated the park construction fund would not accumulate adequate sales tax revenues to fund the project until the end of 2005. While the City Council approved the contract for the new pool, council meeting minutes do not indicate how the project was to be funded until adequate sales tax revenues are received. As a result, water and sewer revenues have been used to build the city's new swimming pool.
2. The city regularly operates their general fund with a deficit cash balance throughout the year, and then makes interfund loans from water and sewer monies to bring the cash balance above zero. The loans are usually recorded after the city's independent audit is completed. According to the city's audit report for December 31, 2003 the city's general fund owed

\$390,000 to the water and sewer fund and \$60,000 to the park construction fund. These loans were repaid when the city received property tax revenue in February 2004.

3. The negative balance in the city's street fund has resulted from unfunded capital improvement projects. During 2004 the city began work on a capital improvement project totaling approximately \$130,000 funded through a Neighborhood Improvement District (NID). While the city has incurred expenses related to this project, NID bond revenues have not been received. There is no documentation in the City Council meeting minutes regarding funding for this project until the NID funds are received.

According to the City Finance Director, the airport and park funds should receive sufficient revenues by the end of 2004 to compensate for the negative balances noted above. However, he believes interfund loans will have to be recorded in the city's financial records after the city's independent audit for the park construction, general, and street funds.

In addition, the city's budget does not reflect the true financial position of these funds. For instance, while the city's audited financial statements show that interfund loans to the city's general fund are a trend that has increased from \$90,000 in 2001 to \$450,000 in 2003, the city's general fund budget during this same time period does not reflect the need for interfund loans to cover deficit balances. For the last several years the city has spent more than they have received in the general fund requiring more interfund loans. Additionally, the city has over estimated budgeted revenues for the general fund by approximately \$600,000 since 2002, causing projections of year end cash balances to be unrealistic. See MAR No. 2 for additional budgetary issues.

Several other factors have contributed to the negative balances in the various city funds including poor controls over the collection of various types of city revenues resulting in at least \$39,701 in misappropriated cash receipts. (See audit report No. 2004-67 issued September 7, 2004.) Additionally, inadequate procurement procedures and poor controls over expenditures as described throughout this report have led to the declining balances.

The City Council needs to closely monitor the ongoing financial condition of the various city funds, and develop a plan which will allow the city to operate without subsidies from the city's water and sewer funds. If the City Council desires to continue its current level of services, it must increase unrestricted revenues or reduce costs.

- B. In addition to using water and sewer funds to compensate for negative balances the city makes numerous transfers from the water and sewer fund to the general fund as follows:

1. Six percent of gross water and sewer revenues are transferred annually to the general fund as a franchise tax. The six percent represents the same rate as charged to the city's local natural gas supplier. While the franchise tax for the natural gas company is established by ordinance, the franchise tax charged to the city's water and sewer fund is not. Approximately \$135,000 is transferred annually.
2. An annual transfer representing a payment in lieu of taxes (PILOT) is computed by multiplying the value of the property of the water and sewer fund by the city's general fund tax rate. The city has also not established an ordinance approving a PILOT transfer. Approximately \$95,000 is transferred to the general fund annually based upon this computation.
3. Transfers to cover various administrative costs are made from the street and water and sewer funds to the general fund. During 2004 budgeted administrative costs totaling \$1,047,559, including salaries, supplies, and contractual services associated with the City Council, City Manager, City Clerk, and Finance Department, were allocated \$282,841 (27 percent) to the water and sewer fund and \$157,134 (15 percent) to the street fund. The city computed the transfer amounts by applying the percentage of total budgeted payroll for each fund to the total budgeted administrative costs. By determining the transfer amounts based upon budget estimates, no consideration has been given to actual costs or actual duties performed by these individuals.

In addition, the city transferred \$131,520 from the water and sewer fund to the street fund for sewer maintenance and landscaping. The amount of the transfer approximates the salary of four full time employees.

While these costs allocations may be appropriate, the city should base the allocation on actual time and expenses associated with these funds.

City officials indicate that it has been approximately 20 years since water and sewer rates have been reviewed. The water and sewer fund is a separate accounting entity designed to account for specific city activities. Water and sewer revenues should be used to fund the operations of water and sewer services only. Rates for water and sewer services should be set to cover the costs of producing and delivering services (including administrative costs), and repairing and replacing infrastructure. The water and sewer services should not generate profits to fund other services provided by the city. The existing water and sewer rate structures have allowed the city to, in effect, levy additional taxes without a vote of the citizens. Property taxes, sales taxes and other fees can be established or increased; but, these require a vote of the citizens.

The city needs to properly allocate expenses to the water and sewer funds to establish appropriate user fees. The city should ensure expenditures are allocated

to the various funds in proportion to the benefits received from the expenditures. Documentation should be retained to support the percentages used for allocating expenditures.

WE RECOMMEND the City Council:

- A. Closely monitor the financial condition of the various city funds and develop a plan to discontinue subsidizing general and other city operations with water and sewer funds.
- B. Develop a methodology for determining the amount of transfers, retain adequate documentation to support the transfers, and establish ordinances for the applicable transfers. In addition, the city needs to establish water and sewer rates to cover only those costs necessary to provide water and sewer services.

AUDITEE'S RESPONSE

The City Council provided the following response to A and B:

For the period of 2000 through 2003 the City of Nevada's General Fund had the following year end increase (or decrease) in cash balance as confirmed by an independent audit: 2000 @ \$9,433; 2001 @ \$83,417; 2002 @ \$(61,650); and 2003 @ \$21,496. For 2004, the General Fund's increase in year end cash balance has been estimated (prior to the December 31 close of the city's fiscal year) to be \$23,841.

In August of 2002, the City entered into a cooperative agreement with Vernon County to provide local property taxpayers the convenience of paying both their City and County taxes (due at year end) to the County Township Collector. Taxes due the City are then subsequently remitted by the County to the City shortly thereafter. While this "one stop" service enhancement has been a welcome convenience to the public, the minor delay in receipt of City property taxes moved these receipts to the following fiscal year where they have been recorded as received. In lieu of "accruing" these receipts, the City has elected to cover the temporary (approximately two week) imbalance in the General Fund from pooled funds.

The \$76,537 increase in the General Fund's cash balance from 2000 through 2004 has not been sufficient to avoid the annual temporary use of pooled funds associated with the property tax cooperative agreement with Vernon County.

Managing and increasing working cash balances in future years is a laudable and fiscally prudent objective. In pursuit of this goal, the Finance Director has published monthly financial reports detailing the working cash balances in all city funds since 2001.

Internal financing through the use of pooled funds is a customary and widely accepted economy measure used by municipalities across the country. Routine documentation within the Finance Director's cash management work papers and reports should be sufficient. The examples

referenced with the Street Fund's NID project, and the Parks Construction Fund's pool project, are both representative.

In 2003, the City approved a special assessment petition to re-construct a private street at property owner's expense. Upon the completion of construction, the street was dedicated to the city and it was accepted for future maintenance. The expenditures for this project were charged to the Street Fund. Bonds to finance this construction will be sold in early 2005 in accordance with state law. In lieu of incurring unnecessary transaction and interest expense associated with private construction financing, pooled city funds (\$120,000) have been used to cover this expense in the Street Fund, until the bonds are sold.

In 1999, Nevada voters approved a ½ cent Parks and Recreation sales tax for improved park facilities. The last major project from this sales tax, which expires at the end of 2005, was a 1.7 million dollar renovation of the Walton Park swimming pool. Construction was scheduled and completed over the winter of 2003/2004 to avoid closing the pool during the summer swimming season which would have been an unnecessary inconvenience to the patrons. In lieu of delaying construction or incurring unnecessary private financing costs, pooled city funds (\$500,000) were used to cover construction costs in the Parks Construction Fund until final sales tax receipts are collected during 2005.

The representation of routine and documented cost allocations between funds as "subsidies" can mischaracterize proper and widely accepted procedures followed by municipalities across the country. For example, a Street Fund employee and dump truck used on a Water & Sewer Fund project can and should require a fund transfer or cost allocation from the Water & Sewer fund as reimbursement. The documentation of these shared resources has become increasingly detailed and accurate over the years subject to the limitations of the City's data systems.

Over the past century, private investor owned utilities have consistently argued that publicly owned (municipal) utilities enjoy a taxpayer "subsidy" by virtue of the tax exempt status of their assets. To address this concern, Nevada and other municipalities subject their publicly owned utilities to a payment in lieu of tax. As detailed in the Finance Director's work papers, a transfer is recorded each year for property taxes and franchise taxes at the levies and rates imposed upon investor owned utilities. Incorporating this routine payment in lieu of tax in future water and sewer rate ordinances may have merit and will be considered.

2. Budgetary Procedures

Deficit budgets were approved for the general, street, and park construction funds. Additionally, adequate detail was not included in some budgets.

- A. In May and July 2004 the city amended the 2004 budget for the general, street, and park construction funds to include additional expenditures; however, sufficient revenues were not budgeted to pay for the additional budgeted expenditures. As a result, deficit budgets were approved for these funds.

As noted in MAR No. 1 the City Council approved the construction of a new swimming pool for approximately \$1.5 million; however, adequate revenues would not be available to fund the construction until the end of 2005. The city's initial 2004 park construction fund budget only included \$900,000 for capital outlay expenditures, and projected an ending balance in the city's park construction fund of approximately \$81,000. In July 2004 the budget was amended to include an additional \$664,000 for the construction of the pool; however, the amendment did not include any additional revenues to fund the increase in expenditures. As a result, budgeted expenditures exceeded the beginning available resources plus budgeted revenues for the park construction fund resulting in a deficit budget.

The City Council approved similar amendments during 2004 for the general and street funds causing deficit budgets for these two funds. After the amendments, the general and street funds had deficit budgets of approximately \$10,000 and \$34,000, respectively.

Section 6.3 of the City Charter indicates that the total of proposed expenditures shall not exceed the total of estimated income. Section 6.8 of the City Charter allows the City Council to make supplemental appropriations during the year, but only up to the amount of available revenues. Additionally, deficit budgeting is prohibited by state law.

Considering the poor financial condition of several city funds as described in MAR No. 1, it is imperative that the City Council adequately monitor the city's financial condition. A complete and well-planned budget, in addition to meeting city and state requirements, can serve as a useful management tool for monitoring city funds. In addition, deficit budgeting must be avoided to ensure the city operates within its available means.

B. Significant revenue and expenditure amounts were not adequately detailed in the city's budgets and financial statements.

- The city's Special Projects Fund budget includes the Maxwell Trust funds, the Acorn funds, and the Ozark Building funds. The Maxwell Trust funds were bequeathed to the city and have been restricted for economic development projects related to city sidewalk projects. The Acorn funds are proceeds from the sale of land given to the city by the State of Missouri, and are restricted for economic development purposes. The Ozark Building funds are state grant monies to develop the Ozark Building.

All expenditures in the Special Projects Fund are budgeted in one broad category labeled, "other contractual services" with no additional detail provided. Expenditures classified in this category include legal fees, public relation services, and equipment for the city's wireless computer network

service. Additionally, while the Acorn funds are restricted for economic development, the city has not prepared a formal plan for these monies.

- For each fund the city has established a revenue account titled, "recovery of expenses" to be used for miscellaneous receipts and reimbursements. However, during 2003 and 2002 approximately \$89,500 and \$68,300, respectively, in grant revenues were posted to this account rather than including them in a more specific revenue category.

The failure to present detailed financial information decreases the effectiveness of the city's budget and financial statements as a management tool. In addition, to be of maximum benefit to the city and its taxpayers, the city's budget and financial statements should be adequately detailed.

WE RECOMMEND the City Council:

- A. Ensure budgeted expenditures for the various funds do not exceed estimated revenues and beginning available resources.
- B. Ensure the city's budgets and financial statements provide detailed revenue and expenditure information, and prepare a formal plan for restricted funds.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. *In the future when budgets are amended utilizing pooled cash (inter-fund loans), the Finance Director will ensure that the amended budget explicitly articulates the anticipated temporary transfer of funds between funds.*
- B. *In the Special Projects Fund separate budgets and financial records are kept for each of the accounts (Maxwell Trust, Ozark Building and Acorn-State Hospital Land). On-going litigation, project delays and changes to the original financing agreements associated with the Ozark Building have made project budgeting a challenge.*

3. Ozark Building

In 1997, the city received land and a building (The Ozark Building) from the State Department of Mental Health (DMH), and \$587,104 in state appropriations. According to a written agreement between the city, the State Office of Administration (SOA), the DMH, and the Department of Economic Development (DED), the \$587,104 represented an economic development grant for the Ozark Building. The agreement indicated the city's desire to make use of the Ozark Building and the land to establish a telecommunity project, and required the city to submit a development plan and quarterly reports to OA and DED.

The Ozark Building has remained unoccupied and no improvements have been made since it was transferred to the city in 1997. The city has not submitted a development plan or quarterly reports to the SOA, and the monies have remained in the city's bank account. The city has earned approximately \$153,000 in interest on the state funds and has spent approximately \$135,000 of the interest proceeds on legal fees and the city's wireless computer network service. According to the City Manager, the city has pursued various development projects related to the property over the last seven years, but no project has progressed far enough for the city to prepare a development plan.

Since December 2002, the city has been in negotiations with a company to develop the Ozark Building into senior citizen housing. In April 2004, the city paid \$36,000 of the grant monies for electrical work for the Ozark Building. According to the city, the electrical work was contracted by the developer after an agreement was reached, but a contract had not been signed, and because of legal issues the project was stopped and the city had to pay the electrical contractor.

In August 2004, City Council approved another agreement with the developer. This agreement transfers \$585,000 of the grant funds to the developer, and requires the developer to pay the city \$306,000 for title to the Ozark Building and reimbursement of costs incurred by the city. If the developer is unable to obtain tax credits for the project the agreement is terminated and the city is liable for various engineering and study costs that the developer has incurred. The agreement further specifies other costs associated with the development, and which party is responsible for those costs.

If the agreement is terminated the city will incur costs totaling approximately \$142,000. If the agreement is completed the city will gain approximately \$200,000 on the transaction which appears to be restricted by the state contract to only be used in relations to a telecommunity project. It is not clear from the contract with the developer how the development of senior citizen housing meets the requirements of the state contract to establish a telecommunity project.

Allowing funds to remain idle for more than 7 years is an unnecessary use of state funds. In addition, it is questionable whether interest earned on the funds can be spent on projects other than the telecommunity project outlined in the state contract. The city has failed to comply with the terms of the state contract and should contact the SOA regarding the proper disposition of the grant funds, interest funds, and property.

WE RECOMMEND the City Council contact the State Office of Administration regarding the proper disposition of the \$587,104 grant funds, the \$153,000 in interest revenues, and the Ozark Building property.

AUDITEE'S RESPONSE

The City Council provided the following response:

Officials from the City of Nevada and the State of Missouri's Office of Administration have met on numerous occasions regarding the Ozark building and other projects related to the north campus telecommunity project. The redevelopment of surplus historic state office and hospital facilities has not been quick or easy anywhere in rural America, and Nevada's joint efforts with the State of Missouri have received regional and national recognition. This past month the Missouri Housing Development Commission (MHDC) approved funding for the redevelopment of the Ozark building for senior housing, and the five million dollar construction project is scheduled to begin in 2005.

Efforts in 1998 to seek state and federal funds for a business incubator were not successful. In 2001 a federal grant was sought to develop a telehealth facility, and that project was also not funded.

In 2002 marketing materials for the building were prepared to seek proposals from prospective developers. A proposal for demolition was subsequently prepared and submitted by a local company. An alternate proposal was prepared and submitted by a Kansas City company for renovation of the building for senior housing in conjunction with MHDC.

The City Council unanimously endorsed renovation of the historic structure, a purchase and sale agreement for renovation was approved in January of 2003, and funding was approved by MHDC.

Before renovation could begin, litigation filed on behalf of the local company placed a cloud on the title, and the MHDC renovation project could not proceed. The lawsuit was dismissed by the Circuit Court in favor of the city, and a second purchase and sale agreement for renovation was approved by the City Council. A second lawsuit was then filed against the City Manager by a representative of the local company regarding the Ozark building's redevelopment, and MHDC funds were not available in 2004 (due in part to the second lawsuit).

A third purchase agreement was approved by the City Council in 2004. After reviewing the second lawsuit's lack of merit, the Ozark building redeveloper's title insurance company offered to provide title insurance, and MHDC has now approved funding for 2005.

The delays caused by the two lawsuits, the costs of litigation, the negotiation and drafting of three sale contracts, and a concomitant petition audit have all created expenses and development costs for the developer and the city that were not a part of the original financing plan. As partial reimbursement of the losses incurred by the City of Nevada, the purchase price has been raised to \$250,000.

4.**Professional Services**

The city needs to improve its process of procuring and monitoring most of its professional services. The city has not periodically solicited proposals for auditing, accounting, legal, and consulting services. The city's purchasing code indicates that professional services are not subject to competition with the exception of, engineering and architectural services which require the solicitation of proposals, and legal services which requires the consideration of more than one firm.

A. Our review of legal services provided to the city noted the following:

- The city paid outside law firms approximately \$116,000 during 2003 for legal services. We identified fees charged to the city ranging from \$190 to \$400 per hour; however, engagement letters with firms indicated that rates as high as \$650 per hour could be incurred. Proposals were not solicited for these services, and work was often performed before engagement letters were signed. In September 2003, the City Council amended Section 2-86 of the city code to require outside legal services to be approved by the City Council through an engagement letter prior to obtaining services. This section also requires the consideration of more than one firm, except in the case of an emergency. Even after the approval of this amendment, the city still utilized law firms without considering proposals or obtaining an engagement letter as city code requires. In March 2004, the city approved engagement letters; however, there is no documentation to indicate that proposals from more than one firm were considered.
- During 2003, the city paid approximately \$55,600 for services of the city attorney, the city prosecuting attorney, and the municipal judge. Chapter 25, Article 1, Section 25-1.108 of the city code classifies these employees as exempt positions salaried under special contracts; however, the city does not have contracts with these individuals. The city should review the situation to ensure compliance with city code.

B. The city paid approximately \$88,000 to a public relations firm from January to August 2004. Proposals were not solicited for these services, and the city did not have a written agreement in place until April 2004. Approximately \$65,000 of the above total was incurred prior to the city signing the agreement. As a result, it is not clear how the City Council could have approved the disbursement of these funds.

In addition, the written agreement does not provide adequate detail concerning the amount of costs to be charged to the city. Although the contract indicates that a detailed statement of services will be provided, the invoices submitted only indicate a brief description of the service performed, and did not indicate the

number of hours or hourly rate charged. Also, no detail was provided on travel expenses charged to the city.

- C. Without soliciting proposals, the city contracted with a company in August 2001 for economic development consulting services. The contract authorizes a retainer of \$850 per month for 17 hours of service, and specifies that any additional hours are to be approved in advance and paid at \$50 per hour. Our review of the invoices for March and April 2004 noted charges for services totaling \$3,206 and \$1,875, respectively. These services were billed at a rate of \$75 per hour. There was no documentation to indicate additional hours were approved or to justify the increase in the hourly rate.

In addition, the invoices submitted for payment were not adequately detailed, only indicating "business assistance services" on the invoice. The lack of adequate documentation prevents the city from evaluating the appropriateness of the professional services being billed. The city paid \$11,738 to this company during 2003.

- D. During 2003 and 2004, the city contracted with a Government Consultant for \$900 per month. There were no proposals solicited for these services, the invoices were not adequately detailed, and the city has not requested reports on activities as authorized by the contract. As a result, the city does not have adequate documentation to support the payments made for these services.
- E. The city has not solicited proposals since 1996, and has used the same CPA firm for their annual audit since 1990. The city paid \$10,750 to the firm during 2003 for the 2002 city audit.

In addition, the city contracted with another CPA firm during 2004 for consulting services. The city paid this firm \$3,456 for services related to missing cash receipts, and to reply to the State Auditor's report regarding these missing funds. The invoices for these services did not document the amount of hours spent or the rate charged per hour and did not provide documentation to support out of pocket expenses.

While professional services, such as attorneys, accountants, and consultants may not be subject to the standard bidding procedures, the city should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. Further, the city should ensure written contracts are prepared, adequate supporting documentation is provided, and charges agree to contract fee schedules for all professional services.

WE RECOMMEND the City Council solicit proposals for professional services to the extent practical. The proposals should be formally evaluated and retained. In addition, written contracts should be prepared and formalized prior to services rendered, and adequate supporting documentation should be received for all charges.

AUDITEE'S RESPONSE

The City Council provided the following response:

In the future the city will take the following actions:

- *Engagement letters will be obtained for all professional services prior to incurring the expenses.*
- *Statements from the provider should be reviewed for compliance with the terms of the original contract.*
- *Payments in excess of contracted amounts should be investigated prior to payment and documented on the bill as to whether the payment is proper.*

5.

Chamber of Commerce

The city does not adequately monitor the use of tourism fund monies paid to the Nevada/Vernon County Chamber of Commerce (Chamber). In 1999 city voters approved a hotel/motel occupancy tax with all proceeds from the tax to be used solely to promote tourism. The tourism fund cash balance at December 31, 2003 was \$79,169, and tax collections during 2003 were approximately \$59,000.

- A. During 2003 the city contracted with the Chamber to provide tourism services for the city. In accordance with the contract, the city reimbursed the Chamber for various costs including personnel, telephone, utilities, supplies, and repairs not to exceed \$27,500. While some documentation to support the actual costs incurred was provided to the city by the Chamber, several expenses were not adequately documented. For example, the city paid the Chamber \$6,000 as a "tourism allocation." There is no documentation to support how these funds were used by the Chamber.

In 2004 the city entered into a new contract with the Chamber to fund the promotion of various events, tourism administrative costs and operating costs of the visitor's center for a total of \$67,610. We noted the following concerns with disbursements made to the Chamber during 2004:

- The city has disbursed funds to the Chamber without requiring any documentation to show how these monies were used. In addition, the contract with the Chamber does not provide an adequate means for the city to monitor

the use of these funds. While the contract indicates that, "periodic reports will be provided to the city staff and City Council as directed by the City Manager," no reports have been obtained from the Chamber.

- The city has no documentation to indicate that the Chamber has complied with all terms of the contract. For example, the contract requires the Chamber to supply worker's compensation insurance for tourism employees. The city does not have any documentation to verify the insurance policy is in force.
- The contract also specifies \$67,610 will be paid to the Chamber in 12 monthly equal installments by the 10th day of each month. The city paid \$22,537 in April and August, 2004 rather than paying monthly as specified by the contract terms.

To ensure the proper use of the city's hotel/motel tax monies, the city should establish formal procedures to monitor the use of these monies and require detailed information from the Chamber to document how these city funds were used. Additionally, if the city does not intend to make payment in accordance with the terms of the contract, the contract terms should be amended accordingly.

- B. In addition to the contractual payments paid to the Chamber described in part A, the city also paid outside vendors for costs initiated by the Chamber for brochures and a retail study.

During 2003, the city paid a printing company \$6,578 for brochures and a marketing company \$2,400 to display the brochures. The city also paid \$12,975 to a consulting firm for a retail study. The invoices supporting these expenses were addressed to the Chamber, and approved by the Director of the Chamber. There is no documentation to indicate that the City Council approved paying for the brochures and the display services. City Council meeting minutes for June 18, 2002, indicate the City Council's approval of paying \$12,500 toward the retail study. It is not clear why \$475 more was paid for the retail study than approved by the City Council. Additionally, bids were not solicited for these items, and the contract noted in part A above does not address these expenses.

The failure to properly approve expenses, and document agreements between the city and the Chamber may result in misunderstandings between the parties involved and unnecessary expenditures for the city.

WE RECOMMEND the City Council adequately monitor the use of the hotel/motel tax monies by establishing formal procedures in the terms of the contract with the Chamber to monitor the use of these monies and obtain detailed information to document how these funds were used. Additionally, all expenditures should be properly authorized, and all agreements between the city and the Chamber should be in writing.

AUDITEE'S RESPONSE

The City Council provided the following response:

Whenever the City utilizes the Chamber of Commerce to provide tourism services a contract will be prepared, as was done for 2004. The contract will require periodic reporting to the City Council to insure that City funds are properly spent.

6.	Expenditures
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Bids were not always solicited as required, some expenses appeared questionable, and IRS Form 1099 Miscellaneous was not always issued. Additionally, check signing procedures need improved.

- A. The city does not always follow its bidding policy. The city purchasing code requires bids to be solicited for all purchases over \$250. In March 2004, this amount was increased to \$500. All purchases over \$2,000 require City Council approval. This was increased to \$5,000 in March 2004. Contracts for supplies requires at least three competitive written bids, and contracts for services requires at least two bids or proposals. Although the city did solicit bids for some purchases, bids were either not solicited or bid documentation was not retained for the following:

<u>Item</u>	<u>Amount</u>
Printing services	\$ 2,300
Golf balls	1,800
Public Works supplies	1,584
Employee Uniforms	758
Equipment repair	662

Although these purchases represent one payment to the vendor, the city spent more than these amounts for the above items on an annual basis. For example, the city made purchases totaling approximately \$18,260 and \$13,850 during 2003 from the vendor providing golf balls and public works supplies, respectively. While city employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained.

In addition, the city has spent more than \$57,000 for a wireless computer network service for the city. City officials indicate that most of the equipment associated with this service was specialized, and could only be provided by one vendor; however, the city did not maintain documentation of sole source procurement.

Further, the city solicited bids and contracted with a company to stripe city streets and parking lots for \$10,339; however, the city paid this company \$15,272 without soliciting additional bids, or obtaining approval from City Council for the amount paid over the bid. City officials indicated that additional work was performed but documentation of authorization or a contract change order was not obtained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons noted why the bid was selected. In addition, sole source procurement should be adequately documented, and if the scope of a project changes substantially, consideration should be given to rebidding the project. Further, all expenditures should be approved in accordance with city policy.

- B. In 1999, the city entered into an exclusive ten-year contract with a local vendor to provide non-alcoholic beverages at city facilities. According to the contract the city will purchase all beverages to be sold at city facilities from the vendor and the vendor will provide vending machines at various locations on city property. Additionally, the vendor will provide to the city various park related items (scoreboard and sponsorships) totaling \$14,500 during the life of the contract.

The city did not retain a copy of the contract, and had to request a copy from the vendor for our review. There is no documentation to indicate whether bids or proposals were solicited for these services or that this agreement was approved by the City Council. The agreement was signed by the Director of Parks and Recreation. The city paid approximately \$9,700 annually during 2003 and 2002 to this vendor.

Contract terms specify that the city is to receive monthly commissions of 35 percent of actual cash collected through the vending machines. The city does not track commission revenues received. According to information provided from the vendor, the city should have received \$8,464 in commissions between January 2002 and October 2004. According to city records \$5,236 was deposited in the Park Fund, and \$1,744 was deposited in the Friends of the Park Trust Fund. Of the remaining \$1,484 not specifically accounted for, the city located \$830 in the park fund classified as soccer fees, \$384 represents two checks from the vendor that have apparently not been negotiated, and \$270 remains unaccounted for in the city's records. Additionally, of the \$5,236 deposited into the Park Fund, 9 monthly commission checks totaling \$2,610 were deposited at one time. The city could not provide an explanation as to why these checks were held, and not deposited monthly when received.

The contract contains a buyout option if the city decides to terminate the agreement before the end of the ten years. If the city exercises the buyout option, the city must pay the vendor a percentage (equivalent to the number of years remaining in the contract) of the approximately \$14,500 the vendor provided to the city.

Because the contract was not bid, city officials have no assurance that the current agreement offers the most benefits to the city. Soliciting proposals and entering into a truly competitive bidding process provides the city with a range of possible choices, and a means to select the vendor best suited to provide the service required. Considering the addition of the city's new swimming pool and senior center, it is questionable whether or not the current agreement still fits the needs of the city. City officials should avoid long-term agreements that obligate the city to a single vendor, and retain copies of all executing contracts.

In addition, the city should monitor the collection of commission revenue to ensure all city funds are deposited timely and properly accounted for.

- C. The city has an agreement with the Vernon County Ambulance District to provide transportation for disabled citizens. According to the agreement the city pays the district \$2.25 per trip plus \$1,000 per month for insurance and labor costs. The city does not obtain any documentation from the district regarding actual insurance and labor costs, and does not have any documentation on how this amount was determined.

To ensure amounts paid were reasonable, the city should require detailed information of labor and insurance costs from the district.

- D. During our review, we noted several city transactions which do not appear to be a necessary cost of operating the city. Examples include:
- The city paid \$1,666 for the annual service awards banquet for employees, spouses, and children around the holidays during 2003. In addition, the city paid various amounts to local restaurants for food for staff meetings.
 - The city contributed \$1,999 annually for numerous years toward the firefighter's union annual fireworks display during 2002 and 2003. The amount contributed is \$1 less than the \$2,000 ceiling amount required by the city's purchasing code to be approved by the City Council. If the annual expenditure for fireworks is determined to be a desirable, city-provided service, the city should obtain a written contractual agreement which specifies services to be provided and provides the city with a mechanism to evaluate and monitor such services.
 - The city paid \$2,908 during 2003 for the payment of Lions Club and Rotary Club dues for various city employees.

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not represent a necessary and prudent use of public funds.

- E. Several invoices did not contain an indication of approval or receipt of goods or services, and invoices were not always paid timely resulting in late fees and interest charges. Numerous invoices only indicated an account code by the Finance Director but did not include an approval signature or other notation from the City Manager or the director of the department where the charge was initiated. Additionally, the city regularly incurred late fees and interest charges on some bills because payment was not made timely. (See MARs No. 7 and No. 8)

To ensure the obligation was actually incurred and properly approved, all expenditures should be supported by properly approved invoices containing indication that goods or services have been received. In addition, procedures should be in place to ensure bills are paid timely to avoid late charges and interest.

- F. Form 1099 Miscellaneous was not prepared by the city for 10 of the 25 vendors we reviewed, who were paid approximately \$605,000. The finance department did not have adequate controls to ensure all vendors requiring Form 1099 Miscellaneous were sent one. Sections 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099.
- G. The city's checking accounts require two signatures; however, six individuals (City Manager, City Clerk, Finance Director, Parks Director, Economic Development Director, and the City Manager's Officer Director) are authorized to sign checks. Any two of these signatures can cause the checks to be negotiated, and the City Clerk has custody of the facsimile stamps of the Finance Director and Parks Director, and occasionally uses these stamps to sign checks. Checks are typically signed by the Economic Development Director and the Parks Director. Strong internal controls require limiting the number of authorized signatures, and allowing the use of the facsimile stamp diminishes the control intended by multiple signatures.

WE RECOMMEND the City Council:

- A. Follow established bidding and purchasing policies and procedures, and ensure documentation of the bidding process is maintained.
- B. Reevaluate its practice of entering into long-term contracts, solicit bids for city vending services, and retain copies of all executed contracts. In addition, procedures should be established to monitor the collection of commission revenue.

- C. Require detailed information of labor and insurance costs from the district.
- D. Ensure expenditures from city monies are a prudent use of public funds and are limited to those necessary to properly operate the city. In addition, if the annual fireworks display is determined to be a necessary city expense, the city should obtain a written agreement.
- E. Ensure all invoices are properly approved, contain indication that goods or services have been received, and paid timely.
- F. Issue IRS Forms 1099 Miscellaneous as required by the Internal Revenue Code.
- G. Discontinue the practice of allowing the use of the facsimile signature stamp and consider limiting the number of authorized signatures.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. *All aspects of the City's revised procurement procedures will be monitored for compliance with the policy.*
- B. *The City will continue to review its contract with Coca-Cola to see if it might be in the interest of either party to utilize the early buyout provision of the contract. This agreement was approved by the former City Manager who personally negotiated the agreement. It was always his practice to keep the City Council fully informed, and the agreement has been beneficial to both parties.*
- C. *The City has obtained documentation to support the amounts paid to the Vernon County Ambulance District under the contract to provide transportation services. Both parties understood that the service was a significant staffing burden and expense for the District.*
- D. *We believe that the long standing and proper municipal practice of payments made for City employee awards banquets, an annual fireworks display, and civic club dues are allowable discretionary expenses of the City.*
- E. *As part of the Accounts Payable process the individual departments will verify receipt of the goods or services before approving and coding the invoice for payment.*
- F. *At the time a new vendor, who would be eligible for an IRS Form 1099, is added to the accounts payable records a tax ID number will be obtained. A review of all vendors will be made annually to insure that an IRS Form 1099 is prepared and sent to all required vendors.*
- G. *Facsimile signature stamps for any check signer will be destroyed. We believe the current list of check signers adequately addresses the City's internal controls.*

Procedures for monitoring credit card purchases are inadequate, and the city does not have a formal credit card policy. The city utilizes numerous credit cards for fuel purchases, internet purchases, and travel and training expenses, and various supplies.

- A. The city purchased more than \$69,000 in fuel during 2003 through the use of 71 fuel credit cards. These cards are typically issued to the employee, but some cards are assigned to a specific vehicle.

Employees are not required to enter odometer readings, and do not receive a charge slip when purchasing fuel. In addition, as noted in MAR 9, mileage logs are not maintained for most city vehicles making it difficult to determine if the amount of fuel purchased is reasonable. Further, there is no log or other record maintained by administration of the custody or assignment of the fuel credit cards. While each city department head provided a list of employees with fuel cards, a master record to track all cards is not maintained.

The city should adopt formal policies and procedures for the assignment and use of fuel cards. A log should be maintained indicating the assignment of all fuel credit cards, and employees should be required to enter the odometer reading when purchasing fuel. This would allow the city to better track fuel usage for each vehicle and provide additional information to help ensure the reasonableness of fuel purchases.

- B. The city has ten discount store credit cards, four bank credit cards, two home improvement store credit cards, and two office supply credit cards. Credit card purchases on these cards totaled approximately \$126,400 during 2003. During our review of purchases charged on these credit cards we noted the following:
1. Credit card purchases are not always reviewed and approved by someone other than the credit card holder. For example, several credit card holders such as various department directors and the City Manager approve their own billings. Internal controls should be established to ensure billings are approved or authorized by someone independent of the credit card holder.
 2. Adequate supporting documentation was not maintained for many credit card purchases. In several instances, no supporting documentation or only the signed credit card charge slip was submitted to the city by the employee. For example, we noted several charges for hotels, meals, and computer supplies for which documentation was not adequate. All expenditures should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the expenditures represent appropriate uses of city funds.

3. Some credit cards are not adequately safeguarded. Credit cards that are not specifically assigned to an employee are kept in the city's vault; however numerous city employees have access to the vault. Credit cards should be kept in a location that is adequately safeguarded. Consideration should be given to assigning the responsibility for securing credit cards to a specific employee.
4. Late fees and finance charges were sometimes assessed and paid by the city on some credit card bills. We noted one monthly credit card bill with late fees and finance charges totaling \$65 paid by the city. Credit card bills should be paid timely to avoid these additional charges.

The city has not adopted formal policies and procedures for the use of these city credit cards. Complete and detailed written credit card policies and procedures are necessary to provide guidance to employees, and help ensure city credit cards are used only for city business. The city should develop policies which require purchases to be approved by someone other than the cardholder and require all credit slips be submitted prior to payment of credit card invoices. In addition, the city should carefully evaluate the need for each credit card, and remit payments timely.

WE RECOMMEND the City Council:

- A. Adopt formal written procedures regarding the use and assignment of fuel cards, maintain a log of the assignment of all cards, and require odometer readings to be entered for each fuel purchase.
- B. Evaluate the need for each city credit card and cancel any cards which are determined unnecessary. Formal policies and procedures should be adopted for credit card use, including policies which require purchases to be approved by someone other than the cardholder and require all credit slips be submitted prior to payment of credit card invoices. In addition, credit cards should be stored in a secure location, and payment should be made in a timely manner.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. *Fuel cards are a necessary item for the fueling of City Vehicles. Although no problems have been identified, the City will nevertheless put in place the following:*
 - *A policy will be established for use of the City fuel cards limiting the use to City vehicles.*

- *A log should be maintained of who has each fuel card on any given date. Unused fuel cards should be kept in a secure location.*
- *An odometer reading should be recorded the first of each month on all City vehicles.*
- *A monthly comparison should be made comparing miles driven and fuel used for each City vehicle. Unusual fuel usage in a vehicle should be investigated.*

B. The City will reduce the number of credit cards issued to the City with the implementation of the reimbursement of travel expenses based on per diem instead of actual expenditures. For any cards remaining the City will put in place the following:

- *A credit card policy will be established covering the use of City credit cards for only properly preapproved City purposes. The policy will require the employee to turn in all receipts for all credit card purchases.*
- *A log will be maintained so that it can be determined who has every card on any particular day. Unused cards will be held in a secure location.*
- *The monthly statements will be compared to the credit card receipts turned in. Charges without a signed receipt should be investigated and compared to the log of who had the credit card on the day of the charges.*
- *Since all City credit cards will be in the custody of the Finance Department, they will be able to ensure that credit card statements are paid in a timely manner to avoid late fees and finance charges.*

8.

Cellular Phones

The city does not have a formal policy regarding cellular phone usage, or guidelines to determine whether a cellular phone is needed or of benefit to the city. In addition, the city did not adequately monitor the phones in operation. During 2003, the city paid approximately \$9,000 in cellular phone charges for 12 cellular phones assigned to various city employees.

Some employee cellular phone plans did not appear to match their usage patterns. With the city manager's verbal approval, the department director initiates the addition of a cellular phone. City employees are allowed to pick their own service plan under the city's name. We identified the following problems:

- For some billing statements reviewed, the usage exceeded the number of plan minutes resulting in additional costs to the city, while other statements showed a significant accumulation of roll over minutes. For example, the Park Maintenance Supervisor's June 2004 phone bill included additional charges of

\$283 for exceeding the plan minutes by 809 minutes. The City Manager's phone bill for this same month reflected a balance of 3,685 minutes to be rolled over to the following month.

- Most billing statements did not contain details of the calls making it difficult to review for personal usage. One of these statements reflected 585 total minutes used with 234 minutes (40 percent) for night and weekend usage. Without detailed billings the city cannot ensure all calls are business related.
- Cellular phone bills were not always paid from the correct city fund. After the City Clerk resigned in May 2004, this cellular phone was given to a parks department employee; however, charges totaling approximately \$575 continued to be paid from the city's general fund rather than the park fund. In August 2004, the city began paying this phone bill from the park fund, but corrections were not made for amounts previously paid by the general fund.
- Late charges were often assessed and paid by the city on some cellular phone bills. While monthly late charges were only about \$5 per phone, bills should be paid timely to avoid these additional charges.

While cellular phones can help increase employee productivity, they are also costly. Cellular phone usage patterns should be routinely monitored to ensure each user is enrolled in the most cost-effective plan. The city should review its current and historical levels of cellular phone use for business-related purposes along with the types of employee positions that require cellular phones and develop a standard for matching employees and their positions to cellular phone plans. Implementing such procedures should result in cost saving to the city.

Additionally, a policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the city council authorizes the phone to be used for personal purposes. Effective procedures should be implemented to properly monitor cellular phone usage, and ensure billings are paid timely from the appropriate city fund.

WE RECOMMEND the City Council expand current policies and procedures to ensure the most cost-effective cellular phone plans for business-related purposes are selected based on actual business usage by city personnel. In addition, a policy should be developed regarding the use of cellular phones including an assessment of which employees need a cellular phone and procedures to monitor their use. Further, cellular phone bills should be paid timely from the appropriate city fund.

AUDITEE'S RESPONSE

The City Council provided the following responses:

Since most individuals have personal cellular phones the City is implementing a plan to phase out City owned cellular phones in all but a handful of emergency and specialized areas. Approved employees will be reimbursed for using their privately owned phones for City calls. For the phones that remain City owned the following will be implemented:

- The City cellular phone policy should be administered centrally. A plan should be obtained which ties usage patterns to the actual plan.*
- Personal use of City cellular phones will be discouraged except for unusual circumstances.*
- Phone usage will be monitored to insure that only City business is conducted on the phone. Monthly detailed bills will be reviewed to determine if there was any apparent personal cellular phone usage.*
- Personal use of the phone which caused additional charges to the City should be reimbursed by the user or included as a taxable benefit to the employee.*
- Steps will be taken to insure that bills are paid in a timely manner to avoid late charges.*

9. Travel

The city incurred travel related expenditures in excess of \$34,000 during 2003. These expenditures include lodging, meals, rental cars, airfare, registration, and mileage charged to the city's credit cards, reimbursed to the employees, or paid directly to the vendor. Our review identified questionable and unauthorized expenses.

A. Travel expenditures were not always supported by adequate documentation, and some appeared unreasonable and excessive.

- There were numerous meal expenses charged to the city's credit cards, some appeared to be for more than one person, but there was no explanation of the business purpose and documentation was not sufficient to adequately review these expenses. The city does not have an established daily meal limit for employees. In one instance, a restaurant credit card receipt totaled \$403, but there was no detail on the meals served, or documentation of the number of individuals eating. While city officials indicated that numerous individuals attended the meal, it appears only six city employees were present on the trip. In another instance, one employee's hotel bill included individual meal charges ranging from \$40 to \$60. There were no detailed invoices to support

these charges and it is unclear if these charges included meals for more than one individual.

- We noted an instance where the cost of alcoholic beverages totaling \$18 was charged to a hotel bill and paid for by the city. The city's current policy has no provisions indicating whether such costs should be reimbursed with city funds. In the governmental sector, the payment of public funds for the purchase of alcohol is generally prohibited.
- Some hotel costs charged on city credit cards appeared to be excessive. We noted nightly charges as high as \$200 per night. The city does not have a policy addressing limits for hotel costs.
- Long distance telephone charges for two phone calls totaled \$70 on one hotel bill we reviewed. There was no explanation why a city cellular phone was not used instead of incurring these excessive amounts charged on the hotel bill.

Without detailed documentation to support travel expenses the city cannot ensure expenses are reasonable and proper. In addition, the city should establish guidelines for travel related costs to ensure all costs are reasonable.

- B. Travel and training costs are not always properly approved. Approximately \$5,000 of the \$34,000 in travel costs during 2003 was incurred by members of the City Council, and there is no documentation to ensure these travel expenses were properly approved by the City Council. Additionally, the city requires training for employees to be approved by the department head and the city manager; however, the employee training request form is not routinely prepared and submitted for approval.

Article III, Section 3.3 of the City Charter states city council members shall be reimbursed for expenses incurred in the performance of their duties as are authorized and itemized. City code, Chapter 26, Section 26-16, indicates that travel expenses must have prior approval by the city manager.

In September 2003, the city's travel policy was amended to require prior approval of all travel expenses for members of the City Council and the City Manager. Council minutes after this date include documentation of the council's approval of these expenses. The City Council should review travel expenses incurred by members of the council prior to September 2003 to ensure compliance with the City's Charter, and employee training request forms should be prepared and approved as required.

All travel related expenditures should be supported by adequate documentation to ensure only necessary and reasonable charges are paid by the city. To help ensure travel costs are adequately controlled, the city should consider establishing limits for daily meals and hotels. In addition, all travel expenses should be properly approved and authorized as required by the city code and city charter.

WE RECOMMEND the City Council ensure all travel expenses are necessary and reasonable, and are supported by adequate documentation. In addition, consideration should be given to establishing guidelines for travel related expenditures. Further, all travel expenses should be properly approved and authorized as required.

AUDITEE'S RESPONSE

The City Council provided the following responses:

Travel and training requirements for municipal employees and elected officials have expanded significantly in recent decades due to advances in technology, as well as liability, regulatory and legislative mandates. The City of Nevada's past approval and expense reimbursement procedures did not keep pace with these expanded training requirements and were inefficient to administer. The cost of documentation frequently exceeded the amounts being reimbursed.

The State Auditor's staff has provided useful suggestions. Standard operating guidelines have subsequently been updated and promulgated to provide adequate human resource and supervisory control while keeping the Finance Department's documentation expenses to a minimum.

During the past four years, paid holidays provided to state and federal employees (Columbus day and Martin Luther King Jr. day) have been set aside to provide in-service training in lieu of a holiday for city employees to minimize both training and attendant labor costs.

10.	City Vehicles
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Vehicle allowances paid to city employees are not based upon actual expenses, and mileage logs are not maintained on most of the city's 70 vehicles.

- A. Vehicle allowance payments totaling \$11,760 made to four employees during 2003 were not based on actual expenses incurred and some amounts paid do not appear reasonable.

The City Manager, the Director of Parks and Recreation, the Director of Economic Development, and the Golf Course Maintenance Supervisor receive a vehicle allowance for using a personal vehicle to conduct city business. These allowances range from \$150 per month paid to the Golf Course Maintenance Supervisor to \$350 per month paid to the Director of Economic Development. In addition, these same employees are also allowed additional reimbursement for actual mileage incurred outside of Vernon County. The city has no documentation to show the allowance amounts are reasonable compared to actual expenses incurred, and considering additional mileage is paid for travel outside of Vernon County, some monthly allowance amounts appear unreasonable. Using the city's current mileage reimbursement rate of 31 cents per mile, the \$350

monthly allowance paid to the Director of Economic Development represents approximately 1,129 miles per month.

To ensure proper reimbursement of travel expense, formal guidelines should be established to define those expenses to be covered, and the city should require these employees to document the mileage and vehicle expense incurred while conducting city business to ensure the reasonableness of the monthly allowance.

- B. Through its various departments, the city owns and operates approximately 70 vehicles. With the exception of the vehicles utilized by the police department, complete and detailed mileage logs are not maintained for most city owned vehicles.

Mileage logs are necessary to document appropriate use of the vehicles and to support fuel charges. The mileage and maintenance logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for city business, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance charges.

WE RECOMMEND the City Council:

- A. Establish guidelines defining those expenses to be covered by employee vehicle allowances, and require documentation of actual mileage and vehicle expenses incurred while conducting city business to ensure amounts paid are reasonable.
- B. Require mileage and maintenance logs be maintained for all city vehicles.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. *We believe that the comments regarding the City's payments to four employees for the auto allowances should not be an issue or concern. The car allowances are considered a part of the employees' compensation package and are included as taxable compensation to these employees. The City has not required these employees to turn in detailed logs of miles traveled in order to lessen the paperwork and monitoring for this travel. The assessment of whether the auto reimbursement is reasonable should be considered with the employee's annual evaluation. Any reimbursement for travel outside of Vernon County should be adequately supported by documentation, which is currently required.*
- B. *The Nevada Police Department maintains daily individual officer vehicle mileage logs for its road patrol, and has found the data sufficiently useful to warrant the cost of collecting and storing the attendant records for the preparation of activity reports and*

occasional supervisory reference. Road patrol mileage is believed to enhance visibility and can be one measure of an individual officer's productive activity. In contrast to the operations of many state agencies (where individuals travel significant distances alone and supervision can be a challenge), municipal public works crews, facility maintenance operations, code enforcement and building inspections, as well as fire and rescue operations all utilize other activity and daily personnel, material and equipment scheduling records (including but not limited to service and dispatch logs) which are more useful and cost effective for supervisory control and data acquisition.

11.

Bonus and Incentive Payments

Bonus/incentive payments were made to some employees as a supplement to their normal payroll. The city needs to review these payments to ensure compliance with the Missouri Constitution.

- A. Supplemental payroll payments were made to some employees when they started employment with the city. At the discretion of the department head, payments totaling \$550 were paid to 5 of the city's 35 new employees during 2003. These payments were made in addition to the regular salary, and there is no documentation of hours worked to support this supplemental payroll.
- B. Educational achievement bonuses were awarded to 7 police officers totaling \$7,000 during 2003. According to Chapter 25, Article VI, Section 25-6.110(f) of the city code, an educational achievement bonus is available for law enforcement personnel whose service record is exemplary, and whose bonuses are recommended by their immediate supervisor, the Chief of Police and the City Manager.
- C. Longevity bonuses totaling \$24,380 were awarded to employees during 2003. According to the city's personnel code, a longevity bonus of \$80 for the first year of service and \$20 for every year after is given to all employees on December 1 of each year. Our review of these bonuses noted that the City Manager received \$200 more than allowed by the personnel code based upon the date he began employment; however, the City Manager indicated that he was awarded an additional 10 years of service when he was hired. There is no documentation of this additional benefit awarded to the City Manager.
- D. The city offers an incentive program to employees who use 5 days or less of sick leave in one year. City employee receives \$25 in "Chamber Bucks" for each day not used for a maximum of \$125 in Chamber Bucks. The Chamber Bucks are purchased from the Chamber of Commerce and can be used as money at any business in the city that is a member of the Chamber of Commerce.
- E. Each full time employee receives a bonus check of \$175 at the end of each year. This bonus was initiated in 1999 when employees chose to implement a

retirement plan over a 2.5 percent cost of living raise. Since the total annual cost of the retirement plan was less than the raise, the city decided to pay the difference to employees in the form of a bonus. The city has continued paying the bonus to employees annually.

Awarding additional pay to employees on a discretionary basis in the form of bonuses appears to represent additional compensation and violates Article III, Section 39 of the Missouri Constitution. Attorney General's Opinion No. 72, 1955 to Pray, states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." The City Council should review the various bonus/incentive payments to ensure compliance with the Missouri Constitution and consider simply increasing the salary of these personnel to avoid the appearance of granting a bonus.

WE RECOMMEND the City Council review the bonus/incentive payments and clearly document how each payment is determined and in compliance with state law.

AUDITEE'S RESPONSE

The City Council provided the following responses:

The discretionary supplemental pay for new employees has been discontinued.

We believe the police educational achievement payments (established in 1997), the annual longevity pay and the \$175 annual payment (established in 1999 as part of that year's cost of living increase) are proper and allowable and will be continued.

The awarding of "chamber bucks" as a reward for unused sick pay is proper and allowable, but should be included as a taxable benefit to the employees.

12. Closed Meetings and City Code
--

Minutes of closed meetings were not maintained, and some inconsistencies were noted with the city's code.

- A. The City Council held a closed meeting at a majority of the council meetings during 2003; however, minutes of these meetings were not prepared.

Minutes constitute the record of proceedings of the board. Failure to maintain minutes results in an inadequate record of city transactions, proceedings, and decisions. In addition, minutes help show that the closed discussions or business related to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo 2000.

Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

- B. The city code and city charter appear to be in conflict regarding the position and duties of the City Finance Director. Article III, Section 3.8, of the city charter indicates that the City Treasurer is to serve at the pleasure of the City Council. Chapter 2, Article XXI, Section 2-77 of the city code specifies that the position of City Treasurer is synonymous with the City Finance Director.

In contrast to the city charter, Chapter 2, Article XXI, Section 2-78 of the city code, indicates that the City Manager will act as the chief administrative officer of the finance department and may delegate duties to the City Treasurer. In addition, the city's organizational chart places the position of Finance Director under the direction of the City Manager rather than under the direction of the City Council as appears to be required by the city charter. Similar conflicts were noted with the position of City Clerk.

As a home-rule charter city, the City of Nevada must adhere to the city charter as the governing authority for the city. The City Council should review the city code to ensure it is in conformity with the city charter.

- C. Chapters within the city code are not consistent regarding the municipal judges salary.
- Chapter 2 of the city code indicates the municipal judge's salary is outlined in Chapter 20 of the city code; however, the compensation of the municipal judge is not addressed in the city code. City officials indicated that the City Manager appoints the municipal judge and determines the compensation.
 - Chapter 25, Article I, Section 25-1.108 of the city code classifies the positions of City Manager, City Attorney, Municipal Judge and members of the board as exempt positions which are not salaried, or salaried under special contracts. This section also indicates that Articles II, III, IV, V, VI, and VIII are not applicable to these positions. These articles address various employee benefits such as vacation and sick leave, holidays, and employee bonuses. The city does not have a written contract with the City Manager, and provides benefits which the code indicates are not applicable.

The City Council should review the city code for consistency.

WE RECOMMEND the City Council:

- A. Ensure minutes are taken of all closed meetings.
- B. Review the city code to ensure it is in conformity with the city charter.

- C. Review the city code for consistency.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. *Minutes are prepared for all closed meetings in accordance with the Missouri Sunshine Law and in a form approved by the City Attorney.*
- B&C. *The City of Nevada Code and the City Charter will be reviewed for inconsistencies.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF NEVADA, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Nevada is located in Vernon County. The city was incorporated in 1869 and was voted as a home rule class-city in 1979. The population of the city in 2000 was 8,607.

The city government consists of a five-member council. The members are elected for three-year terms. The mayor is elected by the council for one year and presides over the city council. City Council members do not receive compensation. The Mayor, City Council, and other principal officials during the year ended December 31, 2003, are identified below.

Elected Officials	Dates of Service During the Year Ended 2003
Bill Edmonds, Mayor	April - December 2003
Bill Edmonds, Mayor Pro-Tem	January - March 2003
Richard Meyers, Mayor	January - March 2003
Tim Moore, Mayor Pro-Tem	April - December 2003
Tim Moore, Councilman	January - March 2003
Brian Leonard, Councilman	April - December 2003
Ben Mendenhall, Councilman	January - March 2003
Mike Straight, Councilman	April - December 2003
Marie Wessley, Councilwoman (1)	January - December 2003

Other Principal Officials	Dates of Service During the Year Ended 2003	Compensation Paid for the Year Ended December 31, 2003
Craig H. Hubler, City Manager	January - December 2003	\$ 80,959
Robin Fisher, City Clerk (2)	January - December 2003	28,764
Ronald Chandler, Finance Director	January - December 2003	48,982
Carol Branham, Parks and Recreation Director	January - December 2003	49,384
Sam Foursha, Director of Economic Development	January - December 2003	49,967
Larry Moore, Chief of Police (3)	January - October 2003	48,617
William Gillette, Fire Chief	January - December 2003	47,109
Whitney Davis, Director of Human Resources	January - December 2003	21,357
Ron Clow, Planning Director	January - December 2003	46,270
Wm. McCaffree, City Attorney	January - December 2003	20,504
Bryan Breckenridge, Municipal Judge	January - December 2003	15,759
Lee Guthrie, Prosecuting Attorney	January - December 2003	19,298
Cynthia Dye, Court Clerk	January - December 2003	21,768
Sherry Steward, Project Manager	January - December 2003	32,950
Johnny Preston, Street Supervisor	January - December 2003	46,943
Ed Louvier, Waste Water Treatment Plant Supervisor	January - December 2003	42,665
Joe Charles, Water Maintenance Director	January - December 2003	46,686
Carl Hoffman, Water Treatment Plant Superintendent	January - December 2003	43,826

- (1) Replaced by Jim Rayburn in April 2004.
- (2) Robin Fisher resigned as City Clerk in May 2004. Annette Crews, city manager's office director, was appointed Interim City Clerk. Julie Stumpff was hired as City Clerk in August 2004.
- (3) Chief of Police Larry Moore retired October 2003 and Gary Herstein was appointed the acting Chief of Police, November 2003. Christine Keim was hired in March 2004 as the Chief of Police.

The elected, appointed officials, and employees are covered by a \$150,000 blanket bond with a \$25,000 deductible. In addition, the City Manager is bonded for \$100,000 and the Finance Director is bonded for \$22,500.

In addition to the officials identified above, the city employed 110 full-time employees and 24 part-time employees on December 31, 2003.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 52,708,199
Personal property	33,387,071
Railroad and utility	<u>2,078,285</u>
Total	<u>\$ 88,173,555</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General Fund	\$ 0.5433
Library	0.1921

The city has the following sales taxes; the rates are per \$1 of retail sales:

	<u>Rate</u>
General	\$.0100
Capital improvement	.0050
Transportation	.0050
Parks	.0050

The city also has a motel/hotel occupancy tax charged at the rate of 3 percent per gross receipts derived from transient guests for sleeping accommodations within the city.



**COUNTY COLLECTOR
PULASKI COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2005-01
January 13, 2005
www.auditor.mo.gov**

AUDIT REPORT



Office Of
Missouri State Auditor
Claire McCaskill

January 2005

The following report is our audit of the County Collector, Pulaski County, Missouri.

The Pulaski County Collector contacted the State Auditor's Office and the Missouri State Highway Patrol in June 2004 concerning possible missing receipts in his office. Weaknesses in the internal control and record keeping systems of the County Collector's office allowed missing receipts of at least \$21,737 to go undetected for the period March 1, 2003 through June 30, 2004. These missing receipts may have been detected on a more timely basis if adequate oversight and reviews had been performed and if adequate internal controls had been established. Many of these control weaknesses were in prior audits but were never addressed. In addition, the County Collector has identified additional missing receipts of at least \$10,809 prior to March 1, 2003. Information regarding these missing receipts has been shared with law enforcement authorities. The former chief deputy collector's employment with the county was terminated on June 30, 2004.

Accounting duties were not adequately segregated, and no one independent of the duties of receiving and recording monies was comparing deposits to the daily abstract of collections. The chief deputy collector prepared daily summaries of tax receipts and deposits. However, the missing receipts were allowed to go undetected, in part, because these summaries contained inaccurate receipt information, and due to the lack of adequate segregation and reconciliation procedures, no one verified the accuracy of these summaries.

In addition, bank reconciliations were not performed and liabilities were not reconciled to the cash balances, and as a result, differences have occurred and not been corrected or resolved in a timely manner. From March 1, 2003, to June 30, 2004, the County Collector distributed \$10,347 for taxpayers who had shown evidence that their taxes were paid, even though the county's records indicated the amounts were still delinquent. The County Collector made these distributions on the assumption that they represented part of an unidentified balance; however, the County Collector did not track the total amount paid out in this manner, and never performed the necessary reconciliation.

The County Collector also needs to improve controls over reversing entries, and should prepare annual settlements as required by state law.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

COUNTY COLLECTOR
PULASKI COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Collector
Pulaski County, Missouri

We have audited the County Collector of Pulaski County, Missouri. The scope of this audit included, but was not necessarily limited to, the period March 1, 2003 through June 30, 2004. The objectives of this audit were to:

1. Determine the extent of any missing receipts from the County Collector's office.
2. Review certain internal controls regarding the collection and distribution of property taxes and other monies.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed bank statements, monthly settlements, daily abstract and transaction reports, receipt reversing entries, and other pertinent documents, and interviewed various personnel of the County Collector's office as well as certain external parties. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
2. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector of Pulaski County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 14, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Ted Fugitt, CPA

EXECUTIVE SUMMARY

COUNTY COLLECTOR
PULASKI COUNTY, MISSOURI
EXECUTIVE SUMMARY

Weaknesses in the internal control and record keeping systems of the County Collector's office allowed missing receipts of at least \$21,737 to go undetected for the period March 1, 2003 through June 30, 2004. In addition, the County Collector identified additional missing receipts of at least \$10,809 prior to March 1, 2003.

These missing receipts may have been detected on a more timely basis if adequate oversight and reviews had been performed and if internal controls as noted in the accompanying Management Advisory Report had been established. Our prior audits of the County Collector's office covering the past 10 years have noted similar weaknesses in the internal control and record keeping systems.

George Berry serves as County Collector. Kimberly Jeffries was employed as the chief deputy collector and her duties were to receive and record payments, and prepare deposits. Ms. Jeffries employment with the county was terminated on June 30, 2004. Information regarding these missing receipts has been shared with law enforcement authorities.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

COUNTY COLLECTOR
PULASKI COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the year ended February 29, 2004, property taxes and other monies totaling approximately \$9.5 million were collected and distributed.

The Pulaski County Collector contacted the State Auditor's Office and the Missouri State Highway Patrol in June 2004 concerning possible missing receipts in his office. Based on this contact, the State Auditor's Office performed an audit of the County Collector's office.

Following are our comments regarding the missing receipts and the related accounting controls and procedures.

1.	Missing Receipts
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At least \$21,737 in tax receipts were recorded in daily abstract reports for the period March 1, 2003 through June 30, 2004; however, these receipts were not included in bank deposits. Subsequent to contacting our office, the County Collector performed a comparison of daily abstract reports and bank deposits. This comparison noted 61 different days during this time period that the amounts deposited were less than the receipts recorded on the daily abstract reports. While our audit work primarily concentrated on verifying the specific shortages identified by the County Collector for this time period, the overall comparison of tax receipts to deposits produced similar results.

Some of the missing receipts represented specific payments which were recorded as received. The County Collector was able to locate copies of paid tax receipts for many of these payments and most indicated the payments were received in cash. For example, a receipt of \$347.08 was recorded on the daily abstract report on November 21, 2003, and a corresponding paid tax receipt showed this amount was received in cash on that date; however, it was not included in the corresponding bank deposit for that day.

Other missing amounts, while not for specific tax receipt amounts, represented even dollar amounts. For example, 2003 real estate taxes recorded on the daily abstract report for March 26, 2004, totaled \$3,881.49; however, only \$3,381.49 was included in the corresponding bank deposit for that day, indicating a shortage of \$500.

The chief deputy collector prepared daily summaries of tax receipts and deposits. The shortages referred to in the preceding paragraphs were allowed to go undetected, in part, because these summaries contained inaccurate receipt information and the County Collector did not verify the accuracy of these summaries. The receipt amounts reported on these summaries for the 61 days noted above were less than the amounts recorded on

the daily abstract reports, which had the effect of concealing the shortages. In addition, entries were made to the computerized accounting system to reverse previously recorded receipts, and the validity of many of these entries was not verified. It appears that many of these reversing entries were made to help conceal the shortages noted above (See Management Advisory Report No. 2).

The County Collector has similarly identified \$10,809 in tax receipts that were recorded in daily abstract reports for March 1, 2002 thru February 28, 2003 but were not included in deposits.

These missing receipts were not detected on a timely basis due to various internal control weaknesses. Many of these internal control weaknesses were also noted in prior audits performed on the County Collector's office. Management Advisory Report (MAR) No. 2 addresses the needed controls.

WE RECOMMEND the County Collector take the necessary action to recover the missing receipts and work with law enforcement authorities regarding any criminal prosecution.

AUDITEE'S RESPONSE

We will file a claim against the chief deputy's bond for the missing receipts, and we have already contacted the Highway Patrol to request an investigation. We will work with the Highway Patrol and take action as recommended by them.

2. Accounting Controls and Procedures
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Accounting duties are not adequately segregated. Daily reconciliations between receipts and deposits are not adequate, and bank reconciliations and reconciliations of the cash balances to liabilities are not performed. Adequate controls do not exist over receipt reversing entries. The County Collector has not prepared annual settlements as required by state law since 1996.

- A. During the audit period, accounting duties were not adequately segregated. The chief deputy collector received and recorded monies, and prepared deposits. As noted in MAR No. 1, no one independent of these duties was comparing the deposits to the daily abstracts of collections or to any other record of receipts to ensure that all monies received were deposited.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing monies. If duties cannot be adequately segregated, at a minimum, the County Collector should compare the daily abstract reports to deposits and also perform periodic reviews of all the accounting records to ensure their accuracy. Failure to adequately segregate

duties or provide adequate supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. The County Collector maintains two bank accounts for the receipt and disbursement of tax collections. Receipts are not adequately reconciled to daily deposits, and monthly bank reconciliations are not prepared for these bank accounts.

As noted in MAR No. 1, receipt and deposit summaries were prepared by the chief deputy collector, but no comparison was performed between these summary amounts and the daily abstracts. As a result, inaccurate receipt amounts reported on these summaries were not detected on a timely basis. Additionally, differences between daily receipts and deposits reported on these summaries were not investigated and resolved in a timely manner.

The receipt amounts recorded on these summaries generally agreed to the deposits; however, the December 22, 2003, summary report indicated receipts exceeded deposits by over \$4,000. While there was apparently no attempt to conceal this difference, the lack of adequate reconciliation procedures and the lack of follow-up allowed this error to go undetected and unresolved for almost a year. Upon our request, the County Collector followed up on this difference and noted that a tax receipt for \$4,469 in the form of a check was not included in the corresponding deposit. The County Collector contacted the corresponding taxpayer who indicated that the check for \$4,469, which had apparently been made payable to the County Collector, was actually re-deposited into the taxpayer's bank account. The taxpayer sent a replacement check for this amount to the County Collector in November 2004.

Daily reconciliations between receipts and deposits, and monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner. Any differences between receipts and deposits should be investigated and resolved in a timely manner.

- C. The County Collector does not reconcile the cash balances to liabilities, and as a result, unidentified differences (such as the shortages noted in MAR 1 above) have occurred and not been corrected or resolved in a timely manner.

During the audit period, the County Collector indicated that numerous taxpayers who were sent a delinquent notice had produced either paid receipts or canceled checks to prove they had paid their taxes. The County Collector's office, when presented with such evidence of payment, posted these payments to the tax system on the last Sunday of the month and included these amounts with the monthly disbursement of taxes. The County Collector was disbursing these amounts on the assumption that they represented part of the unidentified balance of approximately \$3,800 at February 28, 2003. (The collector had failed to

perform such reconciliations as reported in several prior audits). However, the County Collector was not tracking the total of these postings in relation to the unidentified balance and continued not reconciling the balances in his bank accounts to related liabilities. As a result, for the period March 1, 2003 through June 30, 2004, \$10,347 was included in these last Sunday of the month postings, thereby exceeding the unidentified amount in the account by approximately \$6,500. The County Collector had no documentation of when these previously unrecorded payments, posted on the last Sunday of a month, were originally paid.

Monthly reconciliations of the cash balances to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

- D. The County Collector has identified \$26,468 in accounting entries which represent reversals of original tax receipt entries, and a legitimate reason for these reversing entries could not be provided. These reversals appear to have been done, at least in part, to help conceal some of the shortage referred to in Part A. above. Many of these unsubstantiated reversals were done during the first part of a month, before the prior month's settlement was prepared and the disbursements made. As a result, the amount to be disbursed was closer to what actually was deposited for the month, thereby helping to conceal the shortages.

The County Collector used two different computerized tax accounting systems during the audit period, both of which allowed employees to reverse receipt information that was originally entered. The current computer system, which was implemented in September 2003, appears to have better capabilities to adequately document reversing entries, such as the identification of the employee preparing each reversal and a brief description of the reason for the reversal. However, the County Collector only started printing out all reversing entries in January 2004, and has not adopted procedures to ensure all reversing entries are proper.

A documented review of all receipt reversing entries should be performed by the County Collector or someone independent of the receipting and recording duties to ensure their propriety. Further, adequate documentation should be retained to support all such entries.

- E. The County Collector has not prepared annual settlements since 1996. Section 139.160, RSMo 2000, requires settlements to be filed with the County Commission by the first Monday in March. While similar concerns were noted in previous audits of the County Collector's office, neither the County Collector nor the County Commission have taken action to ensure annual settlements are prepared as required by state law.

To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is

imperative the County Collector file annual settlements on a timely basis. In addition, timely annual settlements are an essential part of the checks and balances system established by state law.

WE RECOMMEND the County Collector:

- A. Adequately segregate accounting duties. If duties cannot be adequately segregated, at a minimum, the County Collector should compare monies received with deposits and should perform periodic reviews of all the accounting records to ensure their accuracy.
- B. Adopt procedures to adequately reconcile daily receipts to deposits, including a comparison of daily abstract reports to deposits, and prepare monthly bank reconciliations for all accounts. Any errors or omissions should be investigated and resolved in a timely manner.
- C. Reconcile liabilities to the cash balances on a monthly basis and investigate any differences.
- D. Ensure documented independent reviews are performed of all receipt reversing entries and retain adequate documentation to support all such entries.
- E. Prepare and file annual settlements as required by state law.

AUDITEE'S RESPONSE

- A. *Duties are now being segregated.*
- B. *This is being implemented and errors and omissions are reviewed in a timely manner.*
- C. *This is being implemented.*
- D. *This has been implemented. We are reviewing all reversals and keeping adequate documentation.*
- E. *An annual settlement will be filed for the year ended February 28, 2005.*